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Critical Illness: A tale of three continents

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Presented by webinar: Thursday 6 June 2019 at 14.00

Agenda

- Geographic reach
- Product landscape
- Trends
- Risk considerations
- Definition assessment
- Conclusion



Origins

- Dr Marius Barnard:
 - *“I was used to operating on people and boasting about my great results of patients surviving five or six years. But all of sudden I saw the social and financial implications. I knew nothing about insurance but I knew life insurance paid out on the diagnosis of death. But to me, my patients lived for years but in this time they died financially.”*
- Crusader Life, South Africa, 1983
- Began with BIG conditions :
 - Cancer, Heart Attack, Stroke
 - Coronary Artery Disease requiring surgery
 - Kidney Failure, Major Organ Transplant
- All accelerated to life coverage



Geographic reach



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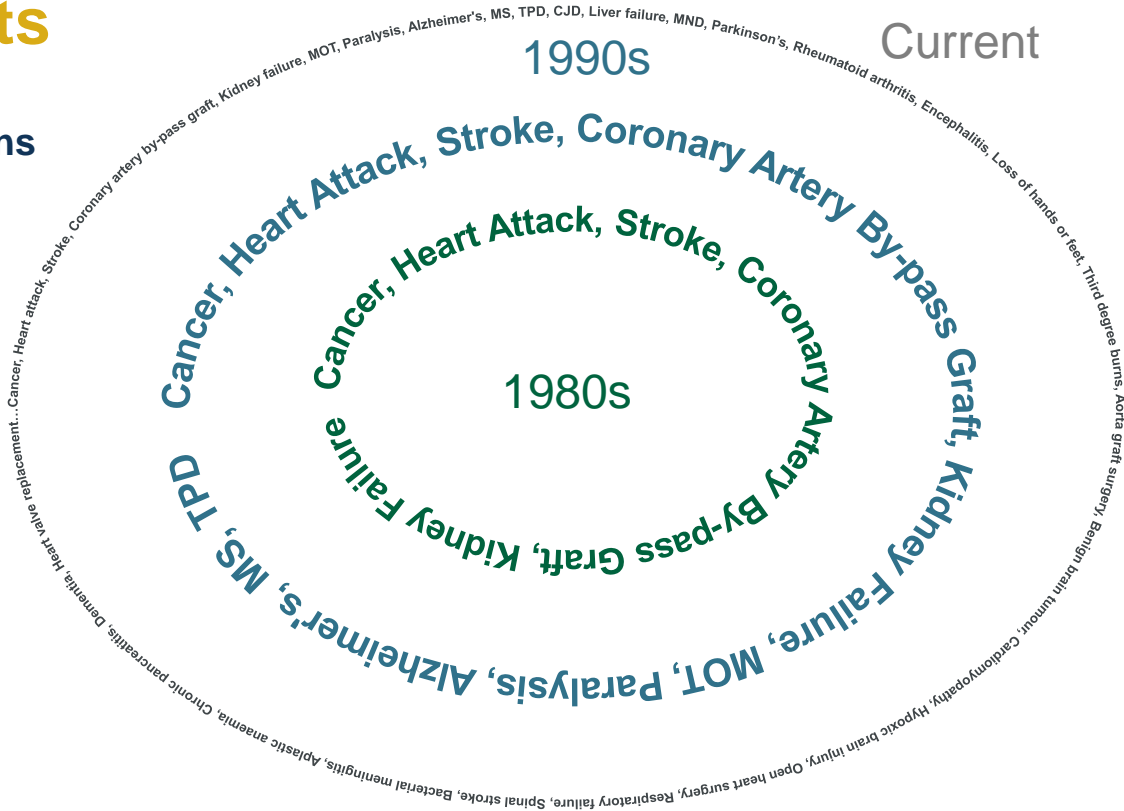
Product landscape

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UK products

CI policy conditions

Child cover



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Eastern Europe - examples

Poland



- Cancer cover
- Male and female product variations
- Basic, Classic, Premium versions
- Max benefit up to 150% of sum assured:

Trigger	Benefit amount
<u>Cancer diagnosis</u>	40% of sum assured
<u>Chemotherapy</u>	5% per each course, max. 5 courses within 5 years since initial diagnosis
<u>Radiotherapy</u>	5% per each course, max. 5 courses within 5 years since initial diagnosis
<u>Surgery</u>	20% (only one surgery within 5 years since initial diagnosis)
<u>Recovery benefit</u>	5% monthly for 3 months
<u>Relapse</u>	10% between year 5 and year 10 since initial diagnosis
<u>Recovery</u>	10% after 10 years since initial diagnosis
<u>Palliative care</u>	Remaining part up to 100% of sum assured

Czech Republic



- Rider within investment product
- “Basic” and “Complete” variants
- “Complete” cover pays up to 3 x 100% claims
- Six groups of conditions:
 1. Vital organ failure
 2. Nervous system
 3. Cardiovascular system
 4. Inflammations
 5. Tumours
 6. Other
- Partial cover for carcinomas in situ

