



# **CRITICAL ILLNESS TRENDS**

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## OUTLINE OF PRESENTATION

### Why Critical Illness trends?

### New generation products

- Asia
- UK
- RSA

### CI Issues

- Increasing cover
- Early pay CI

### Market penetration of CI

- Insights from snap survey

**Through the looking glass!!**

## **WHY CRITICAL ILLNESS TRENDS?**

- Constant innovation
- Rapid pace of change in modern medicine
- Complexity in product design
- Underwriting challenges
- Claim issues
- CI sales potential

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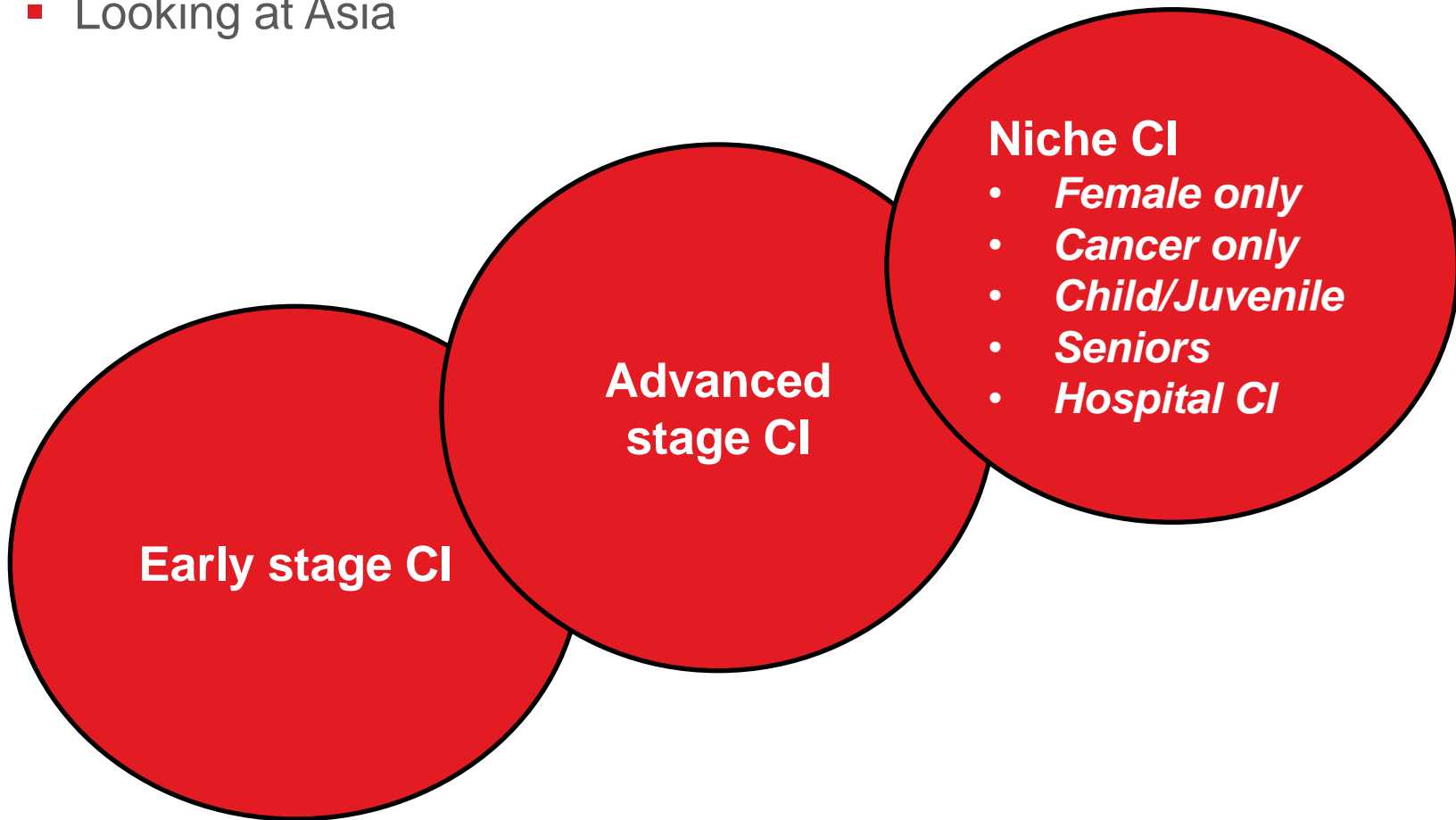
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# **NEW GENERATION PRODUCTS**

