

# Life insurance and suicide

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## INSURANCE FORUM

The World Health Organization's Suicide Report in its Comprehensive Mental Health Action Plan 2013-2020, stated that almost 3,000 persons commit suicide daily. As of 2015, suicide was the ninth leading cause of death for Filipinos in the

20-24 age bracket. September 10 is the World Suicide Prevention Day and in the Philippines, the second week of September has been designated as the *National Suicide Prevention Week* by the Department of Health. For insurance companies, "suicide risk remains extremely difficult for life underwriters to identify and nearly as impossible to predict, much less prevent".

An insurance company may be held liable in case of a suicide only after the passage of a certain period of time, in our case, two years after its issue under the Amended Insurance Code. Hence, if an insured commits suicide within a period of two years after the issuance of the policy, the insurer shall not be liable. The two year period is also called the "suicide exemption period" or "suicide exclusion period". The suicide exemption period varies among jurisdictions. In Japan, the period is three years (beginning 2005). In Belgium, it is one year. In Greece, it is two years. In some jurisdictions, the suicide of the insured voids the insurance on the ground of public policy.

The insurance company may agree to shorten the period (i.e., one year) in the policy. The two year period is provided to lessen the possibility of one acquiring insurance with the deliberate intention of committing or in contemplation of suicide at a later time. Some have dubbed this as a "planned death". However, a suicide committed in the state of insanity shall be compensable regardless of the date of commission. The rationale being that an insane person cannot possibly contemplate such an elaborate scheme of acquiring insurance with suicide as the ultimate objective. The two year period cannot be made longer under Philippine laws. However, suicide can be made an excepted or insured peril (the suicide clause).

It is interesting to note a study made in Australia, "*Assessing the Impact of Suicide Exclusion Periods on Life Insurance*", which noted that there "more suicides" "detected for the first 2 years after the exclusion period". It also recommended that the "extension of the suicide-exclusion period to 3 years may prevent some 'insurance-induced' suicides. According to Goldberg, "data from the Society of Actuaries in the US concludes there was a quadruple increase in suicides at the end of the exclusion period (typically two years in the US) and that during the exclusion period, a number of 'disguised' suicides come through in higher accidental death rate".

The original provision on suicide was inserted as Section 180-A in P.D. No. 1460 (Insurance Code of 1978) by Batasan Pambansa Blg. 874 on June 12, 1985. It is now Section 183 of the Amended Insurance Code. The Life Insurance Companies Association of the Philippines (LICAP) has objected to this law specifically making suicide committed in the state of insanity as compensable.

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