External Review of the Insurance Ireland Code of Practice for Underwriting Mortgage Protection Insurance for Cancer Survivors

May 2025

Contents

"This report does not disclose any commercially sensitive information."

Report summary

Our review found **no breach of the Code of Practice** - where a cancer diagnosis is disclosed, all firms assess the application against the Code of Practice parameters and where the requirements are met, the application follows the provisions of the Code of Practice

The Code of Practice **was applied to all applicants** who met the criteria.

Mortgage protection products are now available to many cancer survivors **without increased cost** and with a **streamlined, less burdensome application process**.

For some cancer survivors the cost of their mortgage protection policy did not change (as they would have been offered standard premiums prior to the introduction of the Code of Practice). However, these also benefited from a **quicker and less intrusive application process**.

100%

Of applicants who met the criteria were offered cover at standard rates[1]

Zero

Firms seek evidence of end of treatment

Applicants benefited from a streamlined, less burdensome application process.

€96m

Sum assured under the Code of Practice

43

Average age

22yrs

Average term

[1] related to the cancer diagnosis

Executive summary

As a result of an Irish Cancer Society report on the challenges faced by cancer survivors when accessing mortgage protection insurance, Insurance Ireland and its members, working with the Irish Cancer Society, designed a voluntary Code of Practice: The Insurance Ireland Code of Practice for Underwriting Mortgage Protection Insurance for Cancer Survivors (the Code of Practice) to reassure cancer survivors that they will receive fair treatment when they apply for mortgage protection insurance.

Where the Code of Practice is adopted, insurers will disregard any disclosed cancer diagnosis where specific circumstances apply in an application for decreasing term assurance (DTA) in association with a mortgage.

The eight firms who signed up to the Code of Practice account for in excess of 95% of the life assurance policies sold in Ireland.

In order to provide comfort that the voluntary Code of Practice has been implemented, is functioning as intended and is being adhered to within each of the eight firms, an external reviewer will periodically assess signatories' adherence to the provisions of the Code of Practice.

This Report follows the first of these reviews. Insurance Ireland engaged Forvis Mazars to review how the eight signatories have implemented the Code of Practice since it came into effect in December 2023 and assess whether the signatories:

- Have implemented the Code.
- Have procedures in place to ensure that the provisions of the Code are applied for relevant consumers.

In order to assess this our review comprised of a documentation and data request sent to all firms and a desk-based review assessing the information gathered from the signatories relating to the implementation of the Code of Practice within their firms. This was followed by walkthroughs examining the current underwriting processes and procedures within each firm.

Overview of findings and observations

- Applied to all applicants who met the criteria.
- Some applicants under the timeframe were brought into scope.
- Only applied to DTA products.
- Only for such products related to a Principle Private Residence (PPR).
- Zero firms seek evidence of end of treatment.
- Differences in how firms treated cases over €500,000.
- Increased rates applied to some cases reviewed, but only for non-cancer disclosures.
- Limited risk, compliance and internal audit reviews.

Introduction

At its core insurance is the pooling of risks. All policyholders contribute, with the cost to the individual proportionate to the risk they bring to the pool.

When an underwriter is conducting a risk assessment, on an application where a history of cancer is disclosed, many factors are considered; including factors such as: the type of cancer, stage of cancer, treatment plan, age at diagnosis and duration since end of treatment. Depending on the outcome of the assessment, the applicant may be accepted with standard rates, accepted with an increased rate to reflect the increased risk or declined as the risk is deemed too great to include in the pool.

However, when it comes to mortgage protection, restricting a cancer survivor's access to such policies can restrict their access to lending which could inhibit their access to housing. The Irish Cancer Society carried out a survey, resulting in a report issued in February 2022, which showed:

- Cancer survivors found the mortgage protection process to be excessive, burdensome and intrusive.
- Evidence that they are being declined or priced out – as a result of the disclosed cancer.