## NEW GENERATION PRODUCTS: ASIA

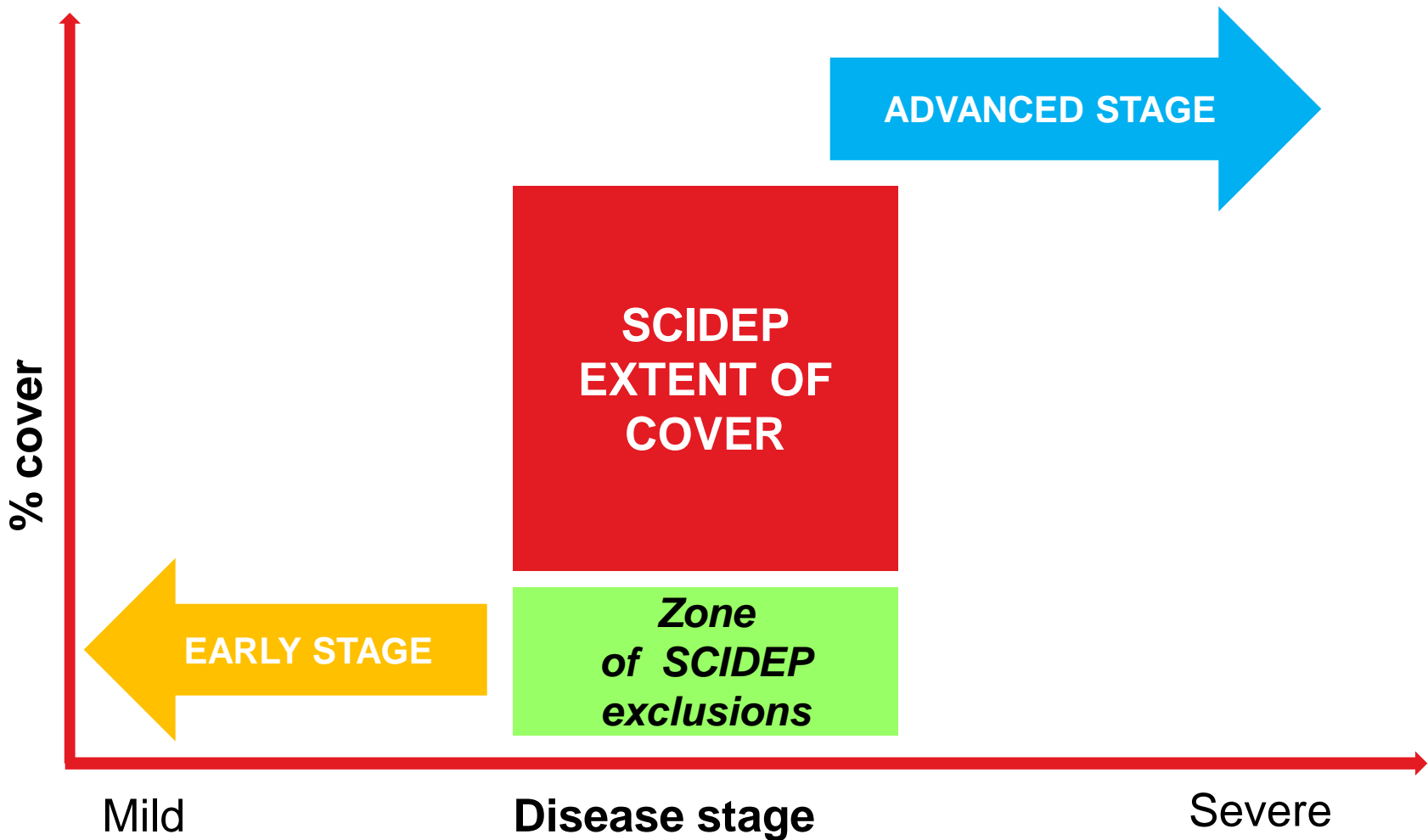
*This is relative to where the market is at!*

