

YOUR HEALTH

Avoiding Non-Disclosure when completing a Life Insurance application - Allistar Walker

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Non-disclosure of medical and personal information is one of the main issues facing insurers. The old ethic of 'honesty is the best policy' somehow seems to have opened itself up for re-interpretation in our ever-changing and increasingly competitive world.

Also the usage of online insurance applications without consultation can lead to further temptation not to be upfront at the extreme risk of not being paid out if and when claim time comes.

What is non-disclosure?

This occurs when you withhold information, material to the insurance, which you know about when you completed the application form. Non-disclosure can include mis-statement of financial or occupational information, but more often involves non-disclosure of personal details from your medical history.

Information 'material to the insurance' is not something that you should loosely interpret. It is better to disclose everything rather than think something is unimportant and leave it out. Often I find clients don't appreciate that what they think is a minor ailment now, can actually have a huge impact on health and lifestyle when they get older, or don't do much about managing the condition. Often these same people don't ask their doctors for more information or explanation.

A good registered Financial Adviser will help you through the application process, which doesn't need to take very long and can often be done online with the Advisers input.

What are ten most common non-disclosures?

- 1. Musco-skeletal conditions.** Back, neck hips, knees or muscular trouble might seem to you to be minor or a niggling nuisance. However, insurance companies view them entirely differently, because they are a major area of claim, due to incapacity to work. Particularly affected will be income protection, total and permanent disability, business overheads/locum cover and key person cover.
- 2. Skin conditions** – Such as dermatitis, acne, eczema, and other skin lesions are particularly important for health insurance and trauma cover.
- 3. Conditions of the female genito-urinary tract.** Your reluctance to disclose this or go into detail could cost you big time down the track. You don't need to disclose directly to an Adviser but can send sensitive information direct to the Insurer and even discuss with a female underwriter.
- 4. Ear, nose and throat problems** – some of these can seem like normal childhood ailments, but this is **not** your call, more particularly if you are insuring children for health or other reasons.
- 5. Gastro-intestinal tract and digestive issues.** That old reflux and indigestion might seem to be a grin and bear it issue, but along with heartburn and ulcers, they form a common non-disclosure item. You might be under control with medicine but you must pop it on the form along with the control measures.
- 6. Breast conditions.** Poor females, it seems that they have the most intimate problems. Again if you are dealing with a male and are embarrassed (I have never found the fairer sex to be embarrassed about any of this stuff). You can go direct through a female underwriter at the insurance company. Conditions commonly missed include breast lumps, inflammation, mastitis and other breast infections. These are especially important for Trauma and Health insurance applications.
- 7. Cancer and Tumours.** The dreaded 'Big C'. One would have thought everyone would know to disclose these. Even that benign lump or tumour must be disclosed.
- 8. Bowel disorders.** Another so-called embarrassing disorder but really it is only the plumbing. A history of haemorrhoids, colitis, Irritable Bowel Syndrome, colitis and any other nasties will impact the way the insurer sees you.
- 9. Elevated Blood Pressure & lipids.** So many people I see think these are OK if they have been controlled by medication. Not everyone can get these back to normal levels by diet and exercise but many can yet fail to try to do so. These must be disclosed along with what you are doing or taking to control the condition.
- 10. Mental Health disorders.** Particular in the case of income protection where depression and other mental health issues are a major source of claim. John Kirwan and other prominent people have helped make this a less sensitive issue. Be sure that if you go to your doctor that when he/she asks you 'how are you?' to be careful about answering you are a 'bit stressed'. We all get stressed over different things but not necessarily enough to see it as a medical condition. A doctor might record your remark when all you are is 'stressed' getting to the doctor on time.

So there you have it, be fully truthful, lay out your life history and thou shalt not have a problem at the business end should you be unlucky enough to have to claim.

Care has been taken to ensure that any information is accurate. No liability is accepted for its use. Enquiries are welcome. Allistar Walker is a Registered Financial Adviser and Senior Fellow of Financial Services Institute of Australasia. His full disclosure is available free at www.mortgagehelp.co.nz or he can be contacted at 410 6023 and enquiry@mortgagehelp.co.nz.