



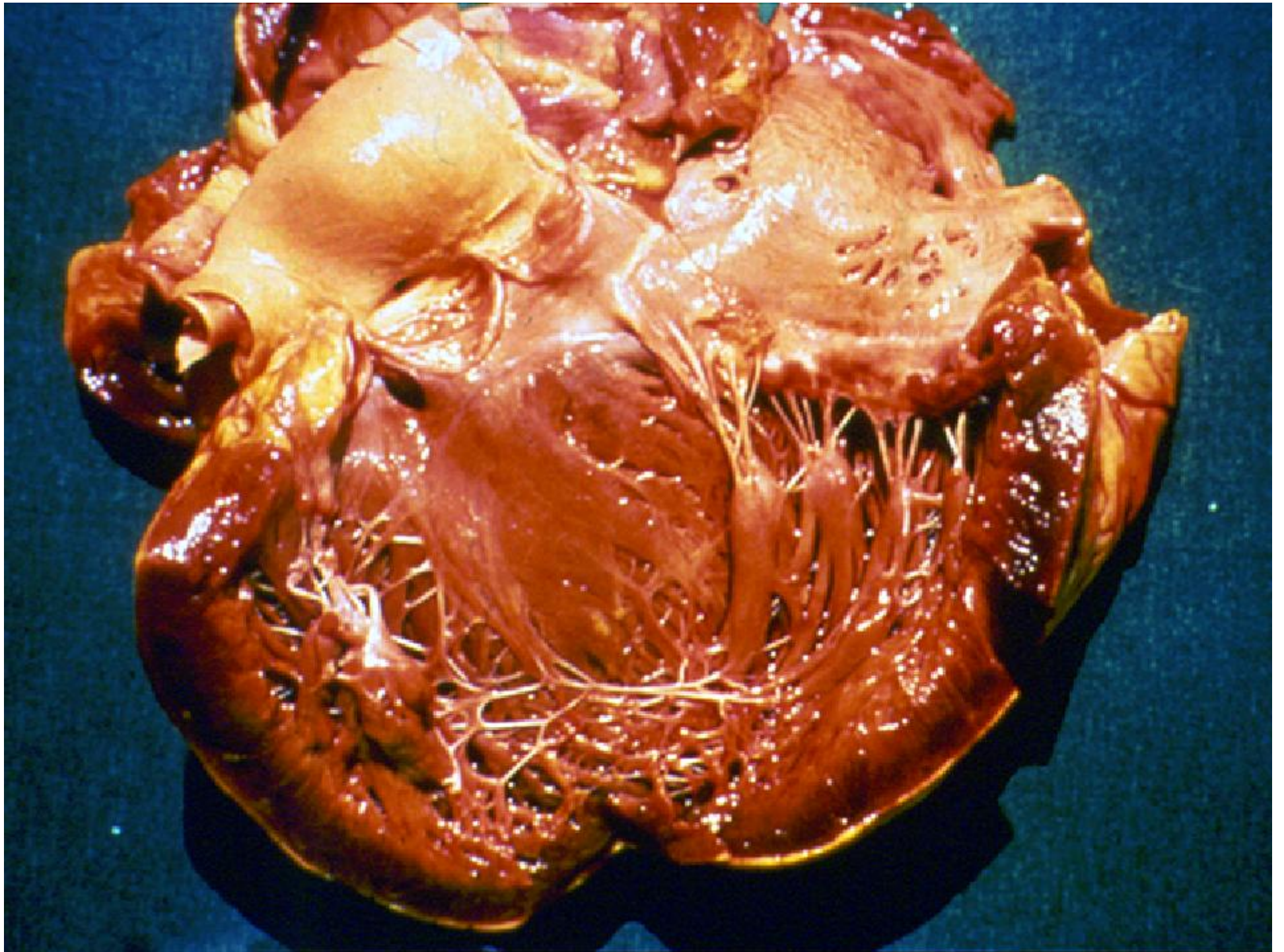
International Actuarial Association Health Section  
2007 Colloquium