- Looking at Asia



# NEW GENERATION PRODUCTS: ASIA

Extent of cover



**NEW GENERATION PRODUCTS: ASIA**

***Prostate cancer example***

<p><b>Early Stage (capped max)</b></p>	<p><b>Intermediate Stage (100%)</b></p>	<p><b>Advanced Stage (150%)</b></p>
<p>Prostate Cancer that is histologically described using <b><u>the TNM Classification as T1a or T1b</u></b> or Prostate cancers described using another equivalent classification.</p>	<p>The actual undergoing of <b><u>prostatectomy</u></b> where the histological findings thereafter indicate the presence of Prostate Cancer at stages <b><u>T1a or T1b using the TNM Classification.</u></b> The prostatectomy must be certified to have been absolutely necessary by a specialist in the relevant field. Partial prostatectomy is specifically excluded.</p>	<p>A malignant tumour characterized by the uncontrolled growth and <b><u>spread of malignant cells with invasion and destruction of normal tissue.</u></b> This diagnosis must be supported by histological evidence of malignancy and confirmed by an oncologist or pathologist.</p>



## NICHE CI PRODUCTS: ASIA

### Female only CI cover with congenital illnesses

PLAN	1	2	3	4
Lifetime Limit *	RM25,000	RM50,000	RM75,000	RM100,000
<b>Female Illnesses Benefits</b>				
1) Female Cancer • Cancer of Breast, Cervix Uteri, Fallopian Tube, Ovary, Uterus and Vagina/Vulva	.....	100%.....	.....	.....
2) Systemic Lupus Erythematosus With Lupus Nephritis	.....	100%.....	.....	.....
3) Rheumatoid Arthritis With Complication	.....	100%.....	.....	.....
4) Facial Reconstructive Surgery Due To Accident	.....	Reimburse up to 100%.....	.....	.....
5) Skin Grafting Due To Burns	.....	Reimburse up to 100%.....	.....	.....
6) Skin Grafting Due To Skin Cancer	.....	Reimburse up to 100%.....	.....	.....
7) Carcinoma-in-situ Of Breast Or Cervix Uteri	.....	30%.....	.....	.....
8) Pregnancy Complication • Disseminated Intravascular Coagulation (after 7 months of pregnancy) • Ectopic Pregnancy • Hydatidiform Mole • Death Of Foetus (after 155 days of pregnancy) • Death Of Child (within 30 days after birth)	.....	30%.....	.....	.....
9) Infant Congenital Illnesses (survive more than 30 days after birth and diagnosed within 2 years after delivery) • Ventricular Septal Defect • Atrial Septal Defect • Down's Syndrome • Spina Bifida • Tetralogy Of Fallot • Transposition Of The Great Vessels	.....	30%.....	.....	.....

## NEW GENERATION PRODUCTS: UK

Press release from an insurer , 19 May 2014

*The enhancements focus on the core illnesses where most claims occur.*

*X insurer will now pay out on diagnosis of a heart attack, supported by any of the following: evidence of raised high sensitivity troponins (proteins that are released when the heart muscle is damaged) and either a positive ECG or other diagnostics test such as Echocardiogram.*

