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IFoA Mental Health Working Party Survey Summary

Insurers' approaches to Mental Health Risk Assessment

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Abstract

The Institute and Faculty of Actuaries (IFoA) Mental Health Working Party has surveyed UK insurers and reinsurers on their approaches to risk assessment for mental health conditions. The key goal in undertaking this survey was to identify whether there is additional research that could be helpful to support risk assessment, underwriting and product development in a way that further improves access to insurance when it comes to mental health conditions. The survey findings highlight that cover is generally available for the vast majority of customers who declare a mental health condition when applying for insurance. Income protection insurance for certain more severe mental health conditions is the product where survey results show the highest restrictions in cover. In terms of potential new future risk factors, diet and exercise emerged as two areas of note. As next steps from this work, the Working Party plans to set up a workstream dedicated to exploring Income Protection products to look in more detail at the access to income protection insurance for those with pre-existing mental health conditions. The Working Party also plans to set up a workstream dedicated to travel insurance to obtain more insights, as response rates for travel insurance in the survey are low and this is a product widely purchased by the UK population so more insights could be beneficial.

Keywords

Mental health; insurance; medical underwriting

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Executive summary

The Institute and Faculty of Actuaries (IFoA) Mental Health Working Party has surveyed UK insurers and reinsurers on their approaches to risk assessment for mental health conditions. The survey was voluntary, and the majority of responses relate to life insurance, critical illness and income protection – although annuities, health insurance (i.e. private medical insurance) and travel insurance were also in scope. The key goal for the Working Party in undertaking this survey was to identify whether there is additional research that could be helpful to support risk assessment, underwriting and product development in a way that further improves access to insurance when it comes to mental health conditions.

The survey findings highlight that cover is generally available for the vast majority of customers who declare a mental health condition when applying for insurance. Income protection insurance for certain more severe mental health conditions is the product where survey results show the highest restrictions in cover. In terms of potential new future risk factors, diet and exercise emerged as two areas of note. If it's possible to collect more granular information on these risk factors accurately and reliably, there could be potential for research to see if these risk factors could be incorporated into the underwriting or product development processes for mental health, in a way that enhances outcomes for those with a history of mental ill-health that have more favourable diet and exercise routines.

These findings reflect that significant improvements have been made in recent years for customers who disclose a history of mental ill-health, with disclosure rates and acceptance rates being high at point of underwriting. The [ABI Mental Health & Insurance Standards](#) have helped insurers in focusing on this area. Going forwards, the survey findings suggest there could perhaps be scope for an increased focus in ensuring consistency across the whole insurance industry to ensure best practices are upheld across all insurers.

In terms of next steps, the Working Party plans to set up a workstream dedicated to exploring Income Protection products to look in more detail at the access to income protection insurance for those with pre-existing mental health conditions. This is due to the findings of the survey indicating this product was the L&H (Life & Health) insurance product with the largest number of declines or special terms applied for applicants disclosing certain higher severity mental health conditions. The Working Party also plans to set up a workstream dedicated to travel insurance to obtain more insights, as response rates for travel insurance in the survey are low and this is a product widely purchased by the UK population so more insights could be beneficial.

Background

In 2023, the Institute and Faculty of Actuaries Mental Health Working Party requested responses from UK insurers and reinsurers to a voluntary survey asking about approaches to mental health risk assessment. In particular, the working party's main interest is to identify whether there is additional

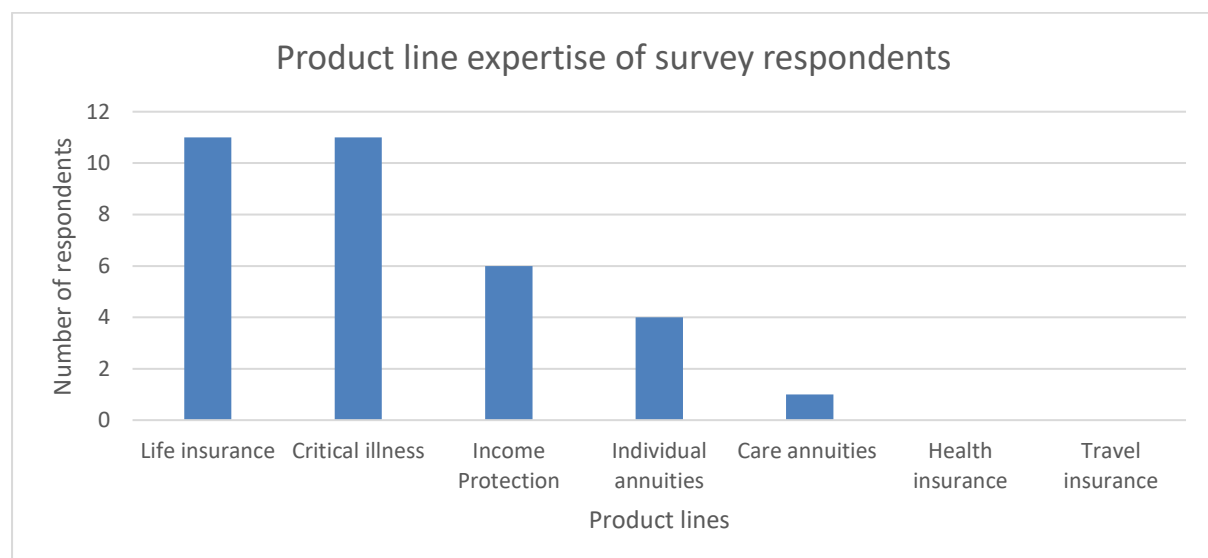
research that could be helpful to support risk assessment, underwriting and product development in a way that further strengthens outcomes when it comes to mental health and insurance. The initiation of this survey follows on from the IFoA Mental Health Working Party's paper published in the British Actuarial Journal on Data and Modelling Considerations for Mental Health in Life Insurance¹. This paper can provide more background details on mental health conditions in the context of risk assessment of mental health in life insurance. Whilst this initial work focused on life insurance, the survey of UK insurers expanded to include other types of insurance where mental health conditions may be included at point of underwriting.

All questions on the survey were optional, to enable participants to share as much information as readily available but ensuring they can still complete the survey if a particular question is not relevant to their context, or they don't have the information available to complete a certain question.

Respondents

The survey was open to UK insurers and reinsurers across the product lines of life, critical illness, income protection, individual annuities, care annuities, health insurance and travel insurance. In total, there were 13 responses to the survey comprised of 6 insurers and 7 reinsurers which included many of the major life and health (re)insurers in the UK market. A breakdown of the product line expertise of the respondents is detailed below.

Figure 1: Which product lines do you work with?



¹ <https://doi.org/10.1017/S135732172300003X>

The majority of survey respondents work within life and critical illness insurance. Income protection insurance, individual annuities and care annuities are also represented. Although there were no respondents working directly with health insurance or travel insurance, there are a small number of responses to survey questions on health and travel insurances as the company of the respondent may still offer these products.

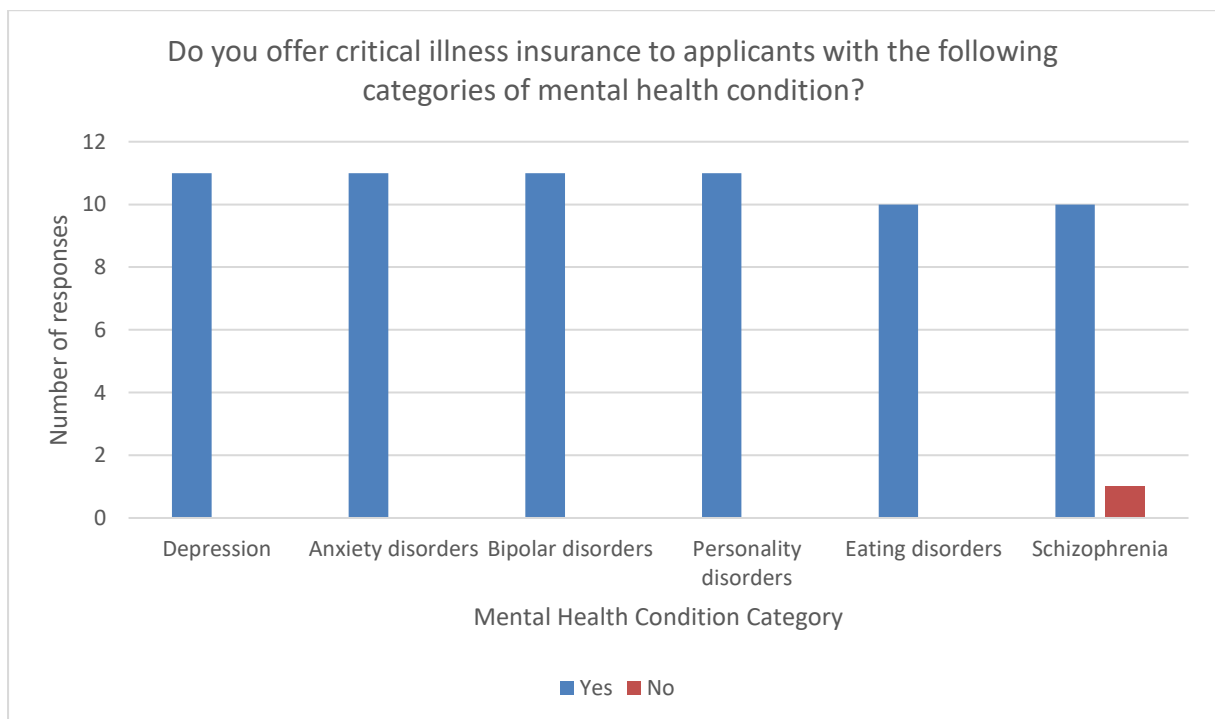
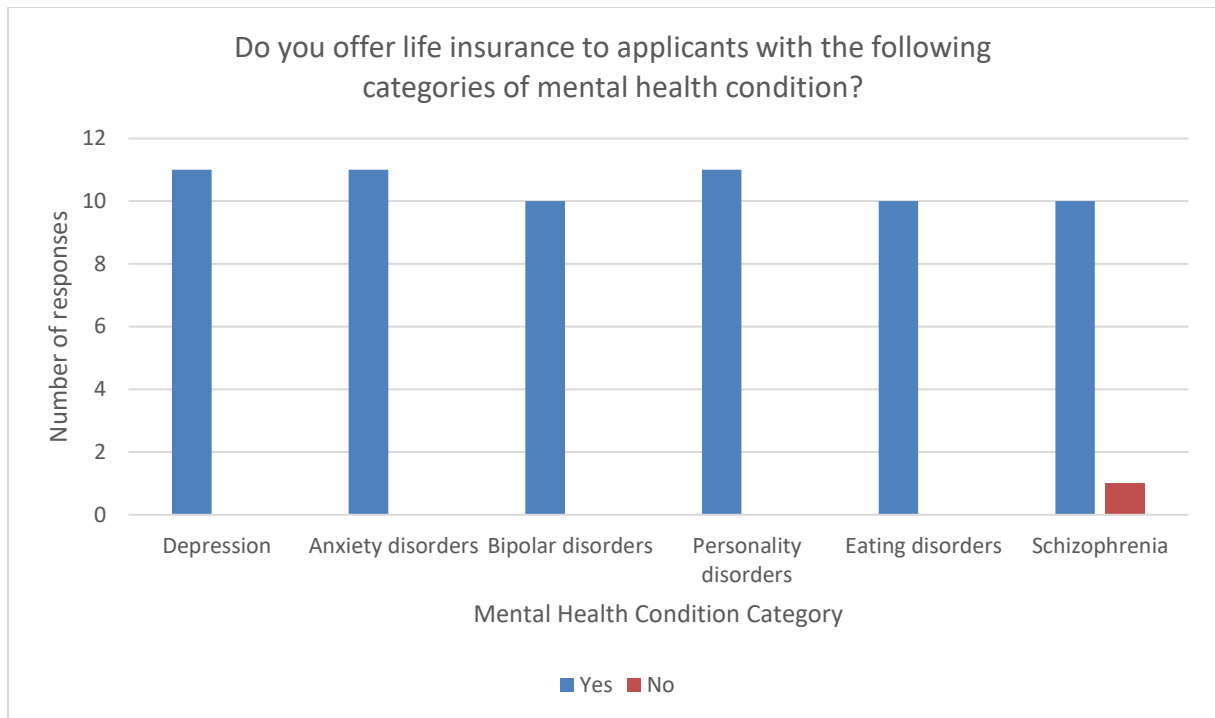
Product lines offered to applicants