The Insurance Ireland Code of Practice for Underwriting Mortgage Protection Insurance for Cancer Survivors (the Code of Practice).

Background

As a result of the February 2022 report by the Irish Cancer Society on the challenges faced by cancer survivors when accessing mortgage protection insurance, Insurance Ireland and its members, working with the Irish Cancer Society, designed a voluntary Code of Practice: The Insurance Ireland Code of Practice for Underwriting Mortgage Protection Insurance for Cancer Survivors (the Code of Practice) to reassure cancer survivors that they will receive fair treatment when they apply for mortgage protection insurance.

Eight life insurance providers are now signed up to the Code of Practice:

- Acorn Life DAC
- Aviva Life & Pensions Ireland DAC
- Irish Life Assurance plc
- Laya Life (IptiQ Life SA)
- New Ireland Assurance Company plc
- Royal London Insurance DAC
- Saol Assurance dac (AIB Life)
- Zurich Life Assurance plc

While there are 41 Life Assurance Undertakings listed on the Central Bank of Ireland's register as authorised under the European Union (Insurance and Reinsurance) Regulations 2015 (S.I. No. 485 of 2015), to carry on Life Insurance business and a further 126 Life Insurance Undertakings authorised on a Freedom of Service Basis, the eight firms signed up to the Code of Practice account for in excess of 95% of the life assurance policies sold in Ireland.

Where the Code of Practice is adopted, insurers will disregard any disclosed cancer diagnosis where specific circumstances apply in an application for DTA in association with a mortgage. The criteria being:

- The application is for a new individual DTA life insurance contract in connection with a mortgage, covering the risk of mortality only.
- The application is for a policy in connection with a mortgage on the applicant's principal private residence.
- The amount of life insurance is the lesser of the mortgage amount or €500,000 per applicant.
- Treatment for cancer ended more than seven years prior to their application or more than five years if the applicant was under 18 at the time of diagnosis.

This is the minimum commitment from insurers who have signed up to the Code of Practice and individual insurers may go further if they wish.

A total of 43,030 mortgages were drawn down in 2024 valued at almost €12.6 billion, with the BPFI noting that average mortgage values reached their highest levels on record in 2024.[1]

Review

In order to provide comfort that the voluntary Code of Practice has been implemented, is functioning as intended and is being adhered to within each of the eight firms, the Code of Practice includes an agreement to appoint an external reviewer to assess signatories' adherence to the provisions of the Code of Practice at regular intervals.

The first of these reviews was scheduled for January 2025 and seeks to ensure that signatories have implemented the Code appropriately and have procedures in place to ensure that the provisions of the Code are applied for relevant consumers.

Insurance Ireland engaged Forvis Mazars to review how the eight signatories have implemented the Code of Practice it since it came into effect in December 2023 and assess whether the signatories:

- Have implemented the Code.
- Have procedures in place to ensure that the provisions of the Code (i.e. any disclosed cancer diagnosis is ignored and an application for DTA in association with a mortgage is not rejected, nor has a higher premium applied, in relation to the cancer condition where the Code of Practice criteria are met.) are applied for relevant consumers.

[1] bpfi.ie/publications/bpfi-mortgage-drawdowns-report-q4-2024

Approach

At a high level our review sought to confirm that in practice the eight signatories have disregarded any disclosed cancer diagnosis and an application for DTA in association with a mortgage is not rejected, nor has a higher premium been applied, in relation to the cancer condition where all the above criteria are met.

January 2025

- Documentation request issued
- Data review

February 2025

- Interviews and walkthroughs

March 2025

- Further analysis and report writing

In order to assess this our review comprised of a documentation and data request sent to all firms and a desk-based review assessing the information gathered from the signatories relating to the implementation of the Code of Practice within their firms.

This was followed by walkthroughs examining the current underwriting processes and procedures within each firm to ensure that where a cancer diagnosis is disclosed, the case is assessed against the Code of Practice parameters and where the diagnosis meets the requirements, the application follows the provisions of the Code of Practice.