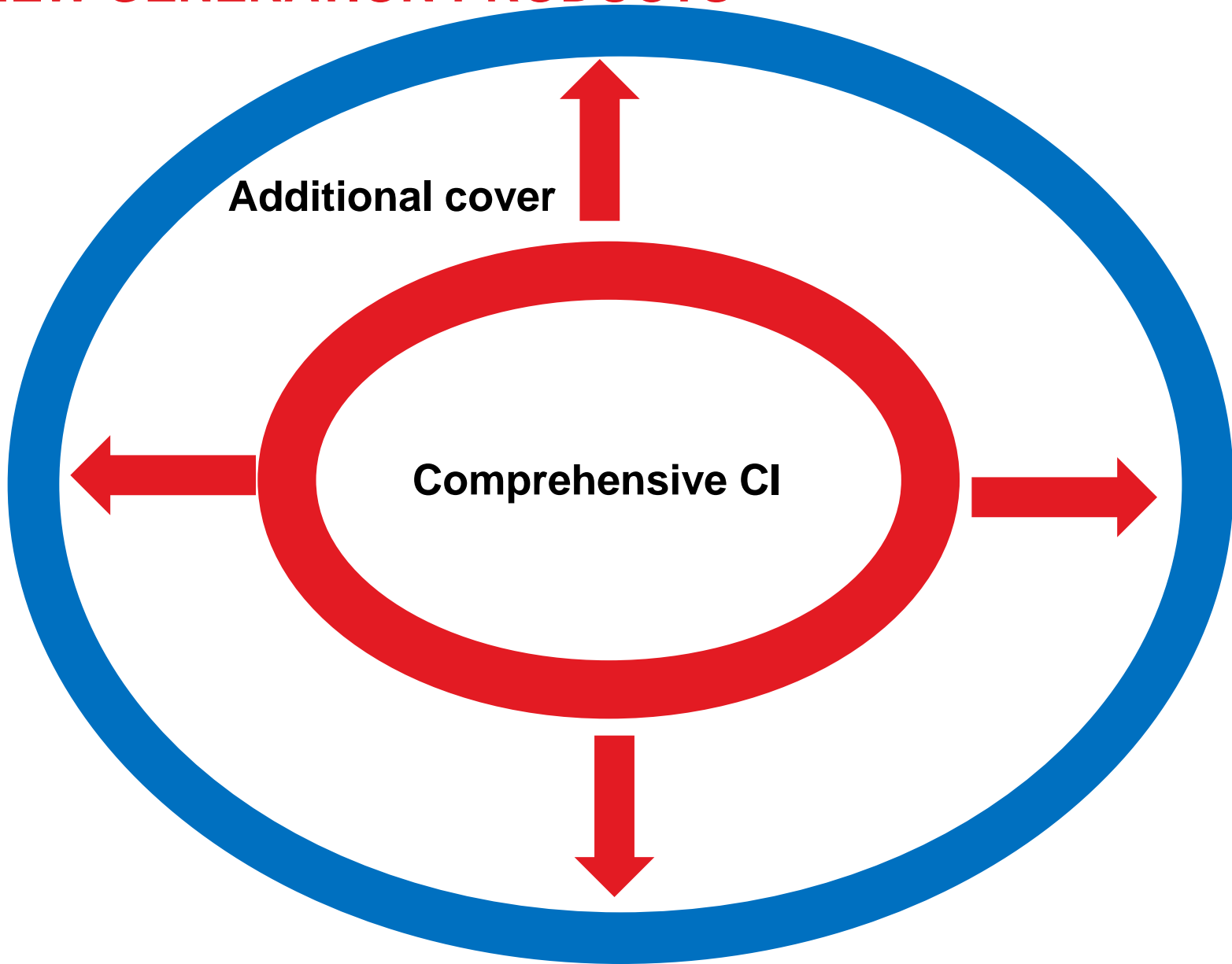
*X insurer has extended the range of treatments covered for benign brain tumour, and now includes those who undergo chemotherapy or radiosurgery.*

*Child cover benefit has been extended to the age of 21 for those not in full time employment and now also includes cover for spina bifida.*

***A useful example of changes in modern medicine affecting CI***

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**NEW GENERATION PRODUCTS**



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**NEW GENERATION PRODUCTS**



**Comprehensive CI**



**Additional cover/Rider**

**NEW GENERATION CI PRODUCTS: RSA**

**All of the above innovations already exist within the local South African market with a '*lekker*' twist of course !**

## NEW GENERATION CI PRODUCTS

### Some off the wall thinking

- RGA Turkey
  - Selling CI at ATMs
- Continuous Cancer Benefit
  - Pays every two years as long as long as claimant is on active cancer treatment
- RGA UK
  - CI product which only covers the “true” critical illnesses to keep the product cost effective, all other conditions are optional extras i.e. “Tick box” CI
- CI Product for diabetics
  - Conceptual stages