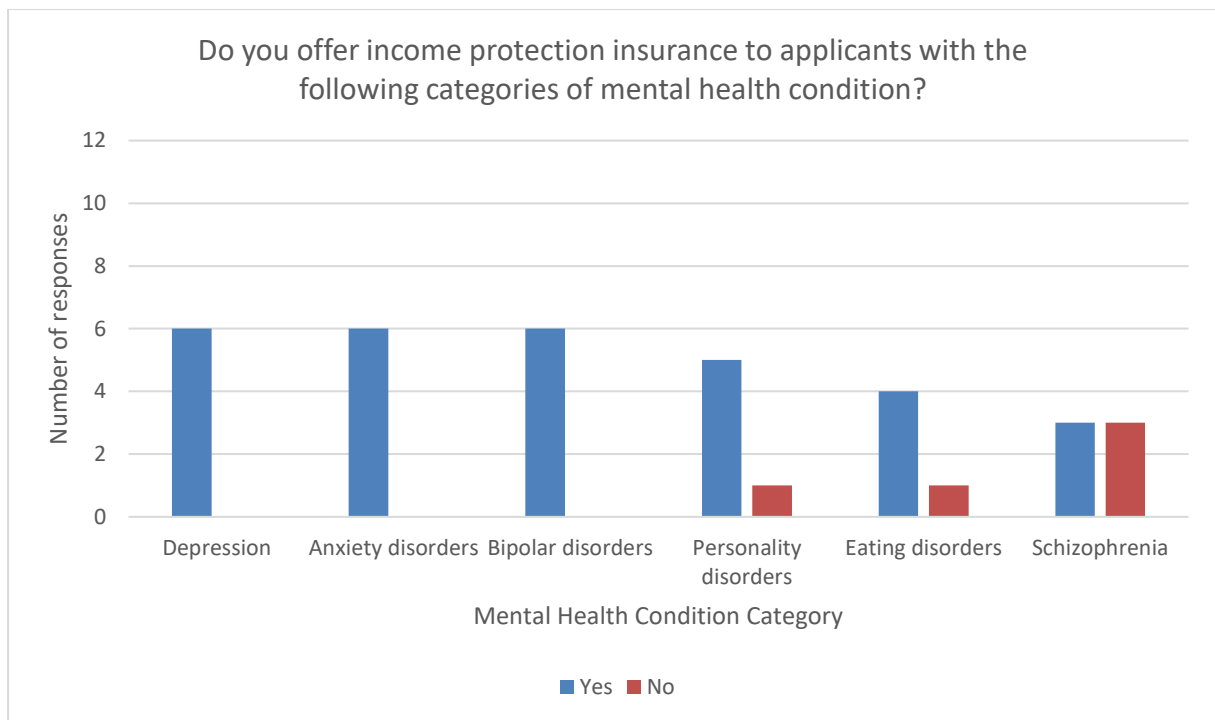
Looking at whether or not products are offered for the mental health condition categories of depression, anxiety disorders, bipolar disorders, personality disorders, eating disorders, schizophrenia, the survey shows that Life and Critical Illness insurers offer terms to applicants. There is one respondent whose company does not offer terms for Schizophrenia.

For income protection, applicants with schizophrenia, personality disorders and eating disorders may not be offered insurance from certain companies – however there are still some companies that do offer insurance for these conditions.

Note that for these questions as well as other questions where specific mental ill-health conditions are listed, the authors selected to list 6 mental ill-health condition categories (depression, anxiety disorders, bipolar disorders, personality disorders, eating disorders, schizophrenia), whilst being aware that this is not a list of all mental health conditions. As such, there was also the option provided for the respondents to include detailed responses for additional mental health conditions at every place in the survey where specific mental ill-health conditions were listed. Where the “other” option was selected by survey respondents the results for this option are shown in the corresponding graphs.

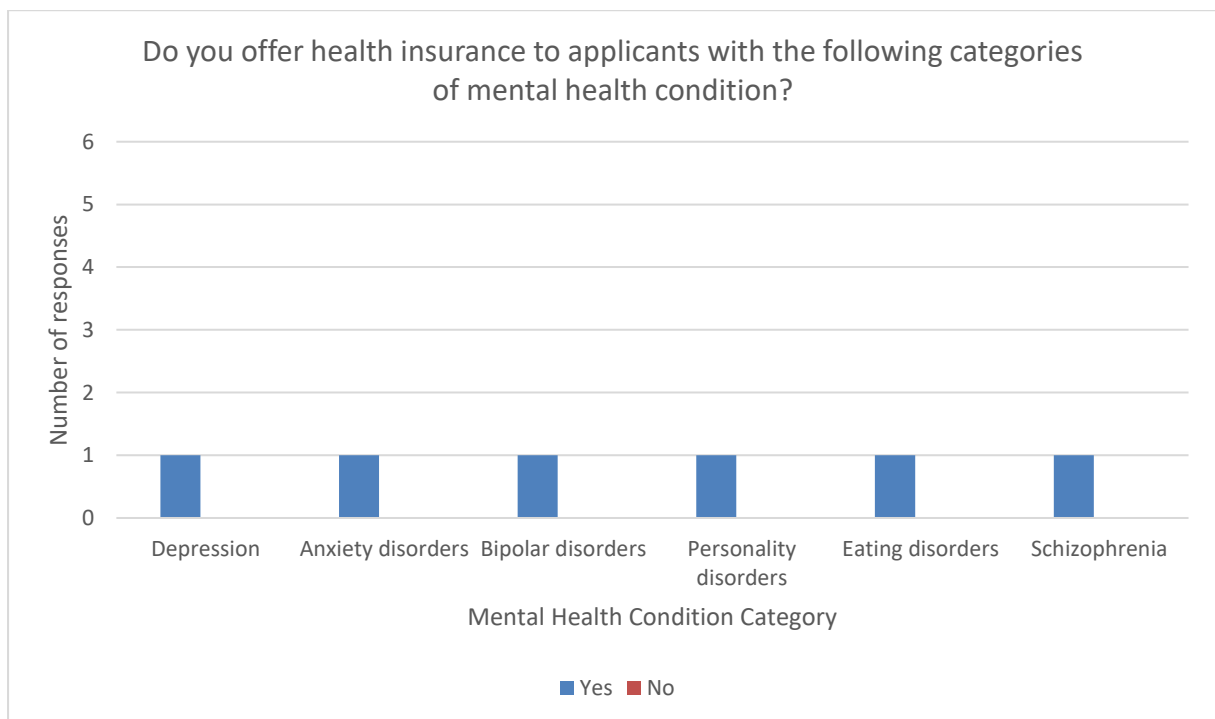
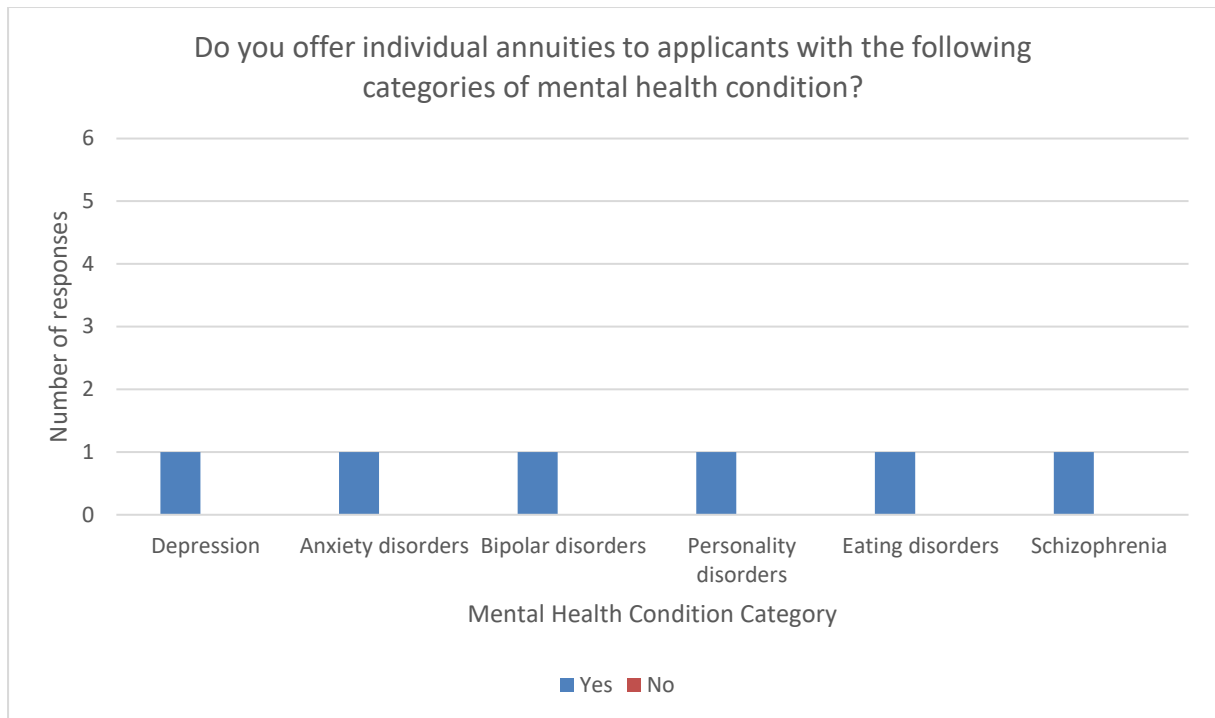
Figures 2-4: What products do you currently offer to applicants with the following categories of mental health conditions: Life insurance, Critical illness, Income Protection