Russia

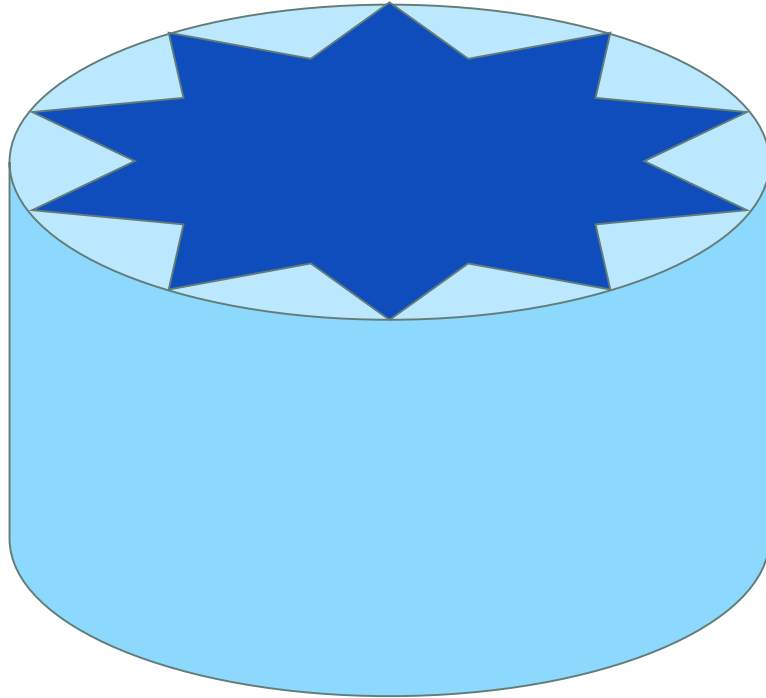


- Cancer cover
- Juvenile and adult products
- Pre-defined sum insured: 1.5 million RUB (USD 23,000 USD)



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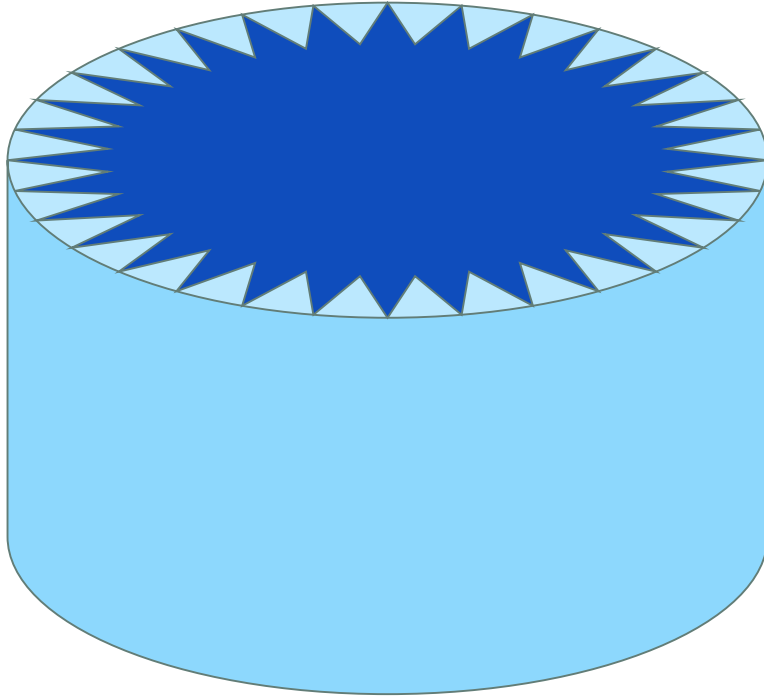
Asia products: traditional CI



- Emphasis on core CI conditions well-known to everyone (e.g. Cancer, Heart Attack, Stroke, etc..)
- Reasonably comprehensive cover but with some gaps
- Almost all are whole of life, limited pay products