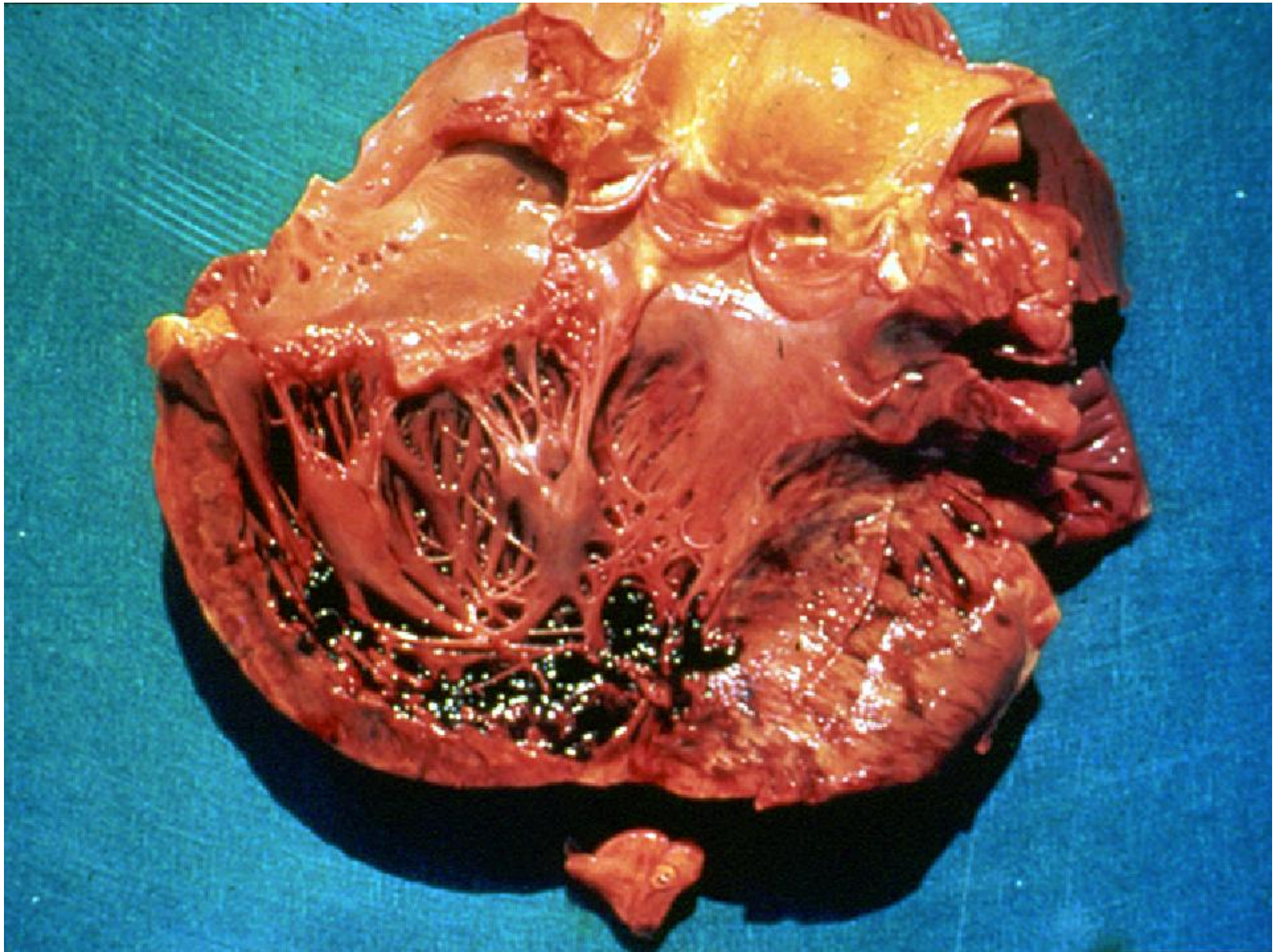
13th - 16th May 2007 Cape Town, South Africa