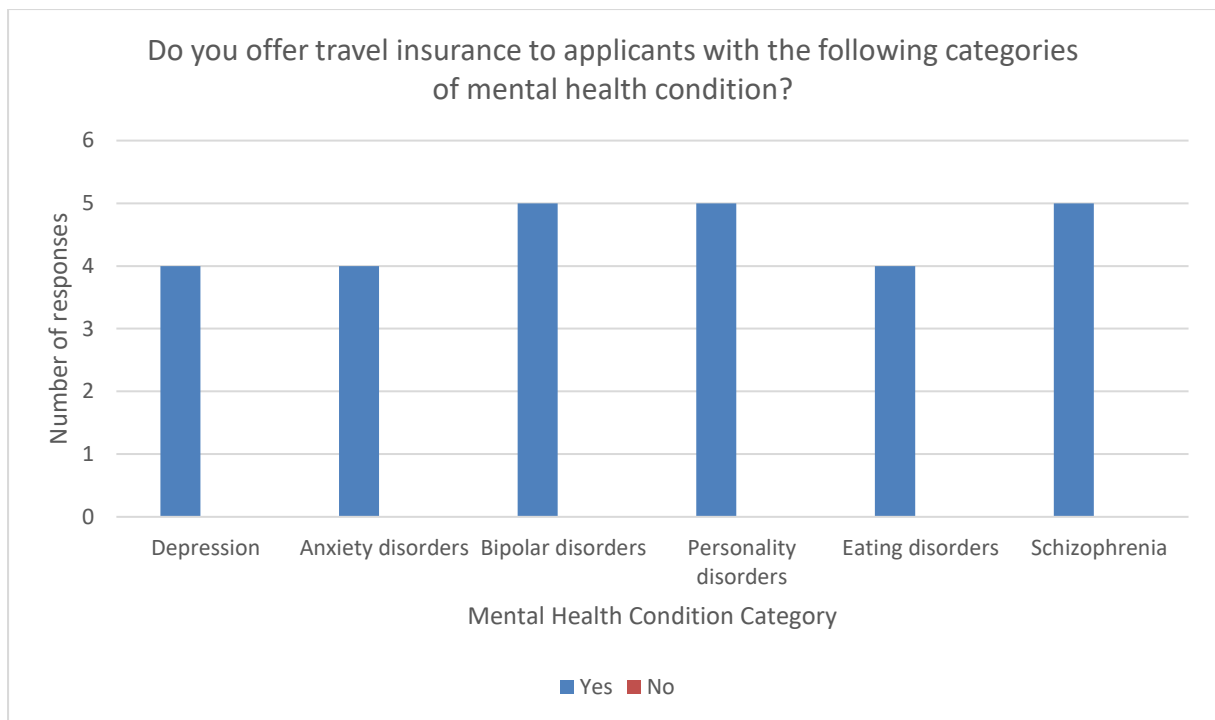




Individual annuities, health insurance and travel insurance do not show any restrictions for these mental health conditions based on responses (note the smaller response sizes for these product lines).

Figures 5-7: What products do you currently offer to applicants with the following categories of mental health conditions: Individual annuities, health insurance, travel insurance



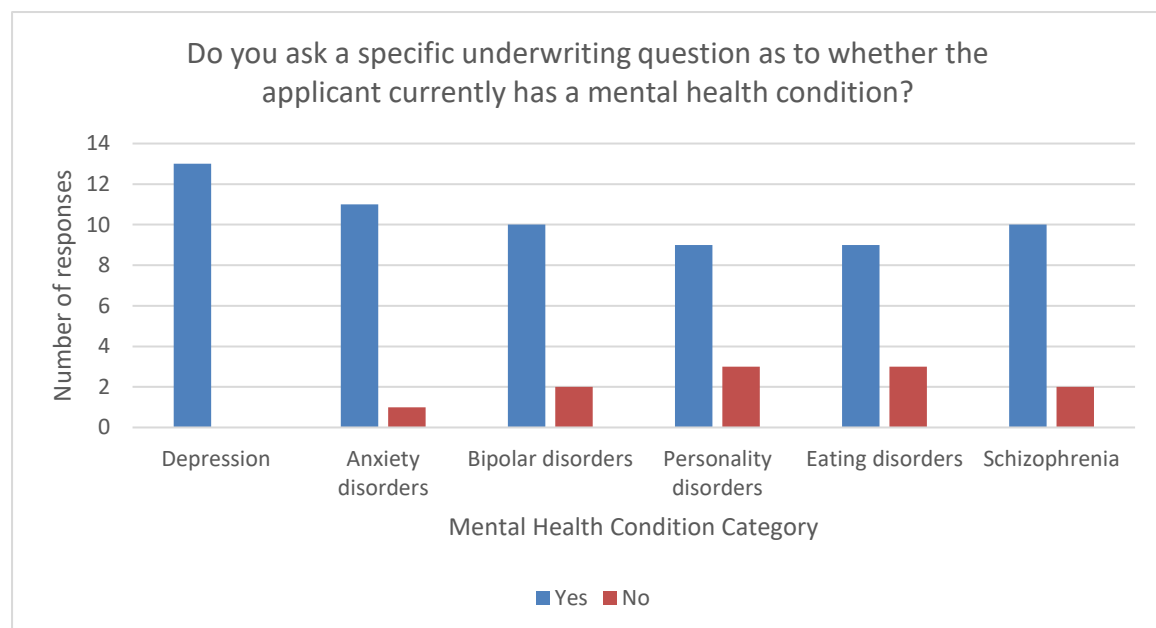


This question should help to challenge perceptions that those with mental health conditions cannot get insurance coverage. However, it's worth noting that the exact nature and extent of cover offered will be determined following medical underwriting, with the later survey question on declines and special terms providing insights here.

Underwriting practices

Looking at general non-product specific underwriting practices, the majority of insurers/reinsurers ask specific underwriting questions to determine if an applicant currently has certain mental health conditions.

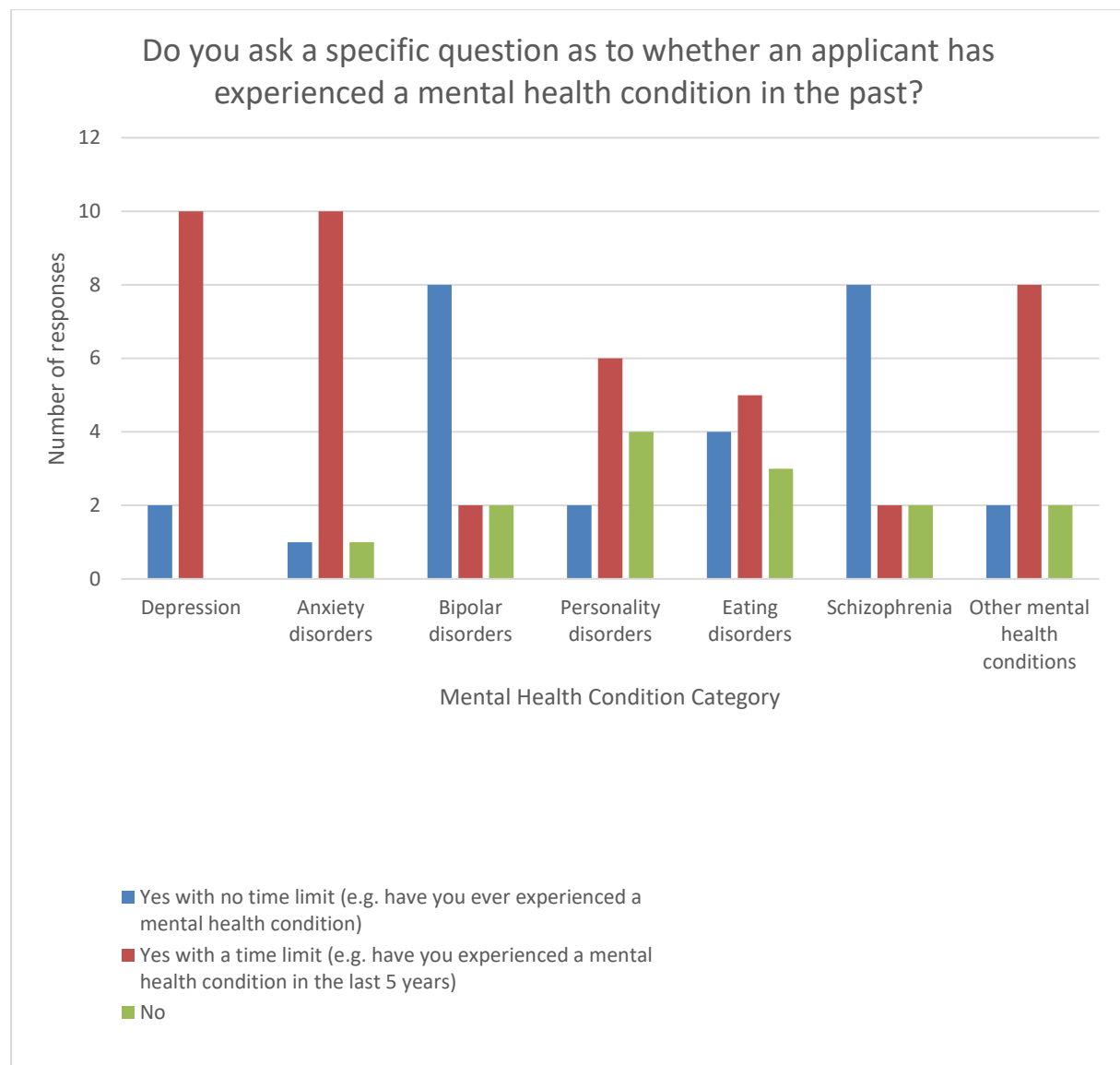
Figure 8: Do you ask a specific underwriting question(s) as to whether an applicant currently has a mental health condition, including mental health conditions not requiring treatment?



Note that this question wasn't answered by product line, so in cases where a specific underwriting question is not asked this could be product-specific.

Looking at underwriting practices around whether an applicant has experienced a mental health condition in the past, where questions are asked for depression and anxiety disorders, this often includes a time limit (e.g. past 5 years). Some insurers also include a time limit for bipolar disorders, personality disorders, eating disorders and schizophrenia. In some cases, no question is asked around whether an applicant has previously experienced a mental health condition. This could be product-specific.

Figure 9: Do you ask a specific question as to whether an applicant has experienced a mental health condition in the past?