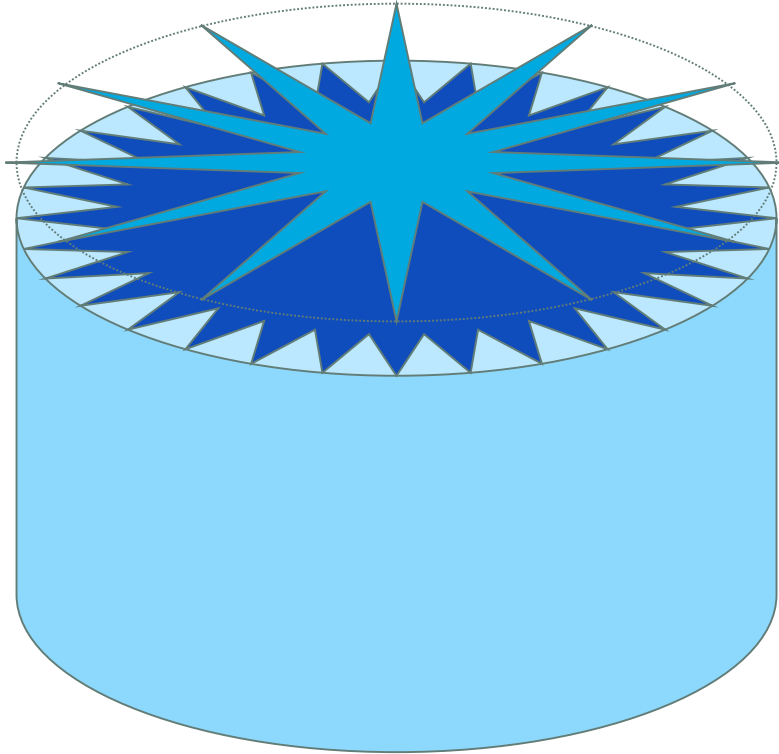
Adding more Critical Illness conditions



- Longer list of covered CI conditions with small additional cost
- Some additional CI conditions overlap significantly with existing coverage
- Some additional CI conditions extremely rare
- Coverage only slightly more comprehensive and still with some gaps



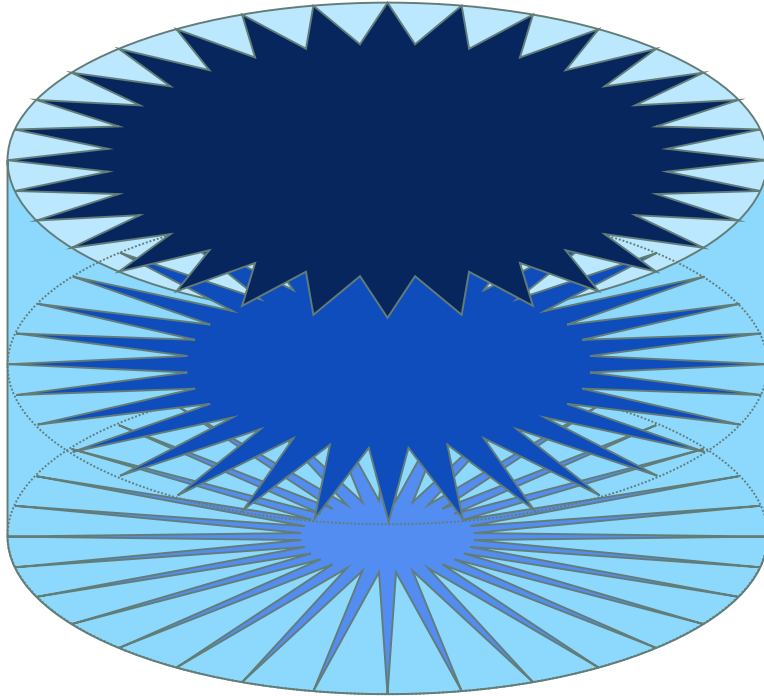
Early stage Critical Illness



- Support right from the Beginning
- Encourages Wellness and Early Detection
- Income and Lifestyle Protection
- Coverage of very common "early stage" conditions avoided due to cost



Multiple payment Critical Illness



- Subsequent CI benefits payable after a "waiting period" or "reinstatement period"
- Subsequent CI typically needs to be unrelated (or not strongly related) to the first CI condition
- Many different ways to define "related / unrelated" conditions
- Balance needs to be found between premium levels and generosity of subsequent CI coverage



MPCI – Key sales messages

- 100% Premium 500% Claims
 - Headline message of up to 5x (or more) claims possible with just one premium
 - The ‘Multiple’ of cover – presents a strong marketing emotional story
- No Loss of Insurability after a Major CI
 - More and more people are surviving after suffering a critical illness and will need protection
 - But people who have already suffered a CI event usually cannot get cover for a second CI event
- Refresh / Rejuvenate existing CI coverage
 - With medical advances, survival of a first CI event is much higher than before
 - Can be integrated with existing CI coverage, as top up for first CI cover and add on multipay element



Next Generation Pot CI – how much is too much?



- Pots of critical illness cover, categorised by body system
- Each pot covers early and severe stage conditions
- No restrictions of claim sequence, can make a claim under any pot as long as:
 - There is still coverage left in that particular pot;
 - The condition to be claimed had not been claimed for before
- Also enhanced cover for the top 3 conditions: Cancer, Heart Attack and Stroke
- Launched in 2013 in Hong Kong, now also in Thailand, China

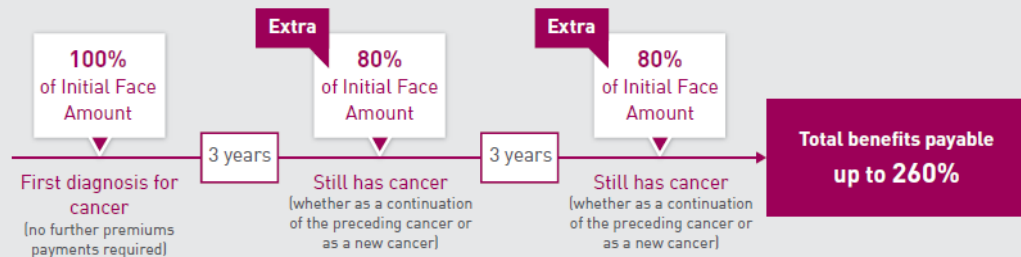


Relapsed cancer coverage

First in the market

Long-term financial support for cancer patients with the unique Cancer Shield Benefit

