



## The Future of Critical Illness

Tal Gilbert  
Head of Research and Development  
PruHealth and PruProtect

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## Where we've come from

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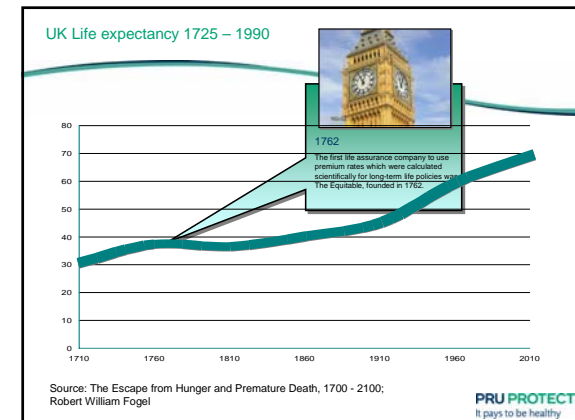
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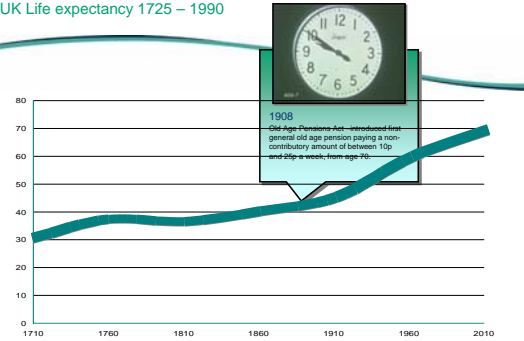
1762

- Equitable Life Assurance Society established as the first mutual life assurance company



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UK Life expectancy 1725 – 1990



Source: The Escape from Hunger and Premature Death, 1700 - 2100;  
Robert William Fogel

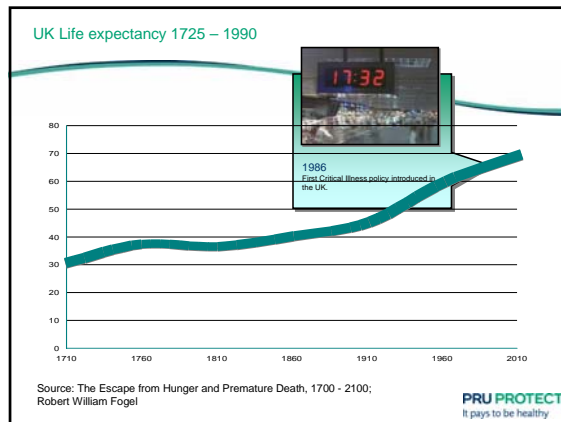
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1908



- Old Age Pension Act
- Introduced first general old age pension
- Sir William Beveridge, father of the welfare state, was an adviser

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1986

- First Critical Illness product launched
- Screening programmes introduced

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Catalysts of change

- Medicine
- Demography
- Science
- Social trends

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Today's Catalysts

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### Today's Catalysts

Medicine

Demography

Science

Social trends

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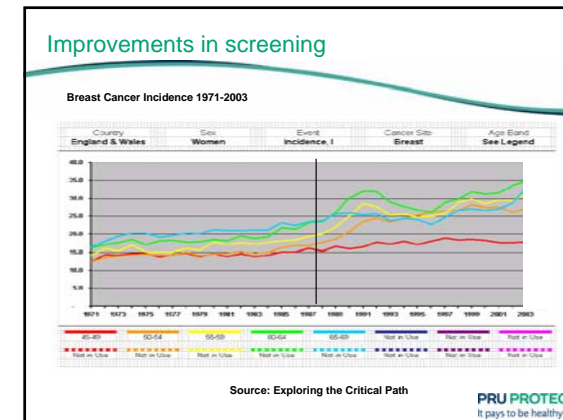
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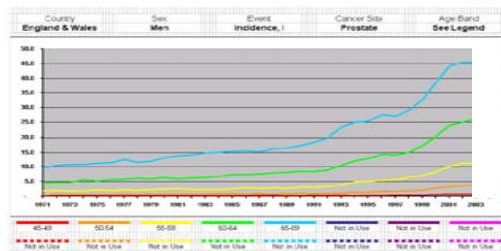
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## Improvements in screening