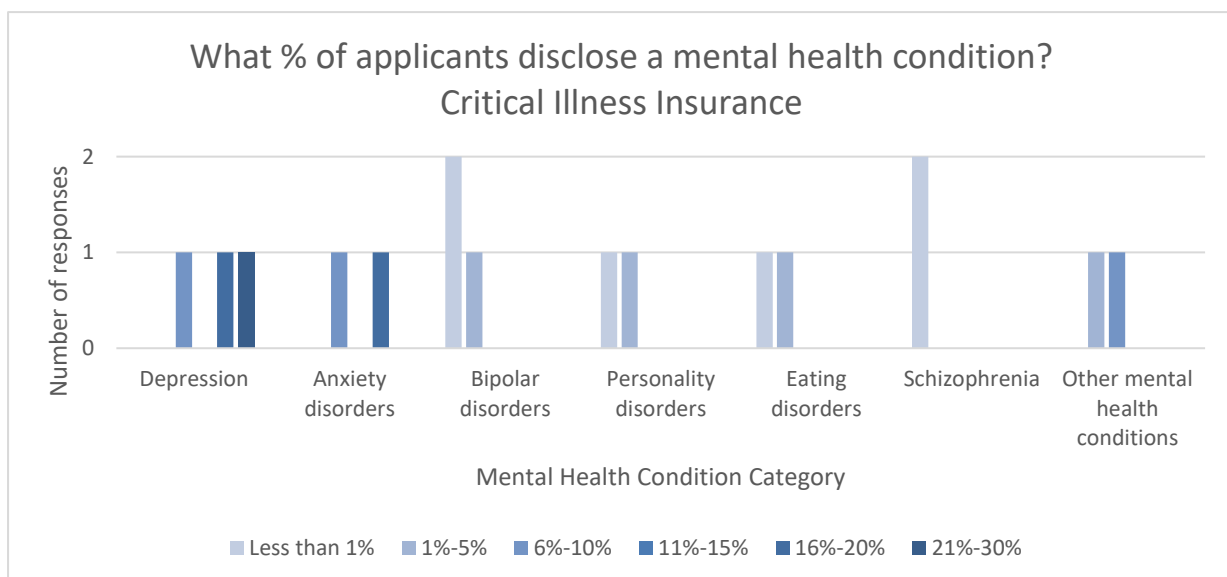
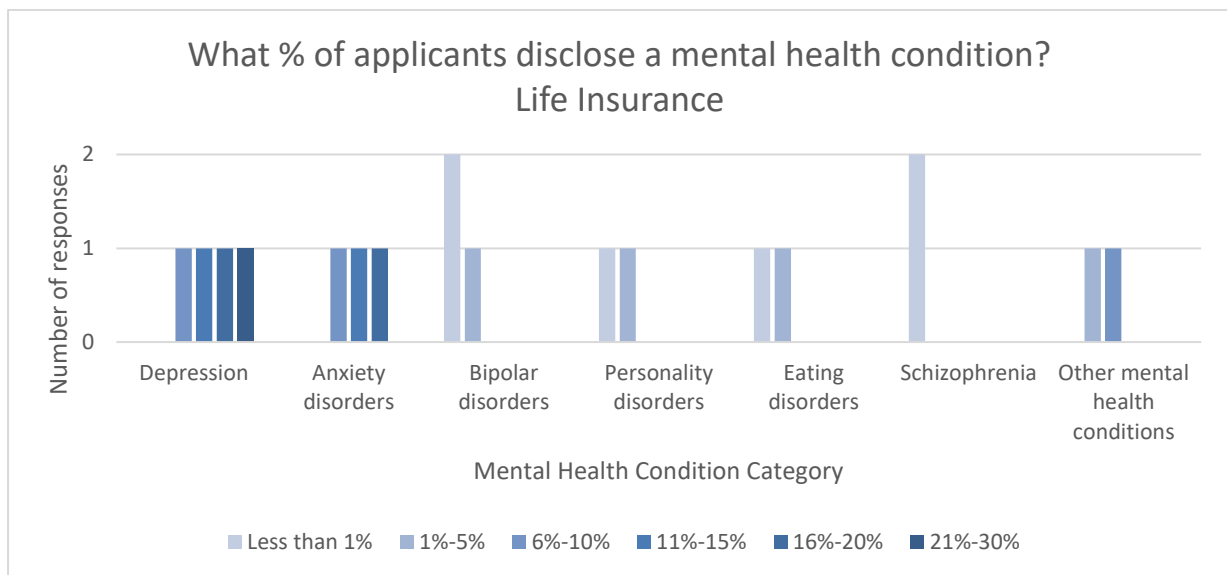


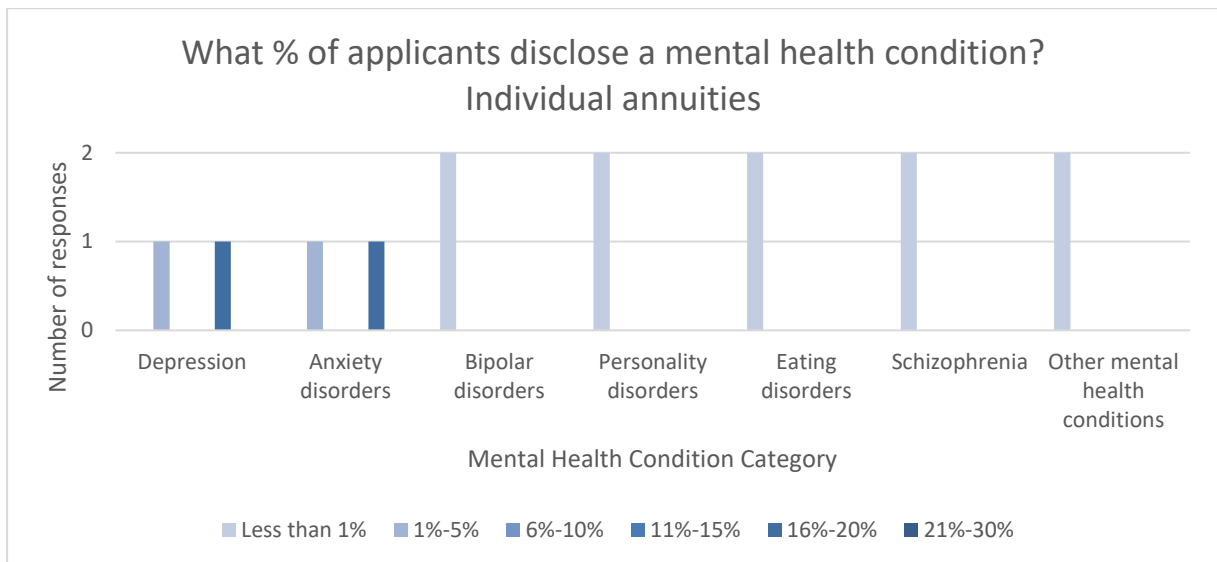
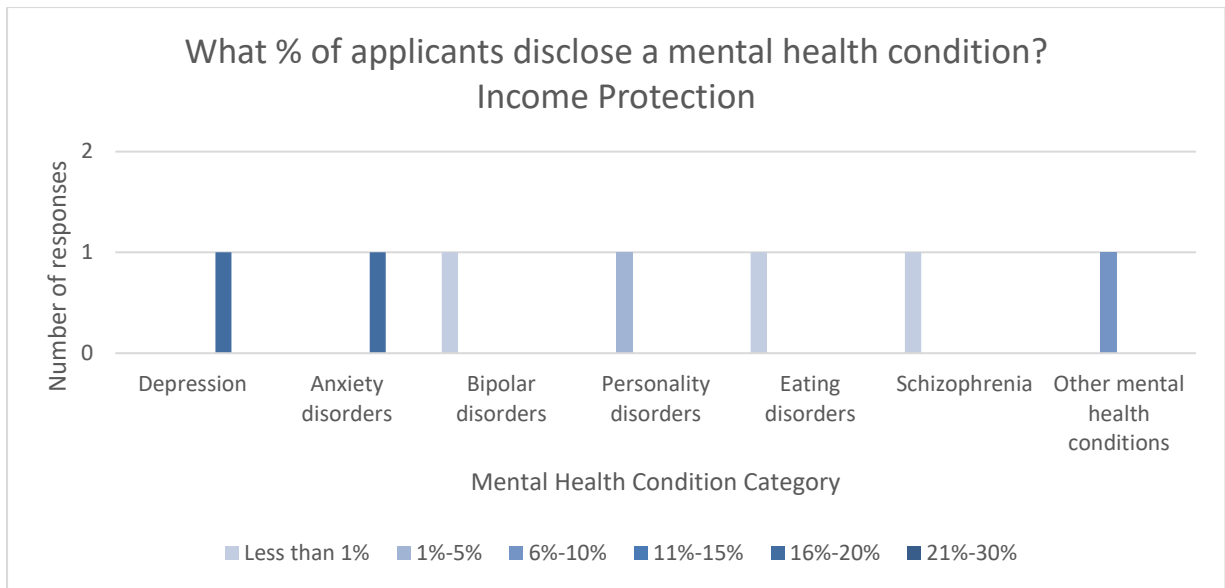
% of applicants disclosing mental health conditions

Looking by category of mental health condition and by product, depression and anxiety disorders are the most commonly disclosed mental health conditions. Schizophrenia is the least commonly disclosed.

Note that there was a small number of responses for this question, ranging between 1-4 responses depending on the product line and mental health condition category. There were no responses given for health insurance or travel insurance.

Figures 10-13: % of applicants disclosing mental health condition by category and product line





Declines and special terms

Stats on % of applicants with mental health condition categories that are declined cover, were only provided by 1 or 2 respondents. They are summarized in the table below.

Figure 14: For each insurance product, what approximate % of applicants with the following mental health conditions are declined cover?

	Life insurance	Critical illness	Income protection	Individual annuities
Depression	0-10%	0-10%	11-20%	0-10%
Anxiety	0-10%	0-10%	11-20%	0-10%
Bipolar disorders	21-30%	11-20%	31-40%	0-10%
Personality disorders	0-10%	0-10%	11-20%	0-10%
Eating disorders	11-20%	11-20%	21-30%	0-10%
Schizophrenia	21-20%	11-20%	91-100%	0-10%
Other mental health conditions	0-10%	0-10%	11-20%	0-10%

Income protection shows the highest % of declines for those applying with certain mental health conditions. For life and critical illness, there may be declines for those applying with bipolar disorder, eating disorders and schizophrenia.

Note that the %'s shown are of a % of applicants applying with that specific mental health condition. For conditions such as schizophrenia absolute number of applicants declined will be low, given the low % of applicants disclosing this condition (less than 1% as seen in the response to the earlier question on % of applicants disclosing certain mental health conditions).