Cancer Shield Benefit is a unique feature of *Protect Elevator Plus* under the *Protect Elevator series*, providing stronger cancer coverage with 2 additional claim payments for the insured after his / her first claim for cancer. Total benefits payable may equal to a maximum of 260% of the Initial Face Amount. The thorough coverage provides you long-term financial support to ease your burden. When the insured's first major illness claim is for cancer, no further premium payments are required. If the insured still has cancer 3 years after the last diagnosis (whether as a continuation of the preceding cancer or as a new cancer), we will pay an additional Cancer Shield Benefit equal to 80% of the Initial Face Amount for up to 2 times.



The insured needs to survive for at least 15 days from the date of the second and third diagnoses. The Cancer Shield Benefit is effective only after the first major illness claim is cancer until the insured turns 85 and covers prostate or thyroid cancer until age 70. If the first claim of major illness is not cancer, the Cancer Shield Benefit will be terminated.



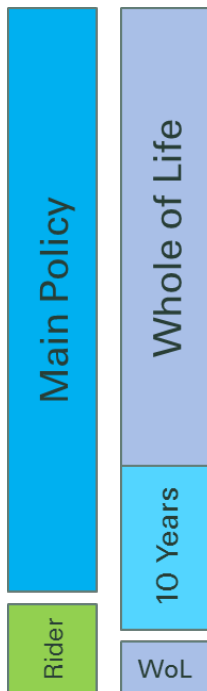
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Recent slowdown in features war

- Products became very complicated
- Products became expensive
- Accumulated large exposure of risks
 - Evolved before getting experience
 - Long protection period, limited / no rate reviewability
 - Mainland China: already huge and still fast growing
- Slower product upgrade cycle
- More feature re-shuffle, fewer new features
- (Roll back some existing features)



Japan



- Cancer Diagnosis
 - JPY1m for Malignant Neoplasm (MN); 100k for CiS
- Cancer Hospitalisation
 - DHC is JPY10k or 5k
 - Unlimited payment
- Cancer Outpatient
 - Daily amount = DHC
 - Unlimited payment if it is after cancer hosp. or it is for the three cancer treatments below
- Cancer Surgery: DHC * 20; unlimited, but once in 14 days
- Cancer Radiotherapy: DHC * 20; unlimited, but once in 60 days
- Chemotherapy
 - DHC * 10; unlimited, but once a month
 - If it is hormone drug for breast or prostate, benefit will be DHC * 5
- Cancer AMT (Advance Medical Treatment)
- Cancer Relapse Diagnosis: once in two years
- Services
 - Medical specialist referral service by Best Doctors
 - Visiting consultation service



The need for rate guarantees in Asia

- The (untested) fear of rate reviewability
- Lack of certainty – future affordability issues?
- Mis-matched earning – spending profile?
- Consumer exposed to future downside risk
- Harder to understand?
- Well explained at sale?
- Harder to compare different providers' products
- Trust between policyholder, distributor, insurer, regulator? Consumer groups?
- Is the review fair? Reasonable expectations?

- A one-way bet?





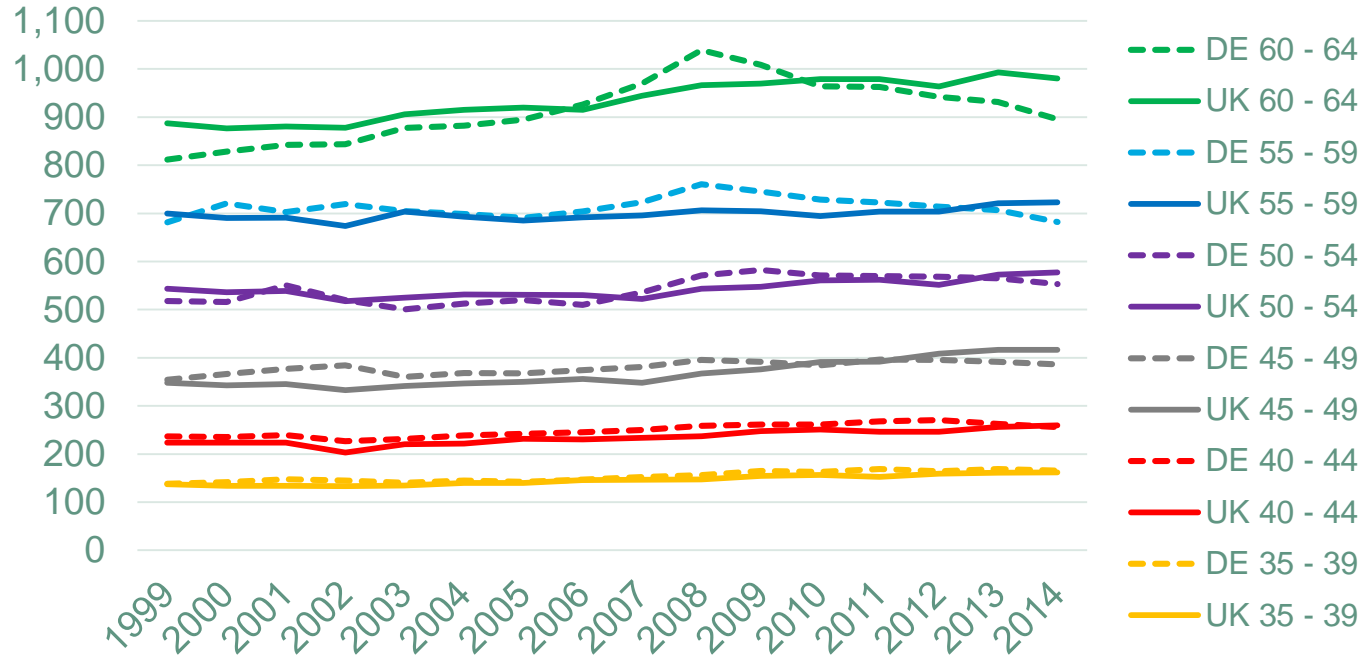
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Trends