# **CRITICAL ILLNESS INSURANCE**

**THE GOOD,  
the bad  
AND THE FUTURE**









**“... health is seen as a  
resource for everyday life ...**

**Basic resources for health are  
income, shelter, and food.”**

*Source: Health Promotion, Vol1, No. 1, 1986*

**Protection Insurance is an attempt  
to provide**

**FINANCIAL HEALTH**

**When you need it most**

# **PROTECTION INSURANCE**

1. LIFE INSURANCE
2. TERMINAL INSURANCE
3. INCOME PROTECTION
4. DISABILITY INSURANCE
5. CRITICAL ILLNESS INSURANCE
6. LONG TERM CARE

# ***LIFE EXPECTANCY: 1900***



**42 YEARS**

**Male**



**46 YEARS**

**Female**

# **DISABILITY INSURANCE**

- **INCOME PROTECTION**

# ***LIFESTYLE CHANGES***

- **Smoking**
- **Drinking**
- **Stress**
- **Obesity**
- **Lack of exercise**

*According to repeated nationwide surveys,*

# More Doctors Smoke **CAMELS** than any other cigarette!

Doctors in every  
branch of medicine  
were asked, "What  
cigarette do you smoke?"  
The brand named most  
was Camel!

You'll realize, perhaps, that the most common  
reason for a doctor's choice of a cigarette is  
not that he or she is a doctor, but that he or she  
is a human being. He or she is a human being  
with a human taste for a human cigarette.  
Make this cigarette your human choice.  
It's the only one that has a human touch.  
It's the only one that has a human taste.  
It's the only one that has a human touch.  
It's the only one that has a human taste.

THE DOCTORS' CHOICE IS AMERICA'S CHOICE!



DR. J. H. HARRIS, JR., M.D.,  
New York, N.Y.



DR. H. H. HARRIS, M.D.,  
New York, N.Y.



DR. H. H. HARRIS, M.D.,  
New York, N.Y.