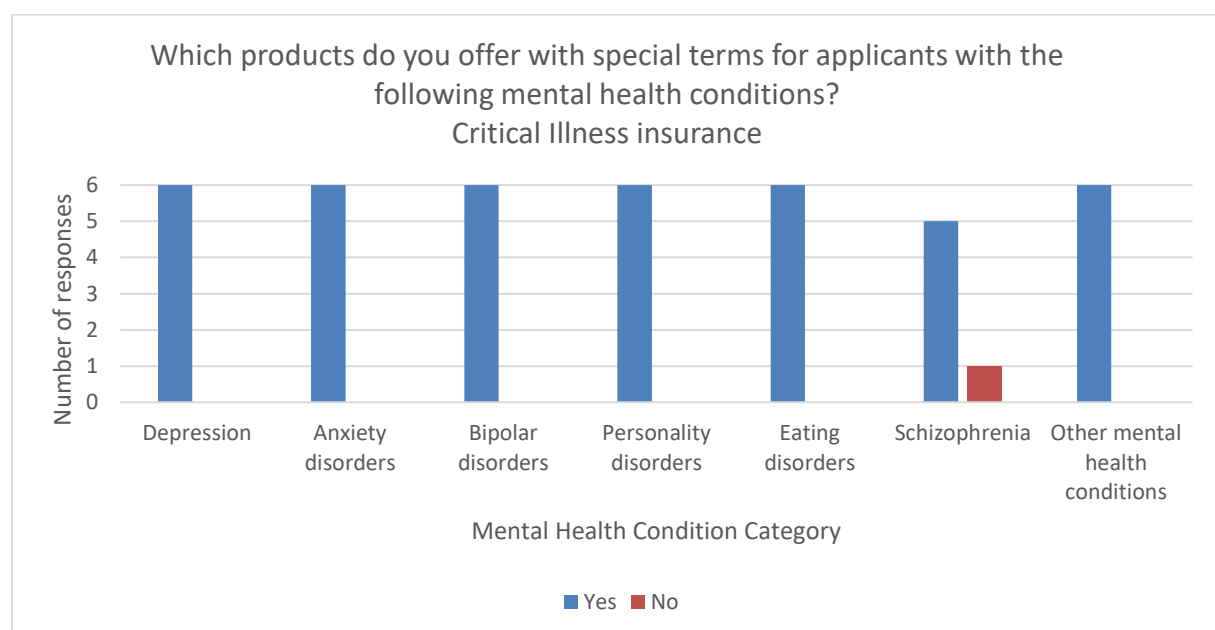
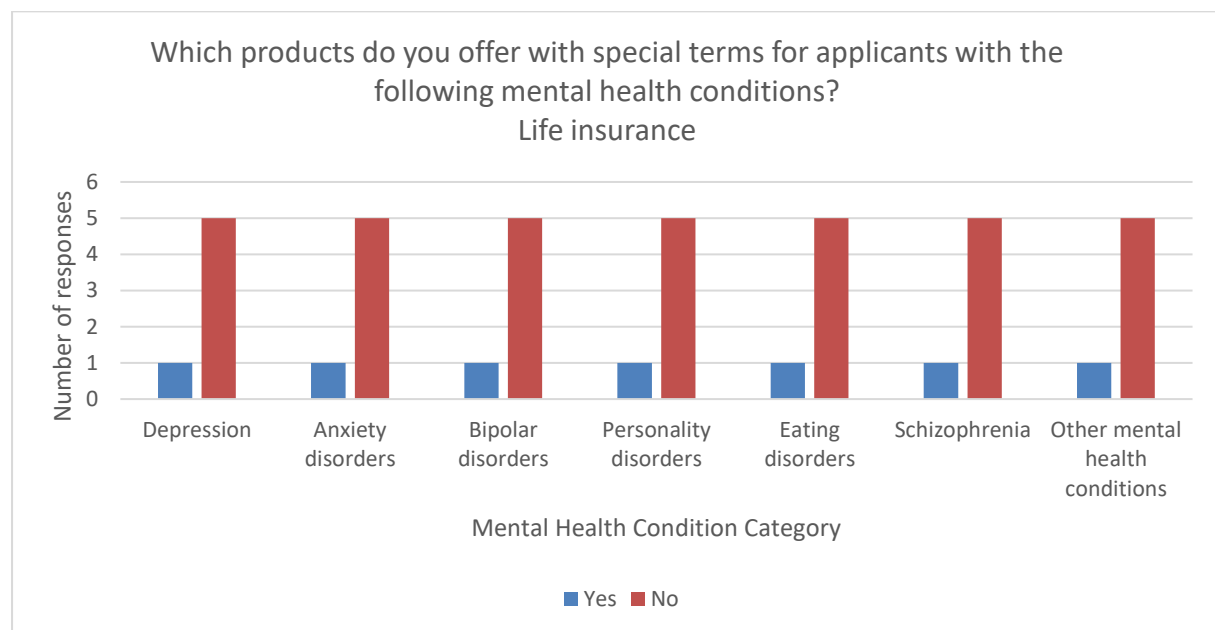
We asked a further qualitative question around whether there are any mental health conditions where an applicant is immediately declined. Some situations given by respondents for when immediate declines may be given include:

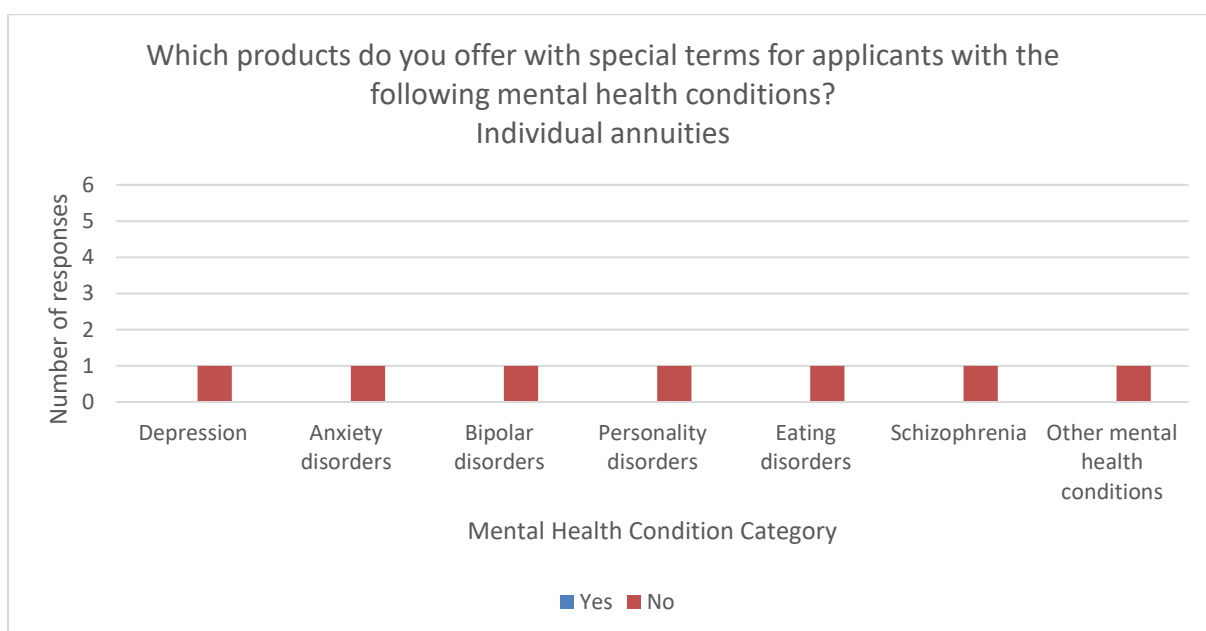
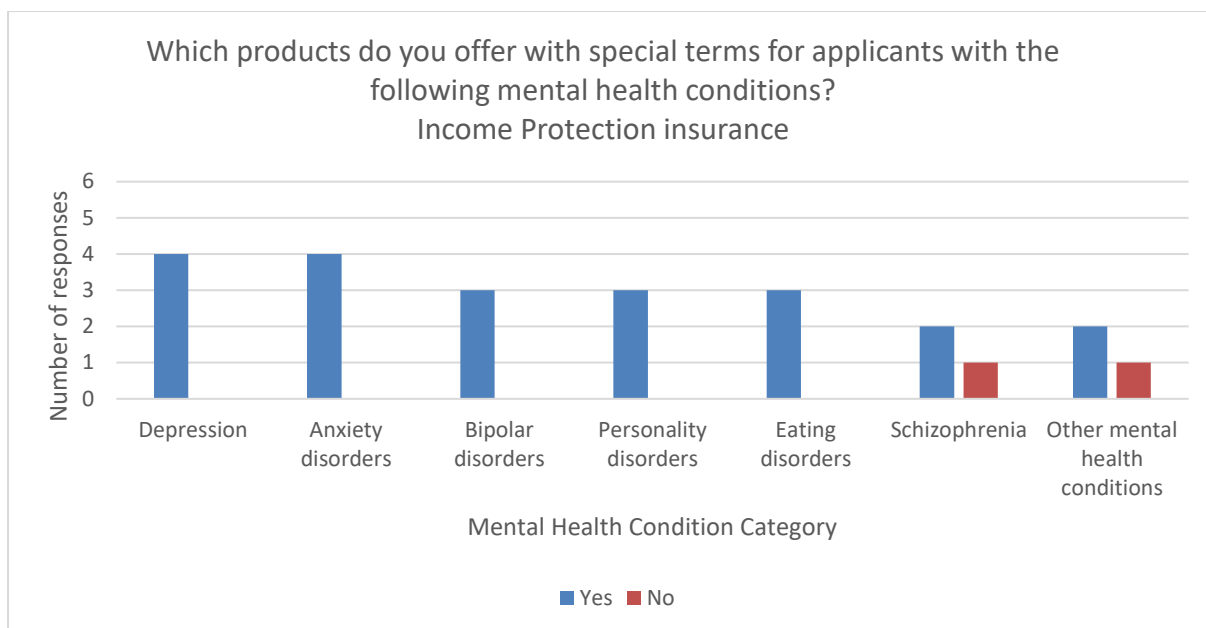
- Severe/recent symptoms and conditions where there has been a recent crisis
- Suicide attempts e.g. very recent suicide attempt, evidence of poor compliance with prescribed treatments
- Schizophrenia e.g. in the case of disability business
- Eating disorders with ongoing issues/low weight
- History of recreational drug use and/or excess alcohol

In some cases, the decision may not be a decline, for example a postpone decision may be given whereby the applicant could be reassessed after a certain period of time.

Looking at special terms, for critical illness and income protection special terms (e.g. exclusions) are offered to some applicants for many categories of mental health conditions. Life insurance doesn't tend to have special terms (i.e. exclusions) available, except for 1 responding provider. There were no respondents for travel or health insurance.

Figures 15-18: Which products do you offer with "special terms" (i.e. exclusions) for applicants with the following mental health conditions?