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Cancer incidence trends – Females

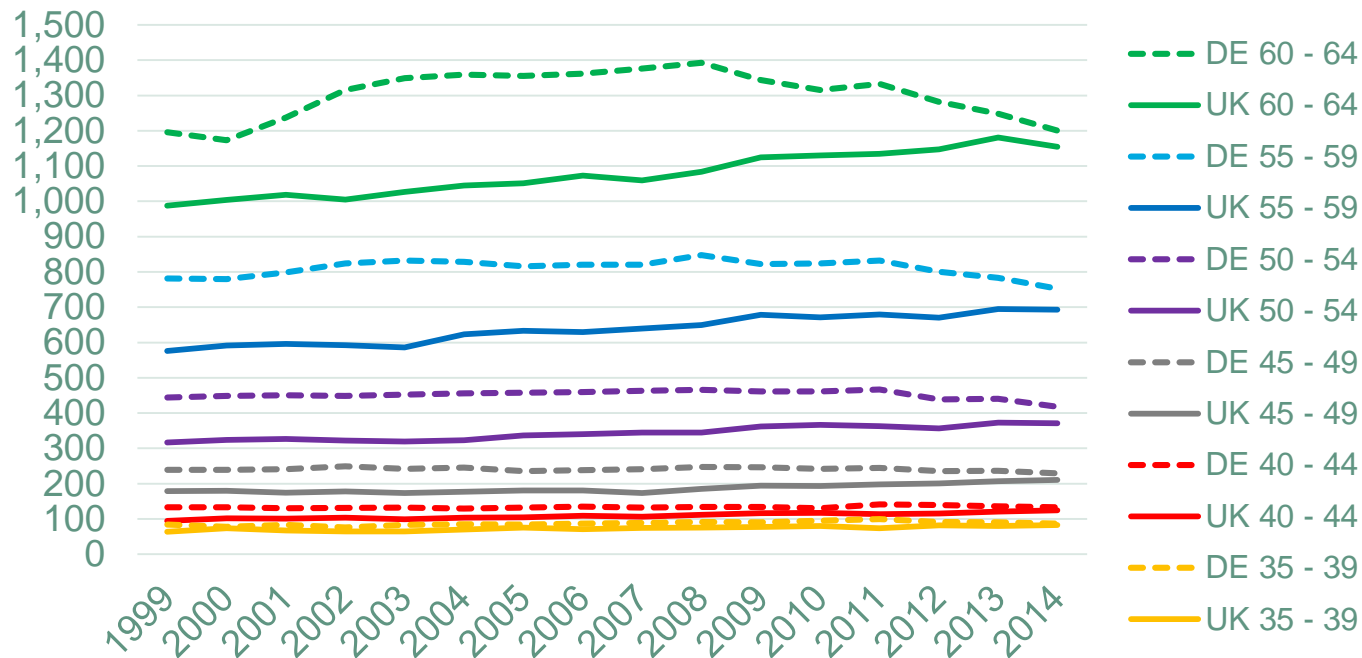
(All excluding Non-Melanoma Skin Cancer, incidence per 100,000)



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Cancer incidence trends – Males

