



When the rubber hits the road

Enhancing your risk recommendation

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Disclaimer

Important information

What you need to know

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(1) Enhancing your recommendation - Trauma

If a client has high blood pressure and their father had a heart attack.

Q: Are they an increased risk of suffering from “heart problems”?

Q: You are not a Dr, but would a reasonable person would see the link?



(1) Enhancing your recommendation - Trauma

Trauma insurance covers specified conditions only

You can't "crystal ball" what the insured will suffer from

But should health / family history be a "red-flag"?



(1) Enhancing your recommendation - Trauma

Do you ask during the Fact Find process:

“Are there any significant health issues I need to be aware of?”

“Does any family member have any significant health issues?”

It's too late when you are completing the personal statement



(1) Enhancing your recommendation - Trauma

Solution 1:

Recommend a policy that has a comprehensive range of “heart conditions”

Condition	Policy A	Policy B	Policy C
Heart attack	✓	✓	✓
By-Pass	✓	✓	✓
Angioplasty	✓	✓	✓
Cardiomyopathy	✓	✓	✓
Cardiac arrest	✗	✗	✗
Valve surgery	✗	✓	✓
Aorta surgery	✗	✓	✓
Open heart surgery	✓	✓	✓

(1) Enhancing your recommendation - Trauma

Solution 2:

Recommend a policy that has a comprehensive range of “heart conditions” that are “A” rated

Condition	Policy A	Policy B	Policy C
Heart attack	A	A	A
By-Pass	A	A	A
Angioplasty	A	A	A
Cardiomyopathy	B	B	A
Cardiac arrest	C	C	C
Valve surgery	C	A	A
Aorta surgery	C	A	A
Open heart surgery	A	A	A

(2) Enhancing your recommendation - Income Protection

The quality of product available is driven by occupation

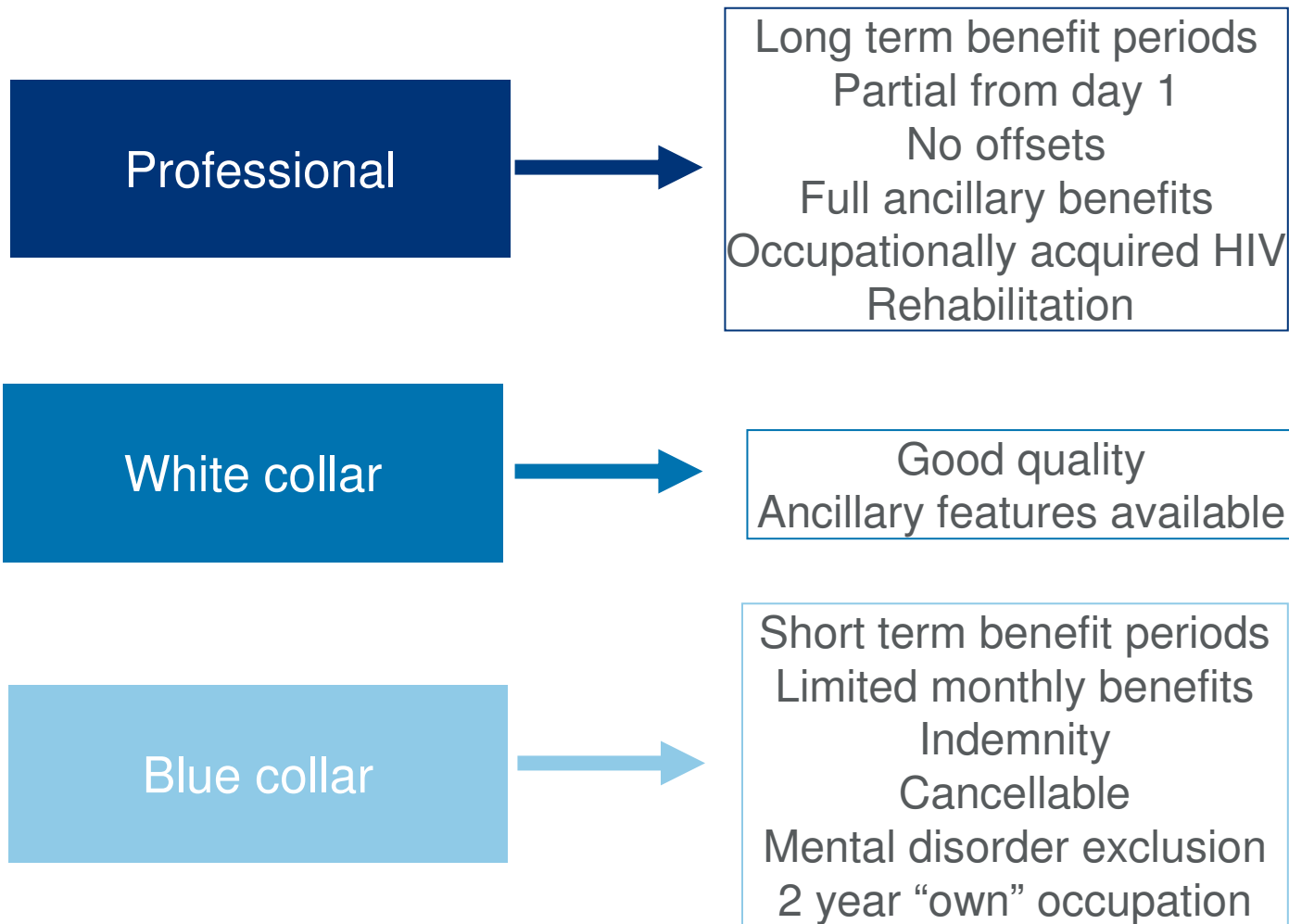
Professional

White collar

Blue collar

(2) Enhancing your recommendation - Income Protection

Examples of product features available by occupation



(2) Enhancing your recommendation - Income Protection

Solution:

Do you have “preferred” Income Protection products based on occupation?