## NEW GENERATION CI PRODUCTS

### Some off the wall thinking

- Parent's Long Term Care rider
  - If a younger generation person who would take care of parents is struck by a critical illness, it will be difficult to do so if incapacitated by illness.
  - Whilst healthy they contribute for this rider which will payout an annuity till death
  
- CI/LTC
  - Accelerated WOL cover
  
- CI products for “seniors”/Silver CI
  - Catastrophic Critical Illness cover for 65+
  
- Dynamic underwriting
  - Annually reviewable terms subject to compulsory executive medicals
  - Policyholder gets a nominal discount for “Wellness”

## NEW GENERATION CI PRODUCTS

### Some off the wall thinking

- RGA Australia
  - Outcome-based Trauma Insurance

Age at diagnosis	Less than 40	Forties	Fifties	Sixties	
	6	4	2	1	
Invasiveness of surgery	General anaesthetic not required	Minor	Major	Removal of organ	Removal of limb
	0	2	7	9	10
Impact / Side effects of Medication	Nil	Minor	Moderate	Life long use of medication	Serious
	0	1	3	5	6
Prognosis for Survival	≥ 80% at 5 yrs	<80% at 5 yrs	<50% at 5 years	Terminal	
	2	4	7	10	
Pesistency of Symptoms	Acute	Chronic	Relapsing	Permanent	
	1	3	5	10	
Residual Physical Impairment	Nil	Minor	Moderate	Severe	
	0	2	5	10	
Residual Cognitive	Nil	Minor	Moderate	Severe	
	0	2	5	10	
Impact on worklife	Short-Term Absence	Medium-Term Absence	Change of Occupation	Can only work part-time	Will never work again
	1	3	5	5	10
Impact on domestic activities <i>e.g ability to perform routine</i>	Nil	Needs temporary assistance or care	Long-Term or Permanent use of supportive devices	Home or Car Modifications	Placed in a home or care facility
	0	2	5	7	10
Impact on leisure activities <i>e.g ability to undertake sports</i>	Nil or Temporary	Unable to continue sports or hobbies			
	0	2			



## CI ISSUES

### UW CONSIDERATIONS

- In other markets CI has a waiting period and pre-existing illness exclusion
- We also encourage that CI be sold as a rider or accelerate from the death benefit at high sum assured
- More comprehensive medical requirements
  - Treadmill/stress ECG
  - PSA
  - Sometimes ultrasound breast for positive family history
- More stringent financial u/w
- Only allow new generation features for adults
- Recognizing findings of Wellness screening/POCT

## CLAIM ISSUES

### Contentious issues with new generation CI at claim stage

- Cover for carcinoma in-situ:
  - ✓ Limited list vs All
- “Misselling” risk – policyholder assumes that early prostate cancer is covered but actually  $T_{is}$  is not covered even though this can be considered early cancer by both consumer and his physician!
- Changes in therapeutic approaches – Surgery based Prostate Ca definitions are not sensitive to less invasive established treatments like brachytherapy for T1 –T2a cancers

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# **MARKET PENETRATION**

## MARKET PENETRATION

- A lot more potential to sell CI policies – so why are the volumes so low compared to other products?
  1. Selling priorities/process
  2. Price/Affordability
  3. Complexity
  4. Education of consumers



These are all possible theories “why”!