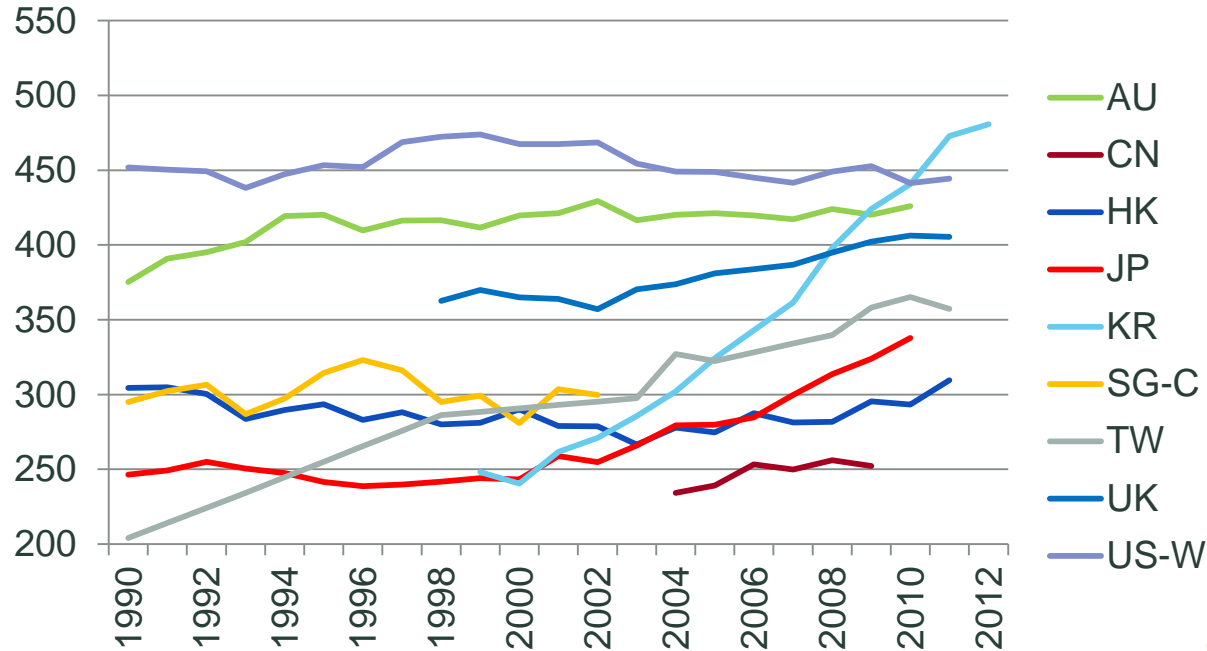
(All excluding Non-Melanoma Skin Cancer, incidence per 100,000)



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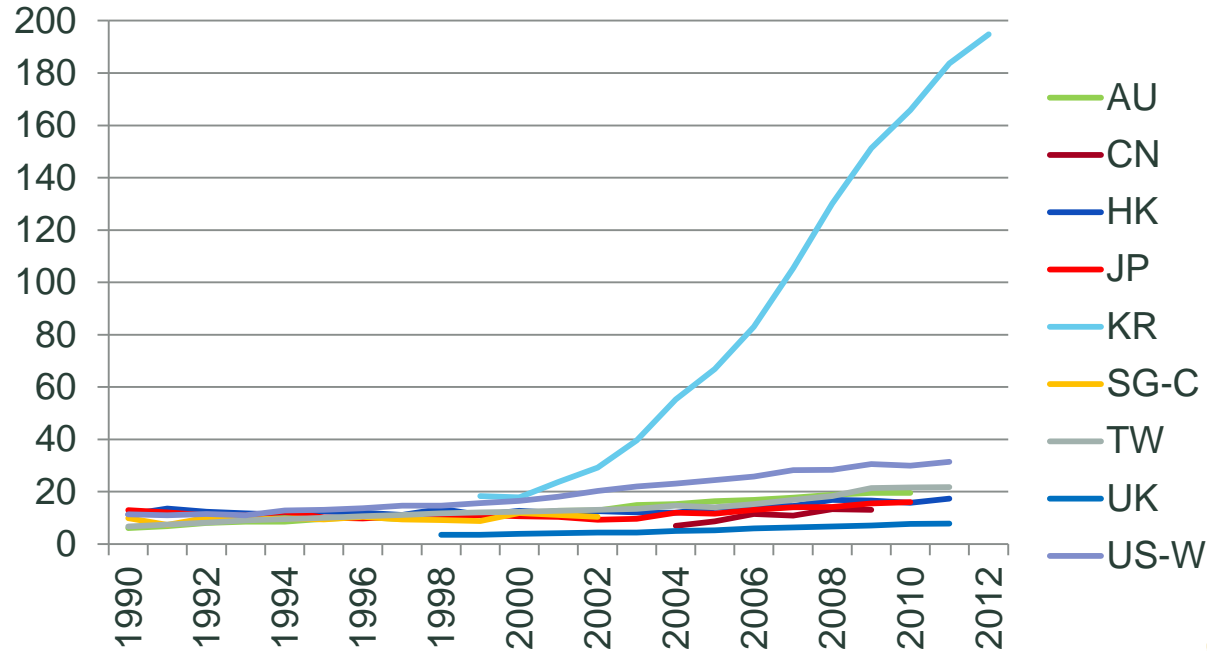
Cancer incidence trends – Females

(All exc Non-Melanoma Skin Cancer – insured age-adjusted incidence per 100,000)