In order to test this in some firms we reviewed real cases (with identifying data anonymised) to determine how they were treated. In other firms we followed hypothetical scenarios through a test environment of the underwriting tool to assess how such cases would be treated. Firms had no input into the cases selected or the approach taken in advance.

Acknowledgement and limitations

We would like to thank the eight signatories of the Code of Practice and their staff members who assisted us during the course of the review.

The work conducted by Forvis Mazars was limited in scope and nature and was based solely on the activities set out in this report.

Our work, unless otherwise indicated, consisted principally of the review and analysis of information provided to us and discussions with staff within the eight firms. We have relied on explanations provided to us without having sought to validate these with independent sources in all cases. We have, however, satisfied ourselves that explanations received are consistent with other information provided to us.

Finding and observations

Our review found no breach of the Code of Practice

Where a cancer diagnosis is disclosed, all firms assess the application against the Code of Practice parameters and where the requirements are met, the application follows the provisions of the Code of Practice.

Impact

Across the eight firms 1,300 applications were received for DTA in connection with a mortgage where a malignant cancer diagnosis was disclosed between December 2023 and December 2024.

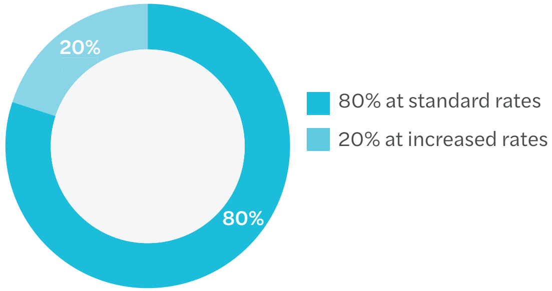
50% of those applications received cover under the Code of Practice. For those applications that did not meet the provisions of the Code of Practice:

- The majority related to time since active treatment, where the applicant did not meet the length of time required under the Code of Practice criteria (i.e. the applicant's active treatment for cancer had ended less than 7 or 5 years ago).
- The second most common reason was the mortgage not being for the applicant's PPR and therefore the application itself was outside the scope of the Code of Practice regardless of the cancer disclosure.
- A minority of applicants were not offered cover due to other health factors – no instance was found of any individual, who met the parameters of the Code of Practice, being refused cover for reasons due to their cancer diagnosis.

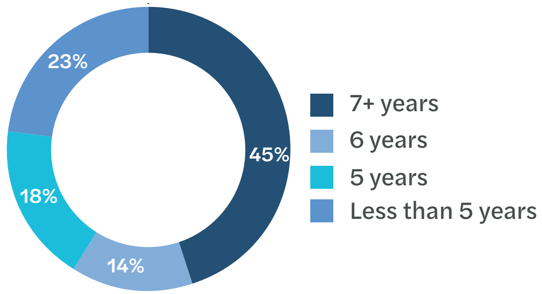
Of the applicants who disclosed a cancer diagnosis but did not meet the parameters of the Code of Practice, a further 400 were offered cover for DTA (with 55% of these receiving standard rates).

A proportion of the applicants who received cover under the Code of Practice, would have received cover regardless of the Code of Practice[1] however, **the Code of Practice resulted in a speedier, more streamlined and efficient process with less medical underwriting.**

Percentage of applicants that received cover



Length of time since end of active treatment



[1] c30-40% based on the analysis completed by two of the firms

Implementation of the Code of Practice

Our review confirmed that the eight signatories have disregarded any disclosed cancer diagnosis and an application for DTA in association with a mortgage is not rejected, nor has a higher premium been applied, in relation to the cancer condition where all the applicable Code of Practice criteria are met.

However, as would be expected given the principles based nature of the Code of Practice there were some variations between the firms in how the Code of Practice was applied.

