




ABI CI Review & Beyond
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The challenges for CI...

Sustainability issues


- Advances in medical science
- Reinsurance capacity for guaranteed premiums?
- Reviewable premiums


Reputational issues

- £1.7 bn claims paid since 2000 – but...
- 1 in 5 claims declined?

FSA issues


- Declined claims – “high”
- FinProms update – “scaremongering”/“exclusions”
- FSA themed work – disclosure, linked sales etc
- TCF – complexity brings “considerable challenge”





What are we doing?

Sustainability	FSA	Reputation
CI Review •More sustainable definitions Reviewability •Guidance	CI Review •Improved clarity •Consumer research	CI Review •What’s covered and what’s not Application Forms •Non-disclosure



ABI Statement of Best Practice for CI

Review objectives...

- Further improve clarity for consumers
- Help ensure CI is sustainable and continues to meet consumer needs at an affordable price

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ABI Clarity – Product Level

- A standard description of CI...
Life and critical illness cover pays out a lump sum if you either die or are diagnosed with a critical illness that meets our policy definition. We only cover the critical illnesses we define in our policy and no others.

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ABI Clarity – Definitions

More descriptive headings...

- **Cancer** – *excluding less advanced cases*

Extend model definitions to 23...

- **Alzheimer’s disease before age X** – *resulting in permanent symptoms*
- **HIV infection** – *caught in the UK from a blood transfusion, a physical assault or at work in an eligible occupation*
- **Traumatic head injury** – *resulting in permanent symptoms*

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ABI Clarity – Exclusions

Exclusions...

- Regulations require significant or unusual exclusions (SUEs) to be disclosed up front
- Consumers want ALL exclusions disclosed up front
- Requirement goes beyond FSA

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ABI Help make CI more sustainable

Objectives...

- Consider future medical advances
- Retain cover today and into the future

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Approach...

- Cancer & Heart Attack
- Stroke & progressive illnesses (Alzheimer's, Parkinson's etc)

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ABI "Scaremongering" Vs "Informing"

Providing helpful information...

- Scary is not the same as scaremongering
- Statistics – helpful if relevant, up to date and from a reliable, quoted source
- Care re personalising

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ABI Implementation

Implementation...

- As soon as practical
- Must be before end of April 2007

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ABI And Now For Something Completely Different

Protection Committee objectives...

- To improve consumer' financial security
- To improve consumer confidence

Next steps...

- Update the CI Definitions Guide
- Work on Total Permanent Disability (TPD)
- Non-disclosure and law reform
- Work with HCF on claims handling
- Simplify IP – 17 November 2006

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The Need for Protection

Changes in society...

- £27 billion savings gap
- £1.2 trillion debt mountain

Consumers need protection...

- Healthy, thriving, competitive market
- Trust
- Clear information
