

ABI CI Review 2005

Nick Kirwan

Background

The ABI Statement of Best Practice for Cl...

- Published 1999 following OFT Review
 - Clarity, Comparability & Security
 - Model definitions & presentation format

Full Review 2002

- Cancer + Heart Attack
- Intermediate Review 2004
- Regulation Policy Summary example

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Context of the 2005 Review

The CI market faces growing uncertainty...

Reinsurance capacity for guaranteed premiums

- Reputational issues
- Regulatory/legislative issues
 - Reviewable premiums
 - FSA themed work disclosure, linked sales etc
 - TCF "considerable challenge"



The 2005 Review

Objectives...

•Help ensure CI is sustainable and continues to meet consumer needs

•Further improve clarity for consumers

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Clarity

Improve consumer/adviser understanding...

- Product level...
 - Change the name; and/or
 - Standard description
- Individual definition level...
 - More descriptive headings
 - Extend model definitions
 - Streamline categories

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Sustainability Help make CI more sustainable... Product level... Extend framework to allow staged products and/or products with more restricted cover Offer 2nd Cancer definition Individual definition level... Consider future medical advances Retain cover today & into the future

| Trend Map | | | | | | | | | | | |
|--|---------|-------|-------------|--------|---------|-------------|-----------|---------|------------|------------|-------------|
| Traffic Lights for overall risk rating | %d dams | Terrd | Disgrostics | Shirts | Omotics | N-15Capadiy | Buinering | Burgary | Technology | Trootments | Lagislative |
| aorta graft surgery | L. | L | L | L | L | L | L | L | L | L. | L |
| benign brain tumour | L. | м | L | L | L | L | L | L | L | L. | м |
| blindness | L. | L | L | L | L | L | L | L | L | L. | L |
| cancer | н | н | н | E. | м | L | н | L | н | E. | м |
| coma | E. | L | L | L. | L | L | L. | L | L | L. | м |
| coronary artery by-pass surgery | M | L | L | L. | L | м | L. | L | L | L. | м |
| deafness | L. | L | L | L | L | L | L | L | L | L. | L |
| heart attack | н | м | н | L. | L | L | м | м | н | L. | н |
| heart valve replacement or repair | L | L | L | L | L | L | L | L | L | L | м |
| kidney failure | L | L | L | L | L | L | L | L | L | L | L. |
| loss of limbs | L | L | L | L | L | L | L | L | L | L | L |
| loss of speech | L. | L | L | L | L | L | L | L | L | L. | L |
| major organ transplant | L. | м | L | L | м | L | L | м | м | L. | L. |
| motor neurone disease | L | L | L | L | L | L | L | L | L | L | L |
| multiple sclerosis | м | L | н | L | н | L | м | L | м | L | н |
| paralysis/paraplegia | L. | L | L | L | L | L | L | L | L | L | L |
| Parkinson's disease | L | L | н | L. | н | L | м | L | н | L. | L. |
| stroke | м | L | н | L | L | L | н | L | м | L | м |
| terminal illness | L | L | L | L | L | L | L | L | L | L | м |
| third degree burns | L | L | L | L | L | L | L | L | L | L | м |

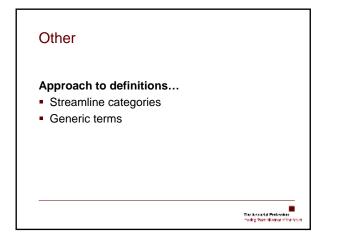


Sustainability

Approach to definitions...

- Cancer
- Heart attack
- Stroke
- Diseases

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What's next? The next steps are... •Review consultation responses •Complete discussions with FSA •Give a formal update •Publish revised Statement + timetable

Possible further consultation

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And then...

We have committed to... •Update the Definitions Guide •Work on Total Permanent Disability (TPD) •Consider a radical new product – severity based

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The Need for Protection

- Changes in society...
 - £27 billion savings gap
 - £1 trillion debt mountain
 - Health risks
- Consumers need protection
- Healthy, thriving market