Applying for cover under the Code of Practice

In most firms there is no requirement for the customer to "opt-in": where a cancer diagnosis is disclosed as part of the digital application form, new questions will appear to assess eligibility under the Code of Practice with the Code of Practice criteria embedded in the system.

However, where paper applications are used a separate supplementary form with cancer specific questions must be filled in – in order to mitigate the risk that an applicant may not be aware of this all cases where there is a cancer diagnosis disclosed are manually reviewed with customers contacted to complete said form where applicable.

Underwriting procedures

There was a mixed approach across the eight firms regarding documented underwriting procedures; with the most common reason cited for not having such procedures being that these are embedded within the underwriting tool.

All firms should have detailed documented procedures in place outlining how the Code of Practice is applied within the firm.

Underwriting processes

Across the eight firms the underwriting process varied from where manual review was required to ensure all cases are captured, to some firms having the Code of Practice fully automated in the firm's underwriting tool. The most common approach was for the Code of Practice to be embedded in the underwriting tools and processes, but that applications where a cancer history was disclosed were referred for manual review to confirm the correct treatment had been applied before the policy was issued.

Where the Code of Practice is fully automated there is increased risk of cases not being captured. While our review found no examples of this occurring, due to the increased risk we expect to see a higher level of oversight, particularly from the second or third line of defence (i.e. risk, compliance and internal audit) – to date this has not been the case; however, the Code of Practice has only been in place for a little over a year so we anticipate such reviews commencing this year.

Level of Information sought

Across all firms there is no right for the applicant to forget their medical history - the cancer diagnosis must be disclosed before being ignored by the underwriting department.

However, the level of information sought varied across firms: in some firms the historic cancer details must be fully disclosed by the customer but are ignored during underwriting, for others once the questions required to assess if the applicant meets the Code of Practice criteria have been answered satisfactorily no further questions related to the cancer disclosed are asked.

No firm seeks medical evidence that active treatment ended on the date stated in the application form; for all firms the applicant's declaration is sufficient.[2]

Non-standard rates

Increased rates were found to have been applied to a number of applicants within the scope of the Code of Practice; however, in each case the increased rate was as a result of a separate disclosure unrelated to the Code of Practice – i.e. in no case was the increased rate found to be related to a cancer disclosure covered by the Code of Practice.

[2] Note – The evidence may be obtained inadvertently where medical records are necessary for a secondary disclosure, or as part of sample checking after the policy is in-force but is not routinely requested. Any sample checks performed were found to be randomised and while policies issued under the Code of Practice were sampled these were not targeted for checks.

Cases outside the Code of Practice

Less than seven years

In order for the Code of Practice to apply active treatment for cancer must have ended more than seven years prior to their application or more than five years if the applicant was under 18 at the time of diagnosis.

This criteria was generally taken on a case by case basis, with firms understanding that mortgages can take months to draw down and therefore cover would not commence immediately; accordingly applicants who were a few weeks or months short of seven years were typically included under the Code of Practice.

Separately it is also worth noting, that some cancer survivors don't have to have ended treatment or be in remission longer than 7 years, to be able to get life insurance cover. Many cancer histories can be considered for life cover much earlier than this, with standard or increased rates.

Not PPR

In order for the Code of Practice to apply the application must be for a policy in connection with a mortgage on the applicant's principal private residence.

In line with this requirement, across all firms the Code of Practice was only applied on policies in connection with a mortgage on the applicant's PPR i.e. where the applicant lives most or all of the time, including first time buyers, home movers and remortgages but not second homes or buy to let mortgages.

Over €500,000

In order for the Code of Practice to apply the amount of life insurance must be the lesser of the mortgage amount OR €500,000 per applicant.

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Two firms applied the Code of Practice as written and consider such applications in excess of €500,000 to be outside the Code of Practice and exclude them, therefore these policies are fully underwritten.

However, the majority of firms applied the Code of Practice to the first €500,000 of the policy, with the balance subject to normal underwriting.