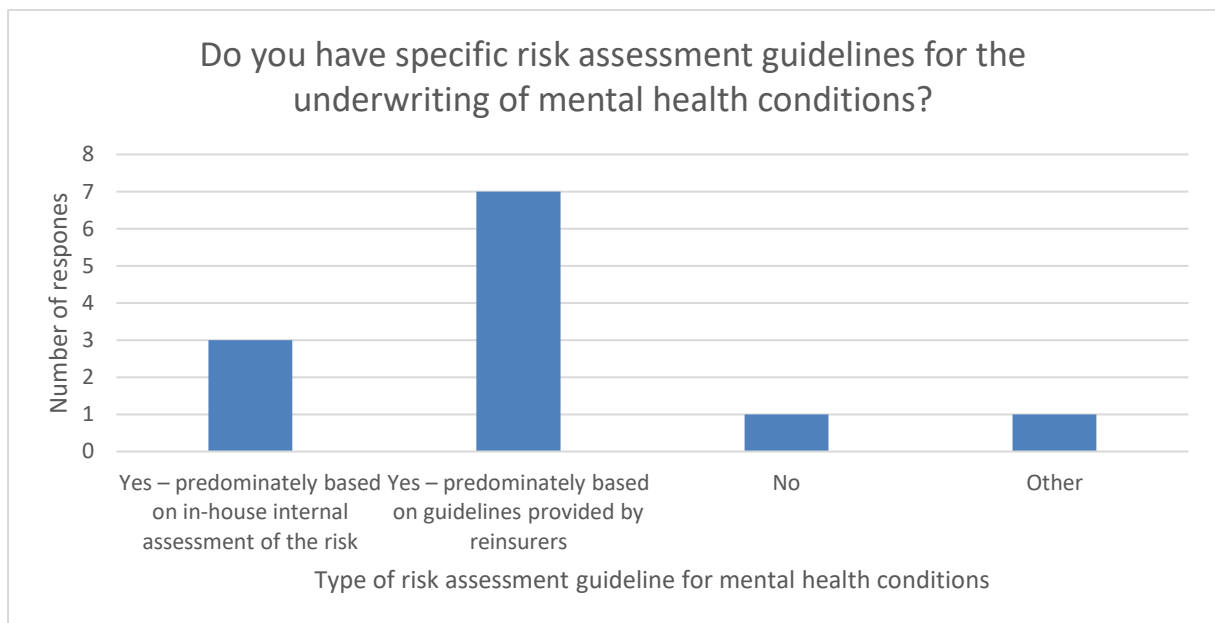
Where special terms apply, there were 6 responses to the question on whether insurance premium rates are reduced where an exclusion applies. The majority responded that premium rates are not reduced, with the exception of one response that premium rates are reduced where an exclusion applies for income protection.

Underwriting guidelines

In terms of specific risk assessment guidelines for the underwriting of mental health conditions, the majority of respondents have guidelines predominately based on those provided by reinsurers. Note

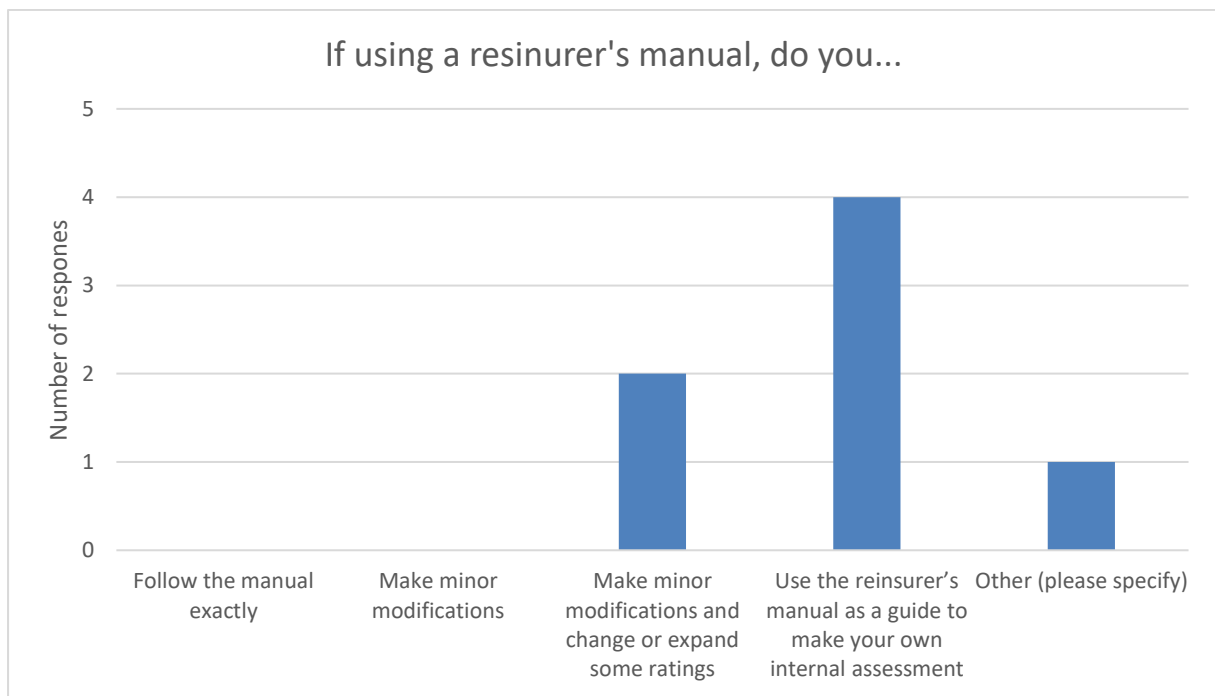
that the “other” response was specified as the respondent’s company providing reinsurance guidelines.

Figure 19: Do you have specific risk assessment guidelines for the underwriting of mental health conditions?



Where a reinsurer’s underwriting manual is used, the responses show that most providers either make minor modifications to the guidelines outlined in the manual, or more broadly use the manual as a guide when making their own internal assessment, rather than following the manual exactly.

Figure 20: Insurers only: If you use a reinsurer's manual, do you...



Factors used in risk assessment

A broad range of factors potentially used for risk assessment of mental health conditions were presented as shown below.

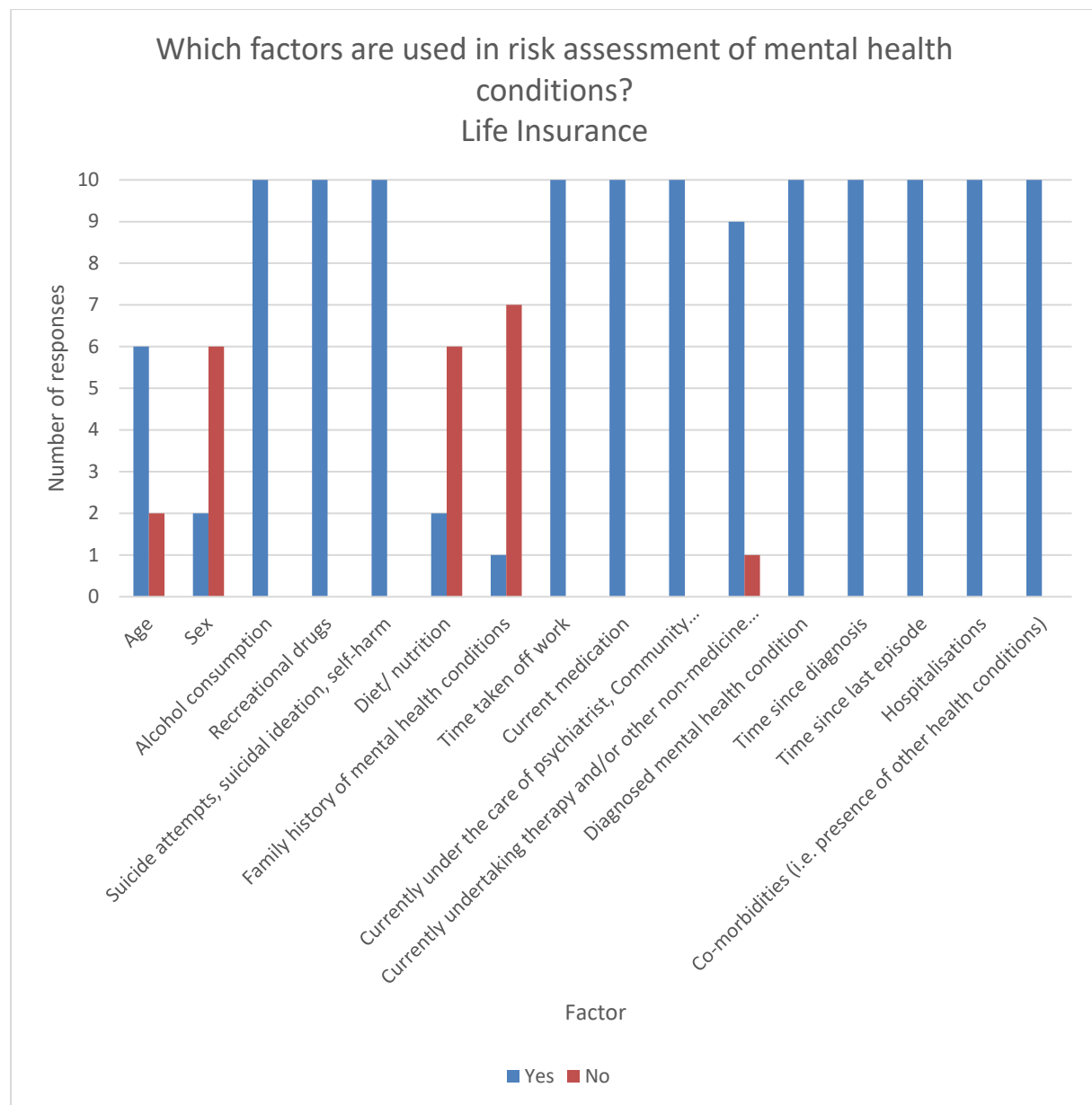
Figure 21: Factors presented to respondents for whether or not they are used in risk assessment of mental health conditions

Age
Sex*
Alcohol consumption
Recreational drugs
Suicide attempts, suicidal ideation, self-harm
Diet/ nutrition
Family history of mental health conditions
Time taken off work
Current medication
Currently under the care of psychiatrist, Community Psychiatric Nurse (CPN) or other medical professional
Currently undertaking therapy and/or other non-medicine based treatments
Diagnosed mental health condition
Time since diagnosis
Time since last episode
Hospitalisations
Co-morbidities (i.e. presence of other mental health and physical health conditions)

**Note that although sex is asked as part of the underwriting journey, it is unlikely to be a relevant factor in the (re)insurers underwriting philosophy when underwriting mental health, except for very specific conditions such as post-natal mental health conditions.*