Prostate Cancer Incidence 1971-2003



Source: Exploring the Critical Path

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## Earlier Diagnoses

Five Year Relative Survival (%)

for females, by stage and broad age group, diagnosed in 1988-1992, South East England

| Age groups  | 15-49 |
|-------------|-------|
| TCR stage 1 | 84.9  |
| TCR stage 2 | 74.2  |
| TCR stage 3 | 64.6  |
| TCR stage 4 | 29.8  |

Source: Cancer in South East England 1997

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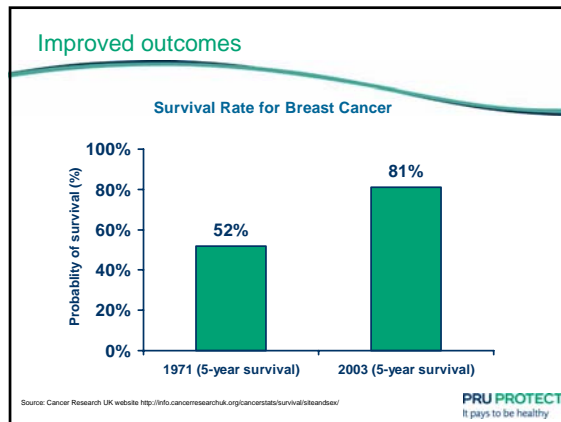
## Improvements in treatment

### ■ Cancer drugs currently in use:

- Avastin
- Cetuximab
- Tarceva
- Bortezomib
- Herceptin
- Lapatinib
- Panitumab
- Pertuzumab

### ■ With different uses for existing drugs in the pipeline ...

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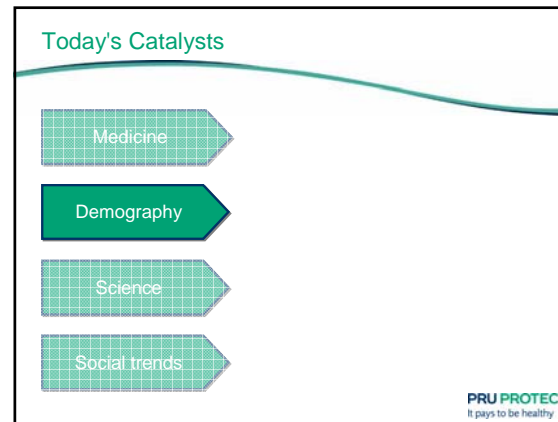
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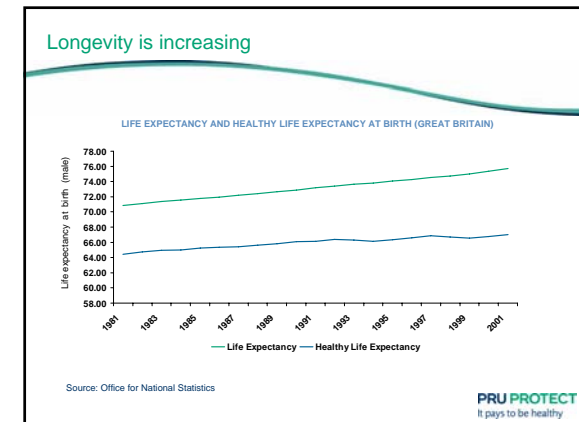
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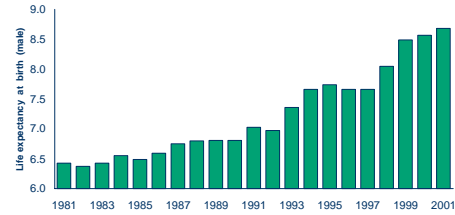
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## Living longer but spending more time unhealthy

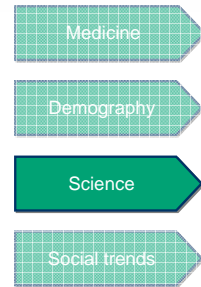
Gap between life expectancy and healthy life expectancy at birth (Great Britain)



Source: National Statistics Website Release, 22 July 2004

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## Today's Catalysts



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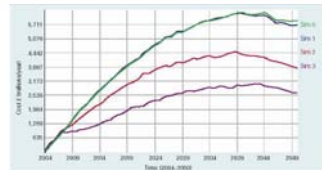
## Scientific Evidence Becoming Undeniable



Foreweight - Tackling Obesity: Future Choices

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## Cost of Obesity – Foresight Projections