An average policy amount of c€150,000 (sum insured of €96m across 650 policies) indicates this is not a concern for the majority of applicants.

Nevertheless, consideration should be given as to whether the Code of Practice should be updated to be clearer on the requirements here.

Other products

> The Code of Practice only applies to applications for a new individual decreasing term life insurance contract in connection with a mortgage, covering the risk of mortality only.

The Code of Practice only applies to applications for a new individual decreasing term life insurance contract in connection with a mortgage, covering the risk of mortality only.

This was applied consistently across all firms, with the Code of Practice only applying to decreasing term mortgage protection policies.

We noted some applicants who took out a second policy, and while the DTA policy ignored the cancer diagnosis, the other policy underwent medical underwriting for the same disclosure.

Complaints

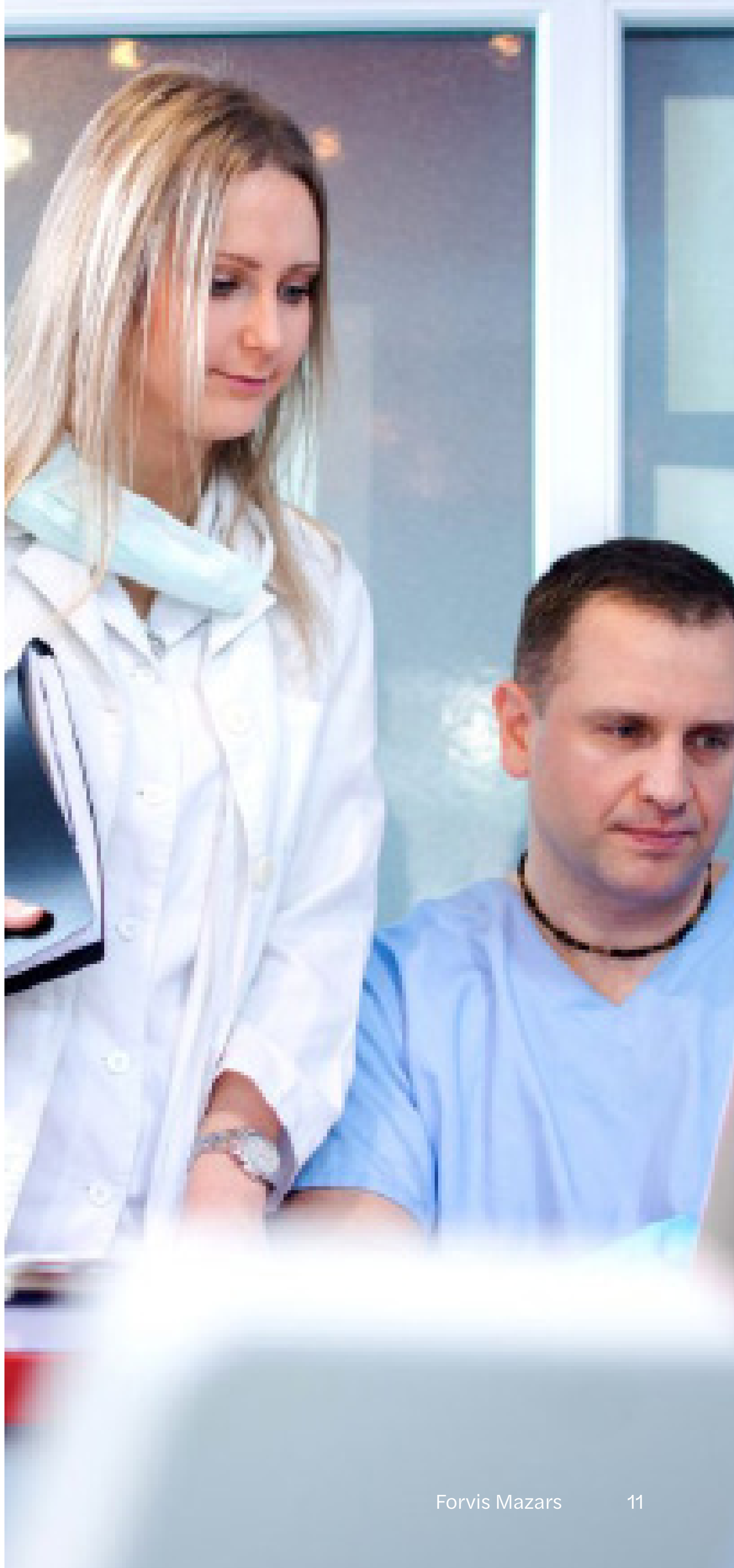
While the data tells a positive story we also looked to customer feedback to assess if there were any concerning indicators from complaints data – only one complaint had been recorded across the review period which had been resolved to the customer's satisfaction once it was explained to them why the Code of Practice was not applicable to them.

