

## ABI CI Review 2005

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### Background

#### The ABI Statement of Best Practice for CI...

- 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

### 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 2<sup>nd</sup> Cancer definition
- Individual definition level...
  - Consider future medical advances
  - Retain cover today & into the future

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## Trend Map

	1/2 Claims	Head	Diagnosis	Drug	Genetics	McCauley	Smoking	Surgery	Neurology	Neurology	Neurology	Neurology
Traffic Lights for overall risk rating	L	L	L	L	L	L	L	L	L	L	L	L
acute graft surgery	L	M	L	L	L	L	L	L	L	L	L	M
benign brain tumour	L	L	L	L	L	L	L	L	L	L	L	L
blindness	L	L	L	L	L	L	L	L	L	L	L	L
cancer	H	H	H	L	M	L	H	L	H	L	L	M
coma	L	L	L	L	L	L	L	L	L	L	L	M
coronary artery by-pass surgery	M	L	L	L	L	M	L	L	L	L	L	M
deafness	L	L	L	L	L	L	L	L	L	L	L	L
heart attack	H	M	H	L	L	L	M	M	L	L	L	H
heart valve replacement or repair	L	L	L	L	L	L	L	L	L	L	L	M
kidney failure	L	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	L
loss of speech	L	L	L	L	L	L	L	L	L	L	L	L
major organ transplant	L	M	L	L	M	L	L	M	M	L	L	L
motor neurone disease	L	L	L	L	L	L	L	L	L	L	L	L
multiple sclerosis	M	L	H	L	H	L	M	L	M	L	L	H
paralysis/paraplegia	L	L	L	L	L	L	L	L	L	L	L	L
Parkinson's disease	L	L	H	L	H	L	M	L	H	L	L	L
stroke	M	L	H	L	L	L	H	L	M	L	L	M
terminal illness	L	L	L	L	L	L	L	L	L	L	L	M
third degree burns	L	L	L	L	L	L	L	L	L	L	L	M

## Sustainability

### Approach to definitions...

- Cancer
- Heart attack
- Stroke
- Diseases

The Annual of Parkinson's  
making Parkinson's disease of the future

## Other

### Approach to definitions...

- Streamline categories
- Generic terms

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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

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