**MARKET PENETRATION**

**SALES PRIORITY/PROCESS**

**USUAL SALES FLOW FOR LIFE INSURANCE PURCHASES**

Step 1:  
Death

Step 2:  
Disability

Step 3:  
Critical Illness  
and/or  
Functional  
Impairment

## MARKET PENETRATION

### SALES PRIORITY/PROCESS

***“BUNDLING” – THE FRUIT AND VEGE SPECIAL!!***



**Who buys a  
box full of  
broccoli?**

#### **Combo products**

Funeral/CI combination

**Complexity**

#### **CI with “bells and whistles”**

Buy CI get access to exclusive rehab care

*What happened to all that medical tourism infrastructure??*

**MARKET PENETRATION**

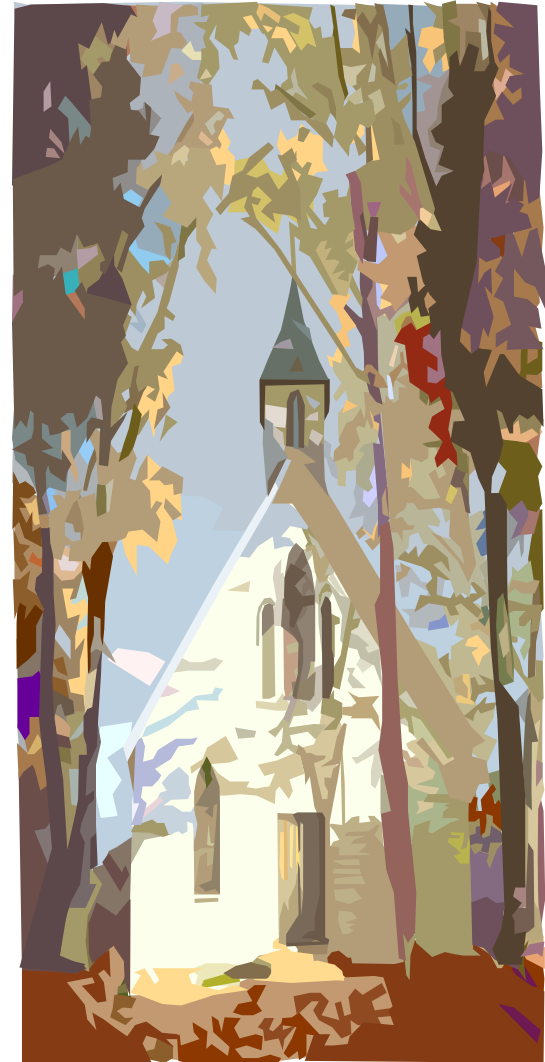
**PRICE/AFFORDABILITY**

*We will come back to this after the survey results but affordability is always relative!*

## MARKET PENETRATION

### SNAP SURVEY

- 80 members of a local church
- New vernacular service in suburbia
- Mostly female (60)
- Middle class
- All agreed to participate at the door
- Short interview and manual data capture





## MARKET PENETRATION

### “LSM Proxy”

- Designer apparel: Guess up to Louis Vuitton handbags
- Kids in Nike/Addidas *tekkies*
- Polo Vivo to Porsche Panamera (lots of BMW sedans!)
- Children attend local private schools
- Work as Executives/Senior managers/Doctors/Lawyers/Business owners/Independent consultants/Teachers/Engineers

## MARKET PENETRATION

### Three simple questions

1. Do you have dread disease/severe illness/critical illness insurance?
  - Y/N
  
2. If not, why not? Select the closest match below:
  - I do not know about this type of insurance
  - I prefer not to have this type of insurance
  - I cannot afford this type of insurance
  
3. Would you like to have this type of cover in the future?
  - Y/N

**MARKET PENETRATION****SNAP survey results**

<b>SNAP SURVEY QUESTIONS</b>	<b>Y</b>	<b>N</b>	<b>R1: I do not know about this type of insurance</b>	<b>R2: I prefer not to have this type of insurance</b>	<b>R3: I cannot afford this type of insurance</b>
1. Do you have dread disease/severe illness/critical illness insurance?	20	60	-	-	-
2. If not, why not? Select the closest match below:	-	-	50	-	10
3. Would you like to have this type of cover in the future?	55	5	-	-	-

## **MARKET PENETRATION**

### **SNAP survey comments**

#### **Issues**

- **Credibility**
- **Sample size**
- **Disclosure bias**
- **Rounding**
- **Anomaly**
- **Geographic bubble**
- **Competing priorities**

**What do you think?**

**Difficult to draw firm conclusions but consumer education emerges as an important factor for CI sales**

**RGA**

**RGA**

**Thank you for your attention.**

**Any questions?**