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Dr. Paul Yip
Centre for Suicide Research and Prevention and Social Work and Social
Administration, The University of Hong Kong

Assessing the impact of suicide exclusion periods on life insurance

Abstract: We study the impact of suicide-exclusion periods, common in life insurance policies in Australia, on suicide and accidental death rates for life-insured individuals. We examine whether a suicide exclusion period affects the timing of suicides. Apparently, there were significantly fewer suicides in the exclusion period and more suicides were detected for the first two years after the exclusion period. Higher insured sums are associated with higher rates of suicide. Adverse selection in Australian life insurance is exacerbated by including a suicide exclusion period. Some policy implications will be discussed.