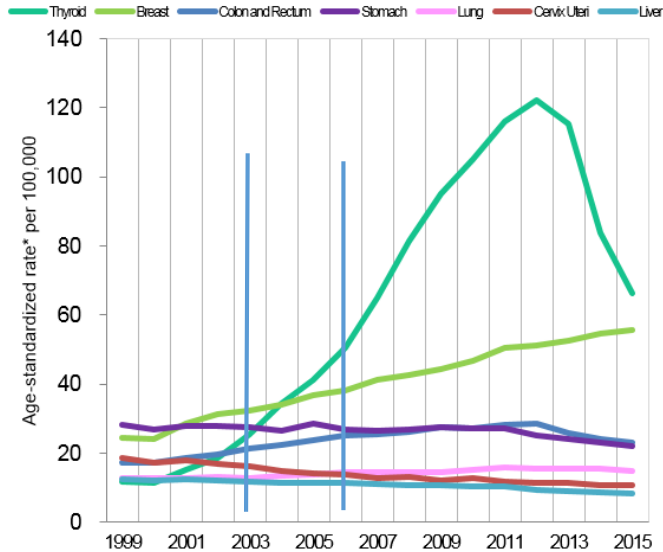
Thyroid cancer – Females, if time stops at 2012

(insured age-adjusted incidence per 100,000)



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Korea – cancer incidence trend extended to 2015



Cancer sites	Trend 1		Trend 2	
	Period	APC (%)	Period	APC (%)
Thyroid	1999-2011	22.7*	2011-2015	-14.1*
Breast	1999-2007	6.8*	2007-2015	4.0*
Colon and Rectum	1999-2011	4.4*	2011-2015	-6.0*
Stomach	1999-2011	-0.3	2011-2015	-5.1*
Lung	1999-2012	1.8*	2012-2015	-1.9
Cervix Uteri	1999-2007	-4.3*	2007-2015	-2.6*
Liver	1999-2010	-1.5*	2010-2015	-4.9*

* $p < 0.05$

¹⁾ Major sites selected based on 2015 crude rates

* Age-standardized incidence Rate (ASIR) was standardized to the Korean standard population (year 2000)

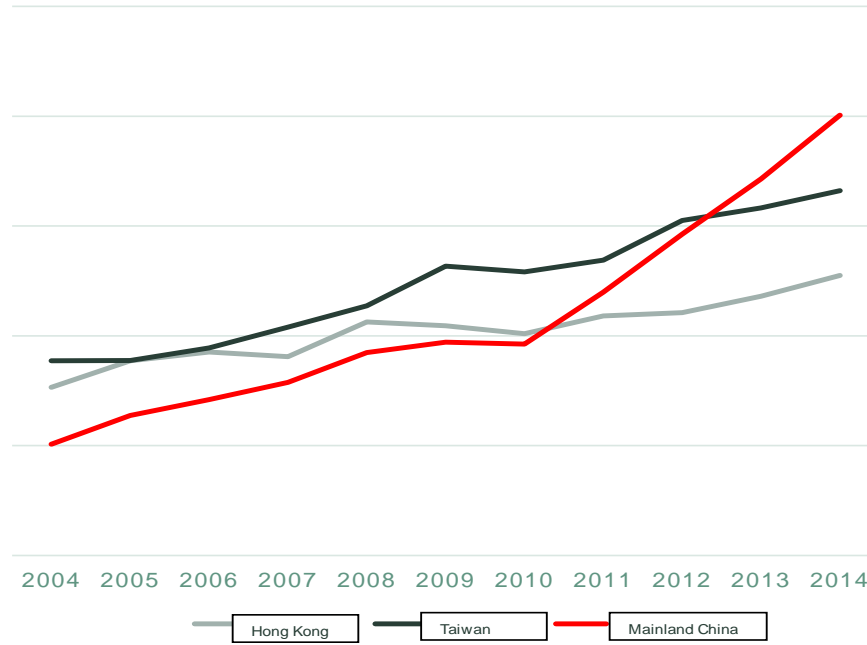
Source: South Korea National Cancer Center
https://www.ncc.re.kr/main.ncc?uri=english/sub04_Statistics



