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News

Providers lobbied on policy exclusions

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Insurance intermediary LifeSearch has confirmed that it is lobbying insurance providers to desist from charging clients full premiums on critical illness and income protection policies that are sold with exclusions.

The firm highlighted that most providers do not adjust the premiums, even if their risk is substantially reduced through the addition of an exclusion, such as cancer or depression, to the policy.

Currently, Bupa and Fortis are the only providers to vary their premiums if exclusions are included, though Axa has confirmed it will follow suit at some point in the future.

Matt Morris, senior policy adviser at LifeSearch, said the inflexibility of providers was making it even harder for intermediaries to sell the products, as the policies are less comprehensive.

He continued: "The other providers say that they do not currently do this because of the complexity of their systems, and how difficult it would be to change. But if that is the case they should start now, which is really what AXA is doing.

"They should see this as an opportunity – so long as the policy is good, then it is best advice for an intermediary to sign up relevant clients to such a deal, so their business levels would go up."

Peter Chadborn, principal of CBK IFA, said he backed the campaign, highlighting that with treating customers fairly now up and running, it was illogical for providers not to do this.

He explained: "Those providers that do introduce this flexibility will show themselves to genuinely have the best interests of the client at heart. We try to get an idea of the client's medical history before we even begin researching deals, let alone applying, and if they have a history of MS or cancer those providers that adjust the premiums for exclusions will jump to the front of the queue."

Iain Mallon, director of protection marketing at Axa, said the firm was trying to treat its customers fairly by passing on the benefit of the exclusion to its customers, rather than absorb it.

He added: "Everyone takes a different approach to risk, and it is up to each provider to assess whether they can pass on the benefit, but it is definitely something we hope to achieve and have in place by the end of the year."

Source: **Mortgage Solutions**

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