*For 30 days, test Camels in your "3-Zone" (3 for Throat, 3 for Taste).*



# **Incidence**

**heart attack**

**stroke**

**cancer**

One of every 4 people will  
suffer a

**HEART ATTACK**

8 out of every 100 people  
will suffer a

**Stroke**

**One out of every 3 people will  
be diagnosed with**

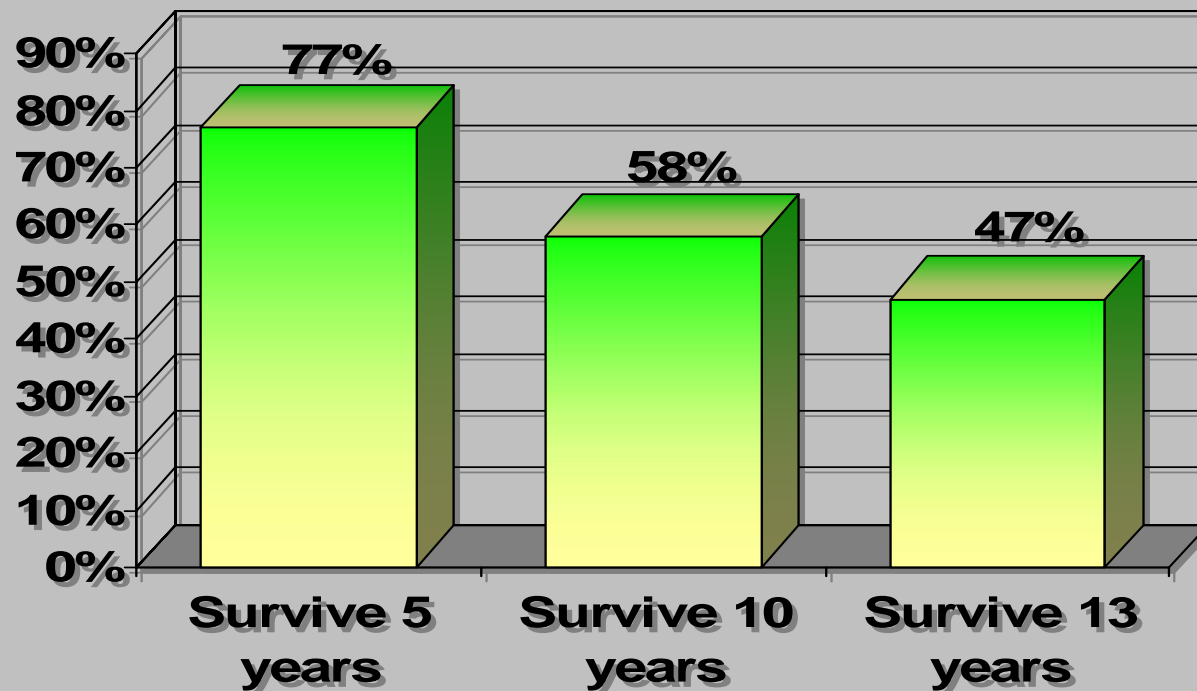
**Cancer**

# Modern Medical Technology



# THE HEART

## FIRST HEART ATTACK AGE GROUP 35 - 54 (MALES)



Source: Framingham Heart Study

# ***STROKE - SURVIVAL***

- **Survival rate in 1950 - 11%**
- **Survival rate today - 70%**

# **CANCER**

- **50%** of people are expected to be alive **5** years after diagnosis of Cancer

# ***STROKE***

**10% of Stroke Patients  
recover completely**

**53% will be completely  
dependent on others**

# ***LIFE EXPECTANCY TODAY***



**78 YEARS**

Male



**83 YEARS**

Female

**You need insurance not only  
because you are going to die,**

**But, because you are going to  
live.**



# ***CRITICAL ILLNESS INSURANCE***

## ***Launched in 1983***

- Heart Attack
- Stroke
- Cancer
- Surgery for Coronary Artery disease

# ***CRITICAL ILLNESS INSURANCE***

***Launched in 1986***

- Heart Attack
- Stroke
- Cancer
- Surgery for Coronary Artery disease
- Aortic Aneurysm
- Valve Surgery
- Organ Transplantation
- Renal Failure