	Company A	Company B	Company C
Professional	✓	✓	✗
White collar	✗	✓	✓
Blue collar	✓	✗	✗

(3) Enhancing your recommendation - TPD

Own v Any occupation

The “safest” recommendation is Own occupation.

But it comes at a 50% premium increase.

Who should we recommend Own occupation to?



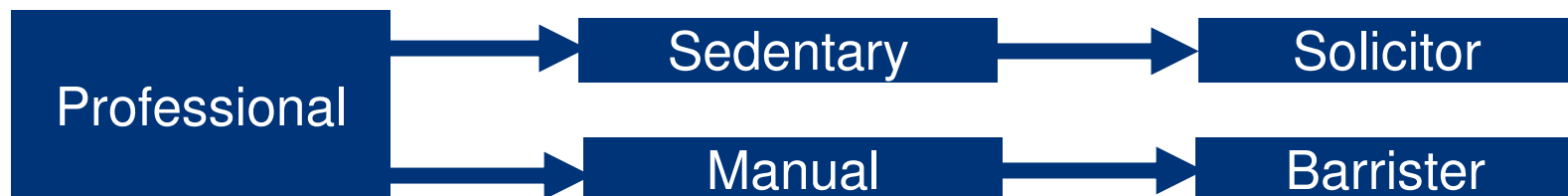
(3) Enhancing your recommendation - TPD

Solution 1:

For professional occupations - duties are the key

Manual duties - benefit from Own Occupation

Sedentary duties - no significant benefit to Own occupation



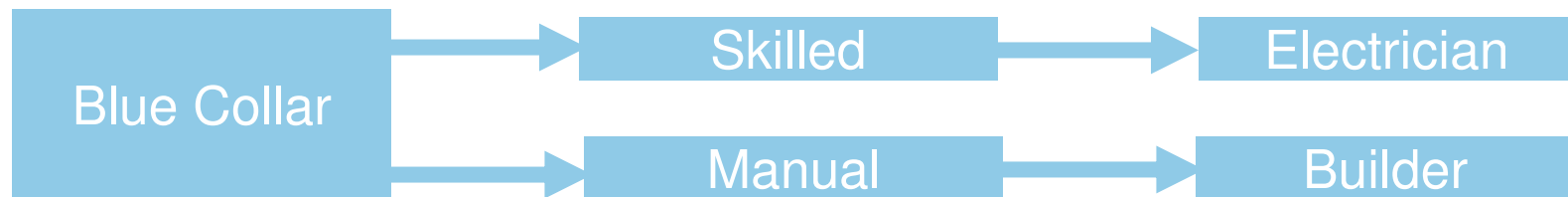
(3) Enhancing your recommendation - TPD

Solution 2:

For blue collar occupations

Skilled blue collar benefit from Own occupation

Training, education and experience of manual blue collar is very limited.
Becomes Own occupation “by default”



(3) Enhancing your recommendation - TPD

Unable v Unlikely

The Courts have found that a definition which uses words to the effect of "unlikely ever to engage in work" is a significantly easier test for claimants to meet than one which requires the claimant to establish that he or she is "unlikely ever to be able" to engage again in suitable work.

(4) Enhancing your recommendation - Disclosure

Reasons why claims go wrong

Income protection	Trauma	TPD	Life
Non-disclosure	Non-disclosure	Non-disclosure	Non-disclosure
Waiting period not satisfied	Event not covered	Not supported by medical reasons	Determination of appropriate beneficiary
Monthly benefit not supported	First 90 days exclusion		

(4) Enhancing your recommendation - Disclosure

Solution 1:

Full disclosure at outset will overcome the biggest problem

What the insured must disclose to the insurer	What the insured does not need to disclose to the insurer
Answer all questions to the best of their knowledge and belief.	Anything the insurer should ordinarily know
Include any other relevant information to the risk.	Anything that reduces the risk
Inform us of any changes until acceptance is notified.	

Solution 2:

You may choose to outsource underwriting

(4) Enhancing your recommendation - Disclosure

What determines if a condition is pre-existing?

Measure of a pre-existing condition
Treatment
Symptoms
Reasonable person was aware

(4) Enhancing your recommendation - Disclosure

What action can the insurer take?:

0-3 years in force



the insurer can avoid the policy based on innocent misrepresentation

3+ years in force

the insurer, has to demonstrate that the applicant was fraudulent in not disclosing the full facts, i.e. showing reckless indifference