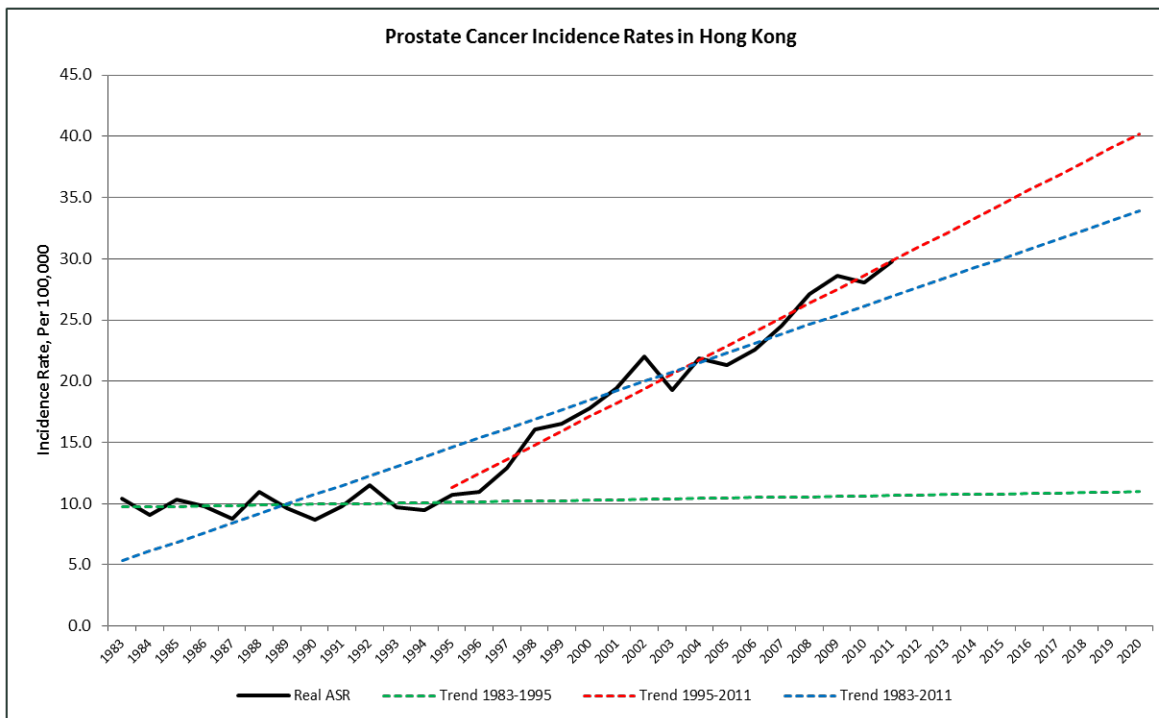
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Thyroid cancer experience not limited to Korea

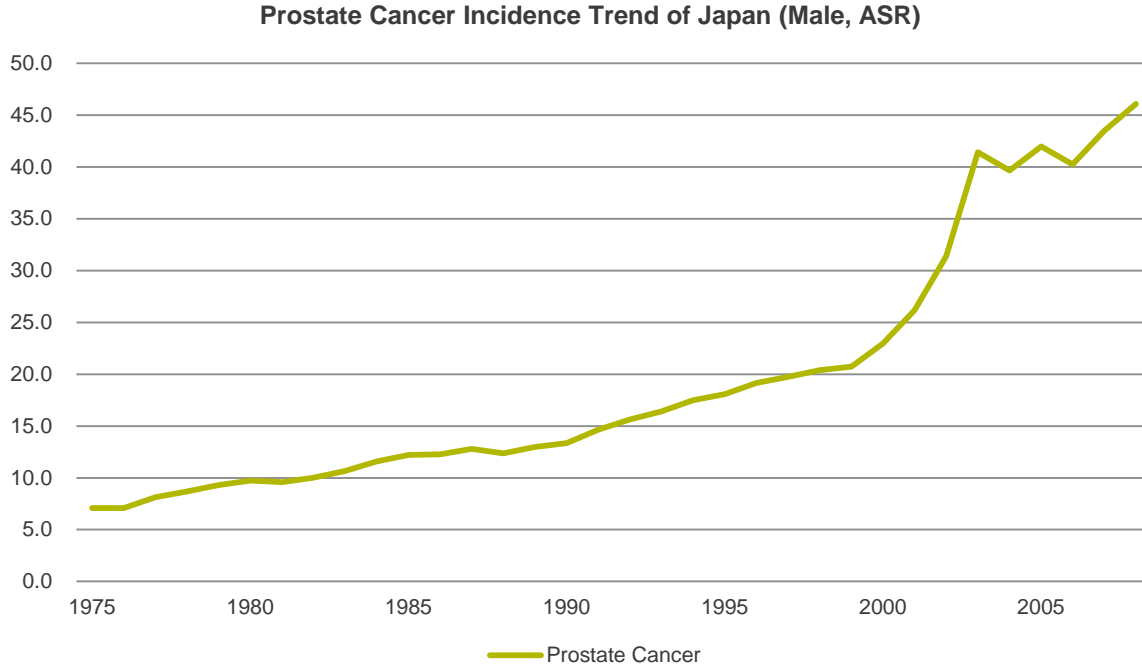
China saw similar thyroid cancer trend



Critical demand for trend projection



Limitation of projection methods





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Risk considerations

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Risk considerations

- Anti-selection risk
 - Information asymmetry
 - Genetic testing
- Over-diagnosis risk
 - Detection of otherwise indolent cancers
 - (Unnecessary) screening
 - Technology advances
 - High sensitivity biomarkers





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Definition assessment

Definition assessment

	UK	Germany	Israel
Cancer			
Liquid biopsy	Green	Green	Red
Prostate cancer	Yellow	Yellow	Yellow
Thyroid cancer	Red	Green	Yellow
Skin cancer	Green	Green	Yellow
CiS	Green	Green	Green
Heart attack	Yellow	Green	Yellow
Stroke	Yellow	Green	Red



Questions

Comments

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