In the period under review, December 2023 to December 2024 inclusive, no complaints were made to the Financial Services and Pensions Ombudsman.

Oversight

As noted above, there have been limited risk, compliance and internal audit reviews completed.

We would expect to see this factored into the planning for second and third line assurance reviews going forward.



Case studies – Impact of the Code of Practice

Below are a sample of real cases where the Code of Practice was applied.

Example 1

€430,000 Mortgage Protection

Breast Cancer – Stage IIIA diagnosed in 2014.

Accepted at standard rates at point of sale.

BENEFITS OF CODE: Accepted standard rates, no delay with obtaining medical evidence.

Without the Code of Practice this policy would have been accepted; however, this would have been with an increased premium. Under the Code of Practice this policy was accepted on standard rates.

Example 2

€170,000 Mortgage Protection

Testicular cancer diagnosed and treated over 7 years ago.

Accepted at standard rates within 24 hours of submitting application.

BENEFITS OF CODE: Accepted at standard rates within 24 hours of submitting application.

No third-party medical evidence needed as application was covered by the the Code of Practice.

Example 3

€400,000 Mortgage Protection

History of recurring cancer, diagnosed 2003 with last treatment 2013.

Accepted at standard rates.

BENEFITS OF CODE: Originally declined for life assurance cover in the past. Now accepted at standard rates.

Example 4

€320,000 Mortgage Protection

Childhood Leukaemia aged 7.

Accepted at standard rates.

BENEFITS OF CODE: Accepted standard rates, no delay with medical evidence.

Without the Code of Practice this policy would have been accepted with a premium of €45 per month, but accepted standard rates and €25 per month, saving estimated €8,100 over course of the policy term

Example 5

€250,000 Mortgage Protection

Malignant cancer diagnosed in remission for 7 years.

Was accepted under the Code of Practice for her cancer history. However had some other health issues, completely unrelated to the cancer medical history and had to pay an extra premium to cover those.

BENEFITS OF CODE: If the cancer diagnosis had not been ignored the cumulative risk would have exceeded the level the insurance company was willing to accept and the applicant would have been declined cover.