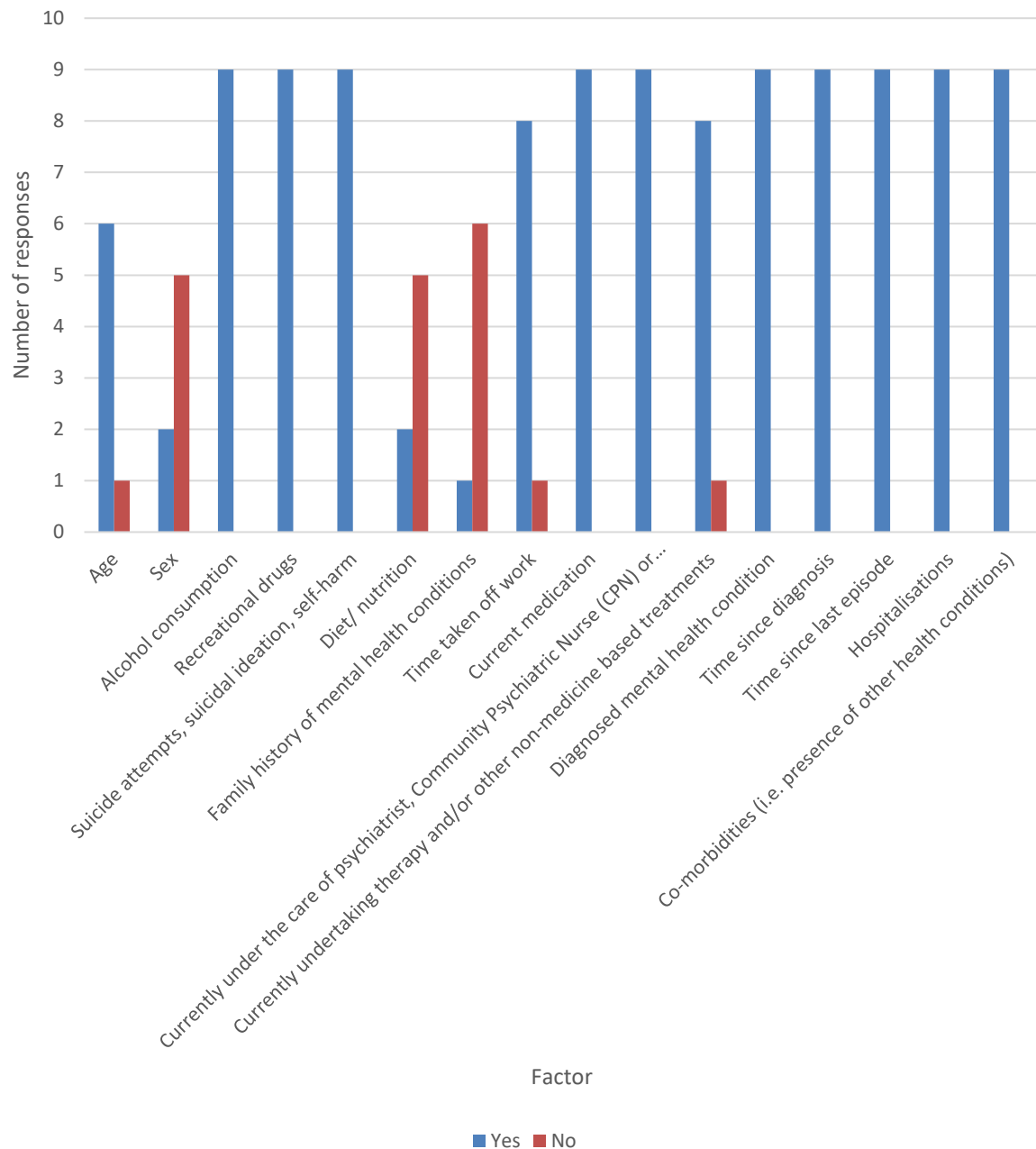
For Life and Critical Illness insurances there is at least one respondent (re)insurer considering the factors listed above as part of risk assessment. Some insurers do not use age, sex, diet/nutrition, family history of mental health conditions, time taken off work, currently undertaking therapy and/or other non-medicine based treatments.

Figure 22-23: Which of the following factors do you use in your risk assessment of mental health condition? (Life and CI)



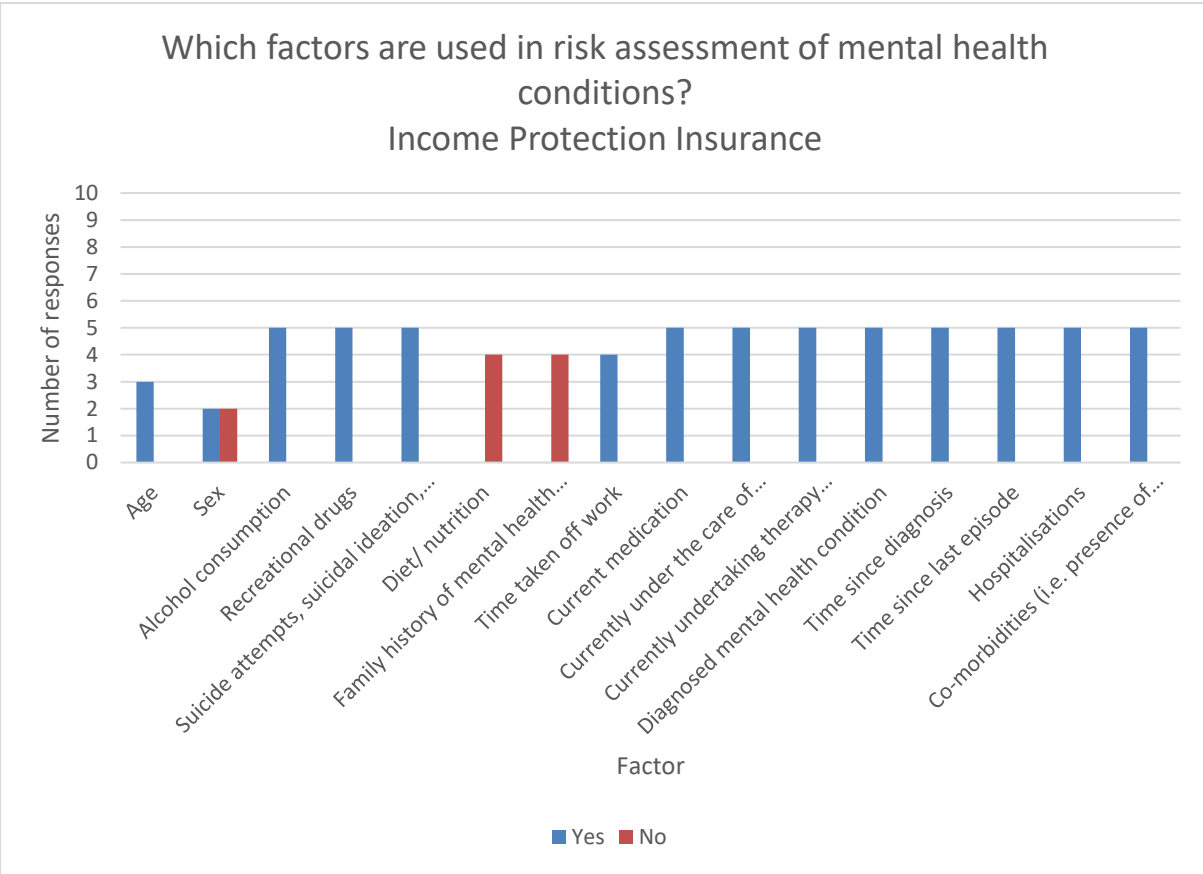
Which factors are used in risk assessment of mental health conditions?

Critical Illness Insurance



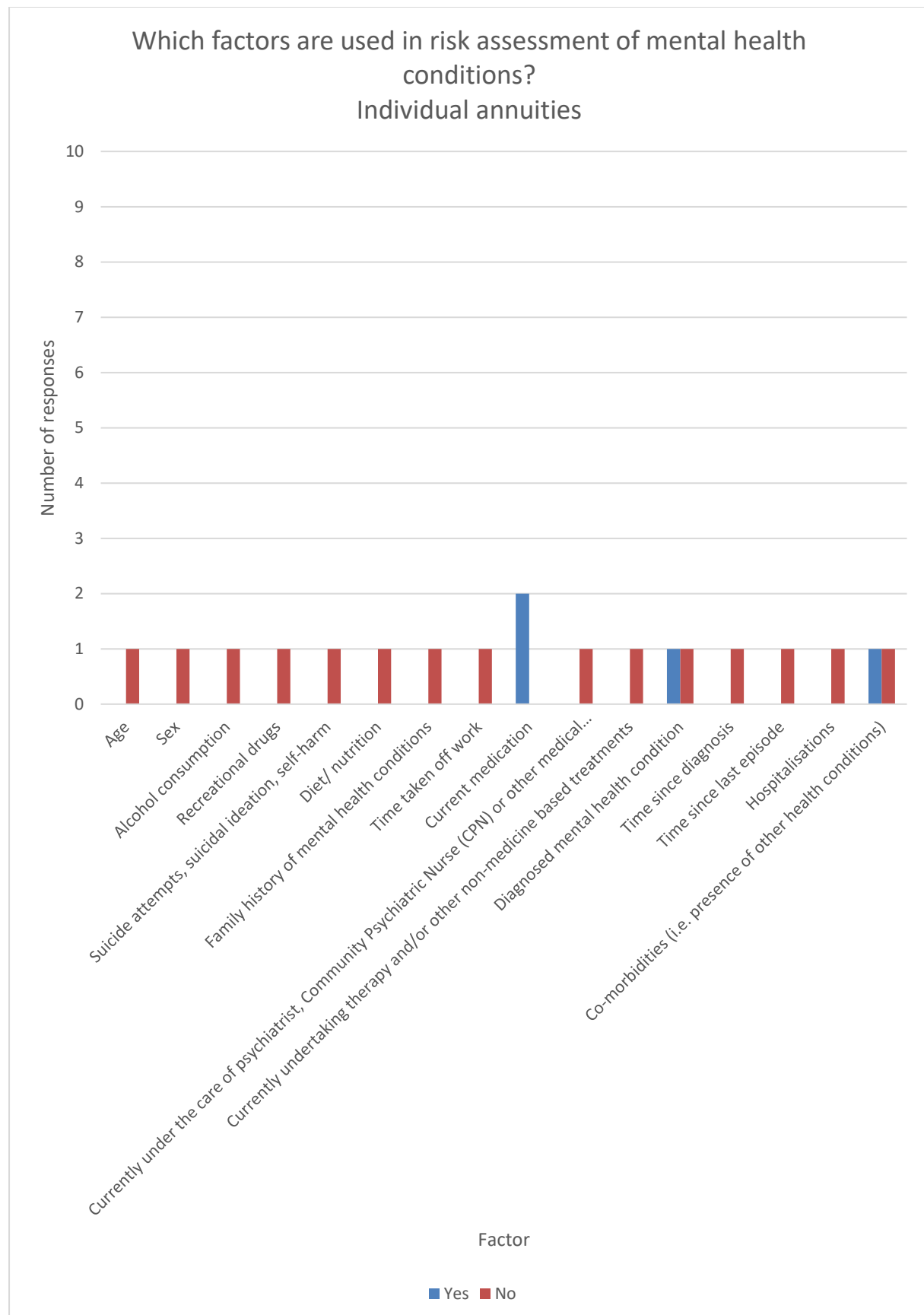
For income protection, sex, diet/nutrition, family history of mental health conditions are not considered by (some) respondents.