Sim 0 – No intervention  
 Sim 1 – Childhood obesity focus  
 Sim 2 – Targeted approach  
 Sim 3 – Population approach

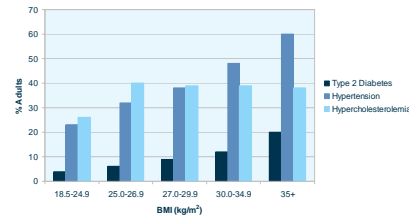
But in best case, annual cost of obesity will at least triple over next thirty years

Source: "Tackling Obesity – future choices" Foresight (Oct 2007) Pg 71

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## Obesity and Serious Illnesses

As well as heart disease and cancer, many other chronic diseases have strong links with increasing obesity



Source: [http://www.merck.com/hcp/2\\_intro.asp](http://www.merck.com/hcp/2_intro.asp) (Nov 2007)

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## Scientific Evidence Becoming Undeniable



Foresight – Tackling Obesity: Future Choices



World Cancer Research Fund – Food, Nutrition, Physical Activity and the Prevention of Cancer: A Global Perspective

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### World Cancer Research Fund - 10 Commandments

1.  
Be as lean as possible

2.  
Be physically active

3.  
Avoid energy-dense foods/sugary drinks

4.  
Eat foods predominantly of plant origin

5.  
Limit intake of red and processed meat

6.  
Limit alcoholic drinks


7.  
Limit consumption of salt

8.  
Meet nutritional needs as part of everyday diet

9.  
Breastfeed up to 6 months old

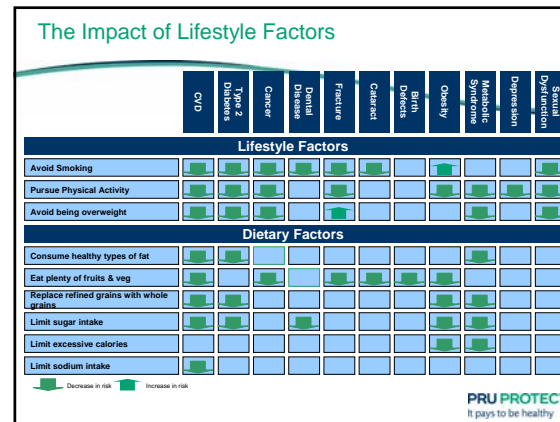
10.  
Cancer survivors to receive nutritional advice

First three all aimed at reducing obesity – very strong link with cancer as well as heart disease



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WCRF/AICR Expert Report: Food, Nutrition, Physical Activity and the Prevention of Cancer: A Global Perspective. (Nov 2007)