# **CRITICAL ILLNESS INSURANCE**

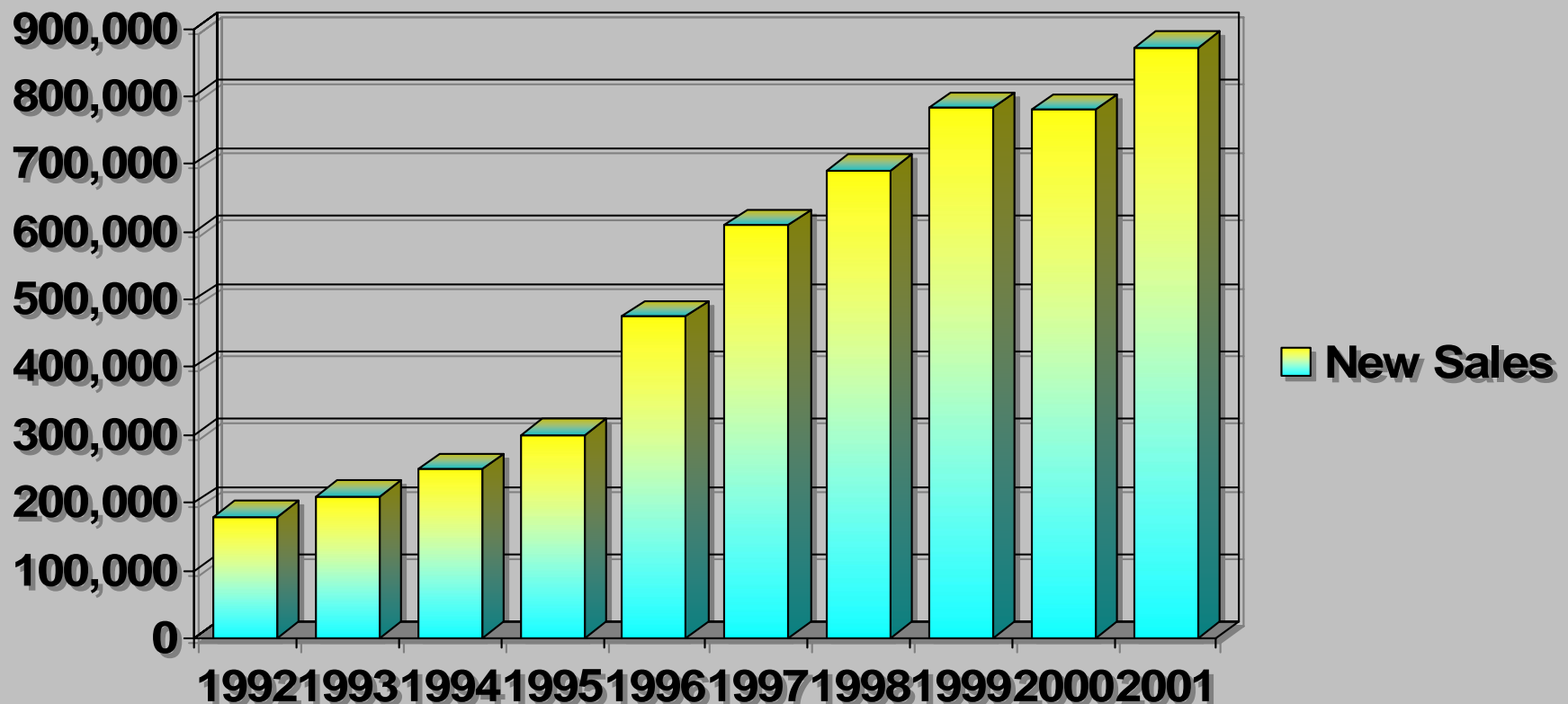
**2003**

- Cancer
- Heart Attack
- Stroke
- CABG
- Paralysis
- MS
- Kidney failure
- Alzheimer's
- Parkinson's