Figure 24: Which of the following factors do you use in your risk assessment of mental health condition? (Income Protection)



Based on the two respondents, individual annuities shows a very different pattern with current medication, diagnosed mental health condition and co-morbidities the only factors of those presented that are considered for risk assessment.

Figure 25: Which of the following factors do you use in your risk assessment of mental health condition? (Individual annuities)

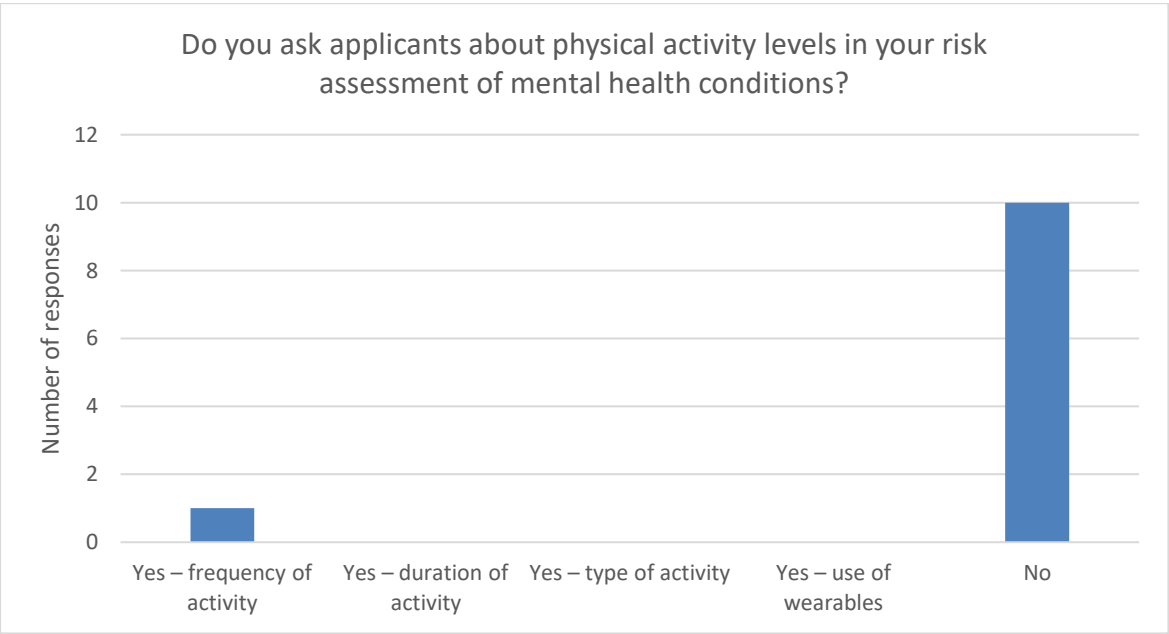


For the product lines, other factors may also be considered in addition to those listed -for example, specific contributory factors or triggers (e.g. bereavement). The underwriter may also consider protective factors as part of assessing the risk holistically.

This question was of particular interest to the IFoA Mental Health Working Party to see if there were certain risk factors that are not currently being used in mental health risk assessment, where research may enable these risk factors to be used to further increase access to protection products (Life, CI, IP). Given that there is at least one insurer using these factors, this suggests there is not a current research gap preventing the use of these factors.

Looking at physical activity in risk assessment for mental health conditions, with the exception of one response, physical activity is not used in risk assessment of mental health conditions. For the one response where physical activity levels are used, frequency of activity is considered as a factor. There are no respondents responding that duration of activity or type of activity is considered, and wearables are not used to record physical activity by any respondents.

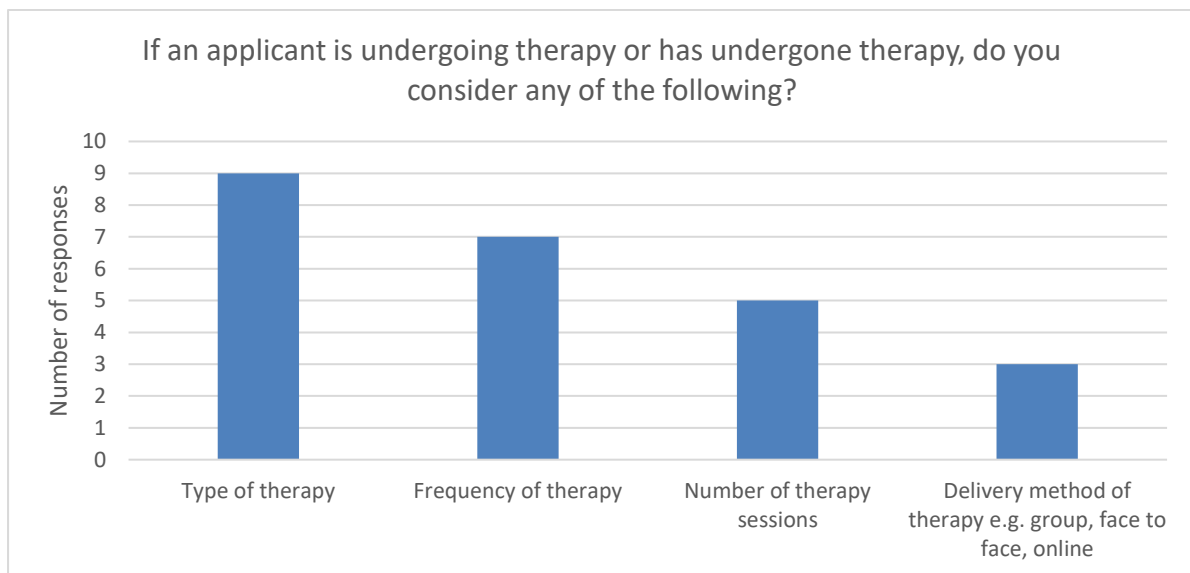
Figure 26: Do you ask applicants about physical activity levels in your risk assessment of mental health conditions?



Given that physical activity is not frequently used in risk assessment of mental health conditions, perhaps this is an area where further research could be beneficial to explore if use of physical activity would be valuable in risk assessment.

Where an applicant is undergoing therapy or has undergone therapy, the type, frequency, number of sessions and delivery method are factors that may be considered.

Figure 27: If an applicant is undergoing therapy or has undergone therapy, do you consider any of the following?



For life insurance, critical illness insurance, income protection and individual annuities applicants with mental health conditions, less than 10% of applicants require a GP report or specialist medical report to be obtained.

Challenges to assessing mental health risk

We asked respondents a number of qualitative questions around the biggest challenge to assessing mental health risk currently. Responses included:

- Ensuring questions are phrased in a non-subjective way: customers need to fully understand the questions for accurate and full disclosures, with phrasing in a way that is as non-subjective as possible to gauge a true picture of potential risk. Currently some individuals may understate the impact of their condition and others may overstate the impact.
- Lack of long term impact on life expectancy for those with long term mental health issues.
- The balance between rules-based underwriting and manual underwriting/requesting of medical evidence. Higher levels of automation speed up time to issue and ensure consistency of underwriting outcomes between customers, but they may restrict the applicant as to what they can share. In particular, mental health can include complex histories where underwriting expert judgement is needed.

Future opportunities

We asked respondents how current industry practices for assessing mental health risks could be improved. Responses included:

- Significant improvements have been made in recent years for customers who disclose a history of poor mental health, with disclosure rates and acceptance rates being high. The ABI Mental Health Standards have already helped the protection industry in focusing on this area. The survey results suggest that there is still variability in underwriting approaches and product offerings across insurers when it comes to pre-existing mental health conditions. Going forwards, there could be an increased focus in ensuring consistency across the industry to ensure best practices are upheld across all insurers. Wide engagement with industry stakeholders may be required to help develop a unified framework for mental health risk assessment, that applies best practices across the entire industry and reduces discrepancies in acceptance rates and terms.
- More education and guidance to potential applicants on the process in terms of what questions will be asked and likely outcomes, to help encourage applicants to apply (e.g. education that a history of mental health condition in the vast majority of cases won't automatically mean they will be declined). Customers should understand the importance of full and accurate disclosure to achieve the best terms possible and ensure they are aware of the impacts of under-disclosure.
- Incorporating the use of mental health apps and offering support at applications and during cover, for example could proactive private counselling sessions be offered on IP.

Data and research

There is a wide range of data and research that is used to inform the risk assessment approach for mental health risks. These include

- Own underwriting data to monitor performance of underwriting rules including post issue sampling
- Own claims data
- Reinsurance manuals (which are based on medical evidence)
- Medical input e.g. psychologists, chief medical officers, NICE guidelines
- Long term studies (where available)
- Review of point of sales %'s (i.e. accept, ratings, declines)
- Clinical data and studies
- Statistics and involvement from mental health charities and also industry bodies who are focusing on mental health and insurance

In terms of further data or research that might further improve access to insurance

- Continue to access latest data and research. For example, actuarial analysis could be used to analyse if there are improving trends in health outcomes for individuals with mental health conditions, as treatments and supportive measures continue to progress.
- Further analysis of mental health and claims data e.g. relative claims experience of applicants accepted with a rating or exclusion.
- Quality of customer disclosures.
- Trends over time in morbidity and mortality with respect to mental health conditions
- A more granular understanding of which key risk factors play the biggest role in adverse terms of underwriting. Being aware of which elements specifically need to be accounted for in each risk

assessment could reduce total ratings and provide more accurate decision outcomes for each customer characteristics.

- Research how therapy types, frequency and outcomes impact claims and underwriting decisions. Partnering with mental health professionals to study the impact of therapeutic engagement on outcomes could enable further granularity to be reflected in risk assessment practices.
- Research into diet and exercise and its impact on mortality and morbidity due to mental health conditions. These are hard areas to confirm at underwriting, but if a proven customer benefit can be shown it may lead to insurers looking at them much more closely (for both mental health and for other risk types). Future studies could explore how positive lifestyle factors mitigate mental health risks, for example through longitudinal studies that analyse the correlation between lifestyle improvements and claims experience among individuals with pre-existing mental health conditions. A positive finding in this research could then be translated into more favourable terms for applicants with pre-existing conditions.
- Continuous underwriting approaches may be an area to consider. For example, in cases where a provider would have typically declined cover, they could offer terms with an exclusion. More widespread use of one-sided reviewable exclusions on IP, especially if this was in relation to an acute and/or recent diagnosis. However, two-sided continuous underwriting may be challenging if premiums/terms will worsen for customers as their mental health fluctuates. There could also be an opportunity to further explore how wearables and mental health apps could play a role in underwriting and ongoing risk assessment, especially for living benefits products such as critical illness and income protection.

These research avenues could enable insurers to innovate in a way that further expands access to insurance for individuals with mental health conditions. The goal is to continue to align underwriting practices with evolving scientific understanding of mental health and latest medical treatments. The insurance principles of fairness, affordability and sustainability of insurance products will remain central to this.



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