

What does it mean?



Life insurance policies are non-cancellable and this sets them apart from other types of insurances. This means:

- Each policy is guaranteed renewable by the insurer, provided the policyowner continues to pay the premium.
- The original acceptance terms are not able to be altered in the future. This means that if an increase is applied for and the increase is loaded, for example, the insurer cannot alter the existing policy by applying a loading to that portion.
- A policy cannot be cancelled for claims experience: so any number of income protection claims could be made and the insurer cannot refuse to renew the policy.
- Terms cannot be altered after a claim, or any number of claims.
- The Insured can alter their smoking status, pastimes, occupation, or sex!! and apply for an improvement in their rates if applicable.
- The insurer, however, cannot alter the existing acceptance and premium terms even if the insured takes up a hazardous pursuit or changes occupation or starts smoking again. (provided they had no intention of doing so when they took out the policy)

*The implication of this is that on the basis of one personal statement and one series of tests and medical evidence, the insurer can be committed to the contract for up to 35 or 40 years, on the original acceptance terms! No wonder they are cautious in the underwriting process...*