### Today's Catalysts

Medicine

Demography

Science

Social trends

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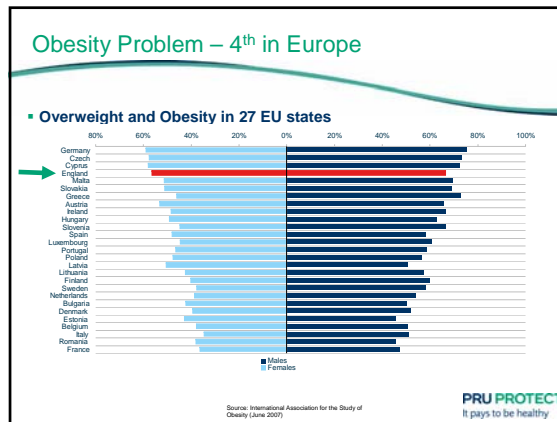
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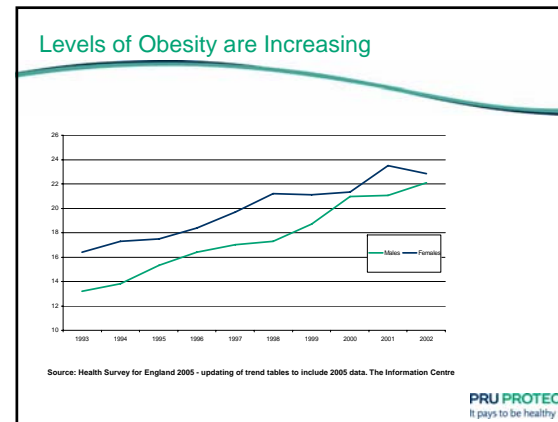
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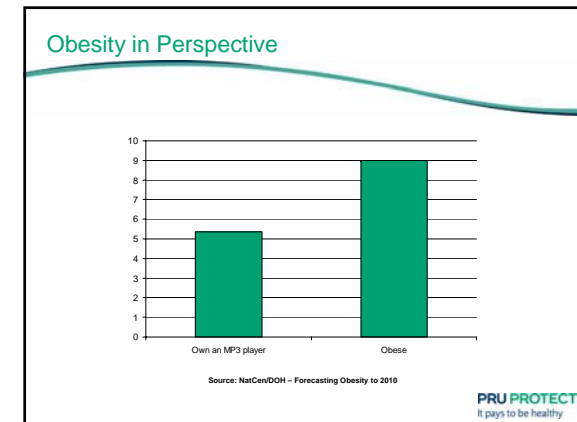
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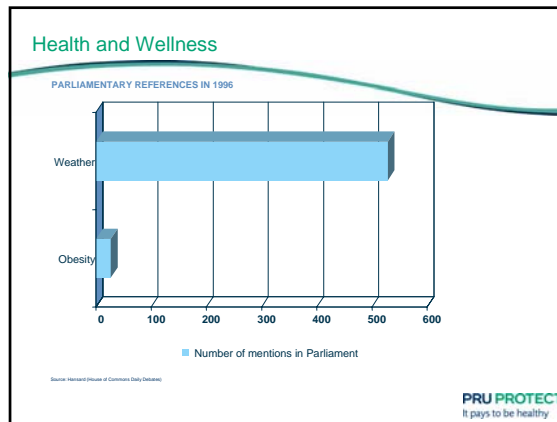
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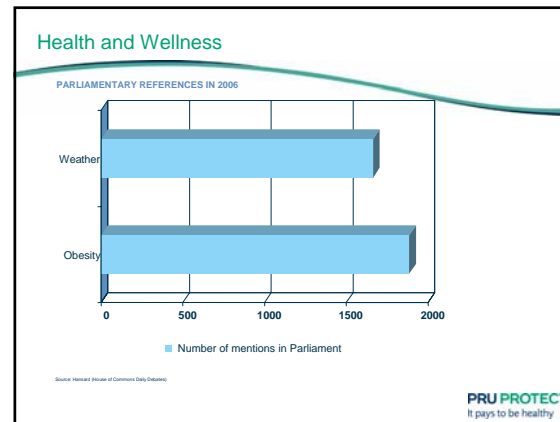
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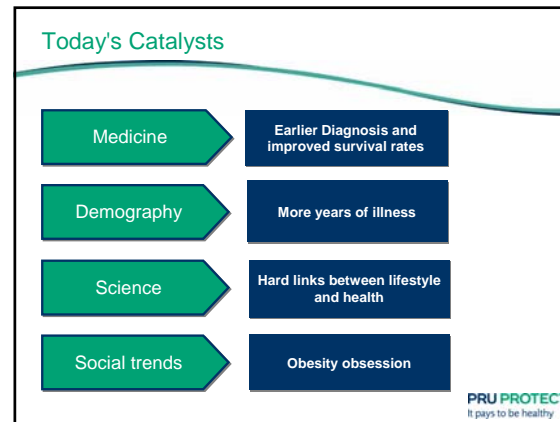
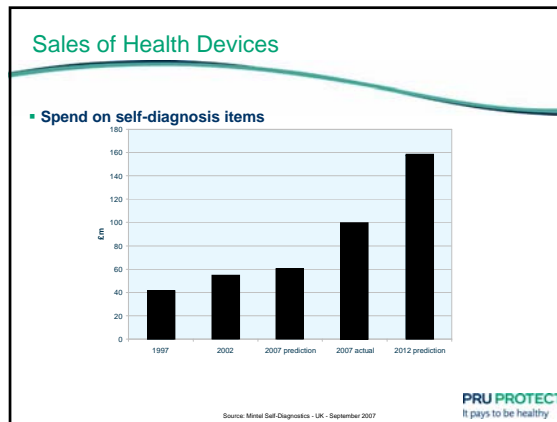
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### The Future of Traditional Critical Illness

Earlier Diagnosis and improved survival rates

More years of illness

Hard links between lifestyle and health

Obesity obsession

- Higher incidence rates
- Pressure on prices
- Tighter underwriting
- Problematic claims adjudication
- Changes in definitions