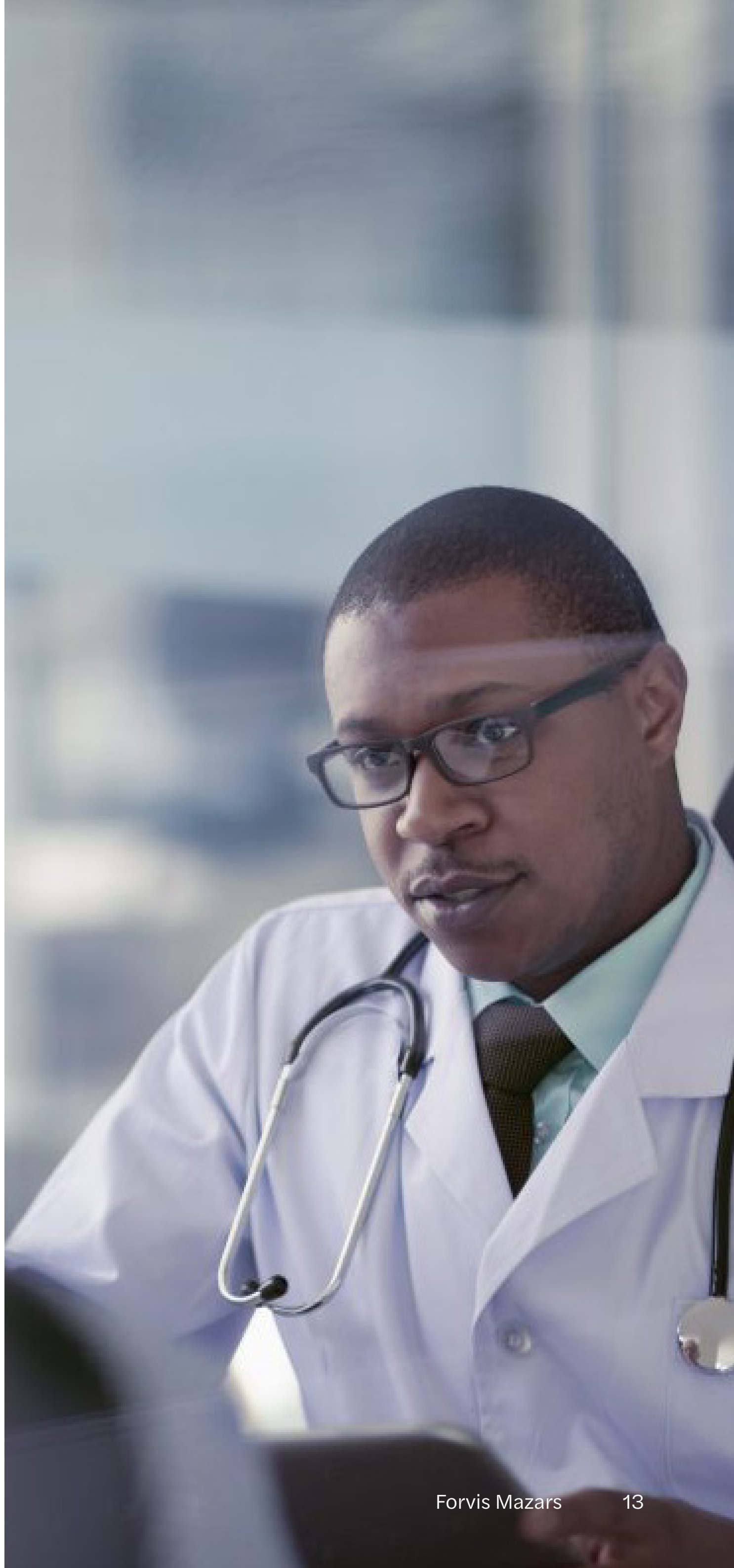
Example 6

€300,000 Mortgage Protection

Blood cancer diagnosed as a young adult.

Accepted at the standard premium rate for their age.

BENEFITS OF CODE: Without the Code of Practice, given the specific condition the premium payable would have been €200 per month higher than the standard premium rate



Awareness

All customers who applied for cover and made a disclosure relating to cancer were captured for consideration against the Code of Practice criteria; either through the automated dynamic application form or manual review.

However, many individuals may be unaware that such cover is possible. We noted the obvious inclusion of the Code of Practice on the website for some firms; but not all.

Going forward awareness of the availably of cover should be promoted more by both Insurance Ireland and the signatories and could be further supported by other stakeholders such as the retail intermediary sector and cancer support societies.

Conclusion

Mortgage protection products are now available to many cancer survivors without increased cost and with a streamlined, less burdensome application process.

For some cancer survivors the cost of their mortgage protection policy did not change (as they would have been offered standard premiums prior to the introduction of the Code of Practice). However, these also benefited from a quicker and less intrusive application process.

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