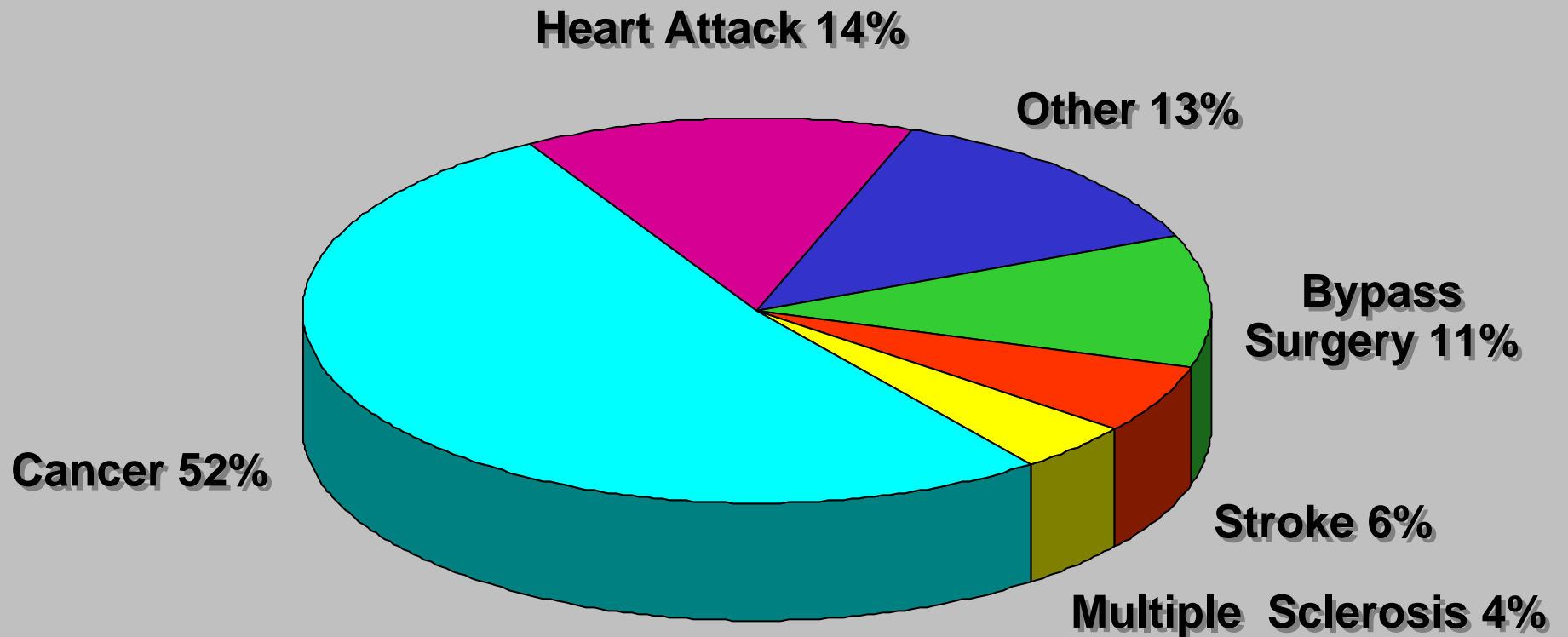
# Total New Policies Written

New sales of individual critical illness policies 1999 totaled 783,166, a rise of 12.8% from 1998 (694,263)



Source: Swiss Re Life & Health, Healthwatch 2000

# CLAIMS BY ILLNESS



Source: CLA Irish Division

83%

# ***C.I. CLAIMS STATISTICS (UK)***

- The average age of claims :  
**41**

We can replace your kidney  
but your bank balance will  
have to be completely  
removed.



**Source: National Mutual**

# MORTGAGE OWNERS



Or a heart attack  
and lose your  
mortgage?

Would you rather have  
a heart attack and  
lose your house?



# THE BAD

- **CLAIMS EXPERIENCE**
- **20% OF CLAIMS DENIED**

# **REASONS FOR CLAIMS NOT BEING PAID**

- **NON – DISCLOSURE**
- **NOT QUALIFYING DEFINITIONS**

# Claim Statistics

- **5 %    0 - 90 Days**
- **12%    91 - 180 Days**
  
- **5% to 12% of claims fraudulent**
- **6% to 10% of claims not meeting definitions**

# **Cancer Claims**

- **40% to 55% of all Claims**
- **83% of all Claims paid to Women**
- **45% were for Breast Cancer**
- **1 in every 14 (7%) of Australian women will develop breast cancer**

- **DEFINITIONS**
- **TOO EXPENSIVE**
- **LITIGATION**

**THE FUTURE**

# Medical Advances

**1. DIAGNOSIS**

**2. TREATMENT**

**3. SURVIVAL**

**4. ESCALATING COST**

# NEW C.I. POLICIES

- **DEFINITIONS : SEVERITY**
- **GRADED PAYMENTS**

# **Benefits**

**Reduce claims**

**Reduce  
premiums**

# Reduction of Premiums

- **Age 35**                      **8%**
- **Age 40**                      **14%**
- **Age 45**                      **22%**
- **Age 50**                      **25%**
- **Age 55**                      **33%**
- **Age 60**                      **31%**