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**What do you mean, my injury isn't critical enough?**

The Mirror, 28<sup>th</sup> Feb 2007

**INSURER SPURNS CAR CRASH VICTIM**

The Sunday Times, 28<sup>th</sup> Jan 2007

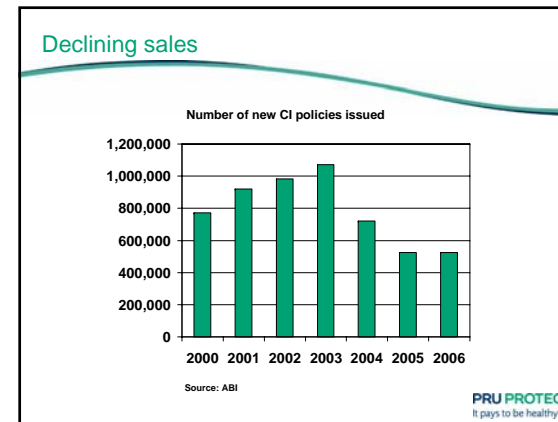
**1 in 5 critical illness claims thrown out**

The Mail on Sunday, 26<sup>th</sup>, March 2006

Woman with 'wrong' tumour fights insurer

The Observer, 18th Nov 2007

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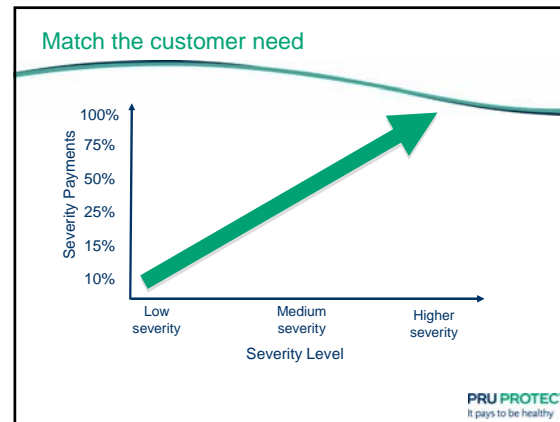
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Some Alternatives

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### Serious Illness cover

- Matches the customer need better
- Less exposed to less severe conditions

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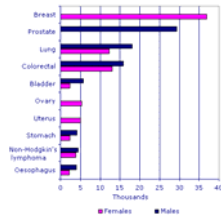
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## A high proportion of cancers are breast and prostate cancers

### Incidence of major cancers, 2004, England



Source: Office of National Statistics [www.statistics.gov.uk](http://www.statistics.gov.uk)

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## A large proportion of these cancers diagnosed as localised

Cancer of the breast



Source: Cancer in South East England 2000

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## Serious Illness cover

- Matches the customer need better
- Less exposed to less severe conditions
- Greater coverage
- Multiple claims
- Whole of Life Cover

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## Severity-based CI in the rest of the world

- South Africa: Well developed severity-based market
- Some tiered benefits in:
  - USA
  - Israel
  - East Asia
  - Australia
  - Canada

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## How should lifestyle factors be treated?



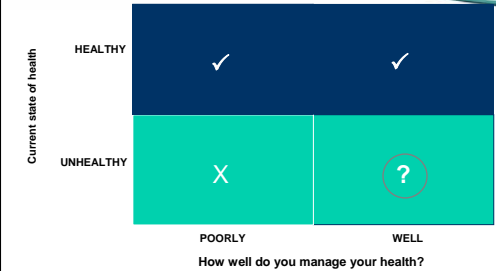
High blood pressure



Sedentary but hasn't visited a doctor in 8 years

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## How should lifestyle factors be treated?



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## How should lifestyle factors be treated?

Greater focus on health and wellness:

- Reduces protection gap by making the product more attractive for healthy consumers
- Helps all customers to get healthier, which has benefits for everyone
- Creates more ongoing value, improving retention

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## Conclusions

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## Alternatives to Traditional Critical Illness

Earlier Diagnosis and improved survival rates

More years of illness

Hard links between lifestyle and health

Obesity obsession



- Payouts based on severity
- Multiple claims
- More dynamic pricing and underwriting
- Benefits for getting healthy

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### Health is top of mind for consumers

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### Opportunity for appropriate financial services

- Health is top of mind
- Good fit between health and wealth
- Natural place for product development
- Opportunity to grow the market

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### The Future of Critical Illness

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