Reinventing CI – An Asian Case Study
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Technological Impact

Source: Fotolia

CI Today
The long and winding road

Source: Fotolia
“... protection insurance is the financial doctor ... when your physical health goes you have financial protection ... to give you money when you need it most.”

Dr. Marius Barnard
Creator of Critical Illness Insurance

1983 - Crusader Life sells first product
Covers: Heart Attack, Cancer, Stroke and CABG

What has happened since?

Value Add Services
Conditions Arms Race
Severity Based Payments
Niche Covers
Multi-Pay
Additional Payments
Industry Standards
TPD
Cashback
Child CI
Multiple Dist Channels
Partial Payments

MI, Cancer, Stroke, CABG

1983

Today
Example Product

PROTECT ELITE ULTRA

115 conditions

More than 100 condition definitions

Source: Fotolia

Too Complex for the Consumer??

Severity Based CI
Multi-Pay
Additional Payments
Partial Payments

Source: Fotolia
The Mission
Should you choose to accept it

Partnership

PartnerRe

FWD
The Basic Idea

Traditional
Pays out when you fulfill certain medical conditions

Designing the Product
Rome wasn’t built in a day
Our Approach

IF YOU ARE CRITICALLY ILL, WE WILL PAY.

Source: GenRe Dread Disease Disease Survey 2008-2012
Advantages – from the customers’ perspectives

1 Beyond the List
- Coverage is **no longer restricted by the arbitrary list** set by the Insurance company
- Covers “any Illnesses” is an attractive proposition

2 Future proof
- Answers their concerns that nowadays there seems to be **new diseases popping up** every so often

3 Straightforward & intuitive
- Claim criteria is **easy to understand**
- Customers feel the product has ‘**high transparency**’ and hence ‘**more certainty**’ about what they are getting

Pricing Challenges

- ![No Industry Data](image)
- ![Limited Country Data](image)
- ![Coverage > CI??](image)
- ![Trends](image)
- ![Medical Underwriting](image)

* I need to see a doctor
Challenges
What is life without challenge?

List of demands – Easier said than done!

- Avoidance of excessive complexity
- Alignment of criteria to consumer needs
- Claims criteria - Easy to understand
- Decoupling from medical progress

Life Impact Events

- Long-term care
- Functional incapacities
- Rare Diseases
- New / unknown diseases
Another CI product? – Main product features

<table>
<thead>
<tr>
<th>Critical Illness</th>
<th>Life Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insured event</td>
<td>Life impact events</td>
</tr>
<tr>
<td>Scope of cover</td>
<td>Any critical disease</td>
</tr>
<tr>
<td>Claim criteria</td>
<td>Few selected definitions</td>
</tr>
<tr>
<td>Exclusions</td>
<td>Only a few systematic ones</td>
</tr>
<tr>
<td>Impact of medical progress on pricing</td>
<td>Uncertain, but likely attenuated</td>
</tr>
<tr>
<td>Comprehensible Agent/Consumer</td>
<td>High</td>
</tr>
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Claim criteria

- Underwent surgery under general, spinal or epidural anaesthetic
- Doctor confirms lifelong medication is needed
- Admitted and stayed in Intensive Care for 3 or more days in a row
- Advanced cognitive impairment
- Permanent need for wheelchair
- Permanent loss of use of 3 limbs, sight, hearing or speech
- Unable to work for 8 continuous weeks
- Stay in hospital for 10 or more days in a row
How to objectify cognitive decline?

- No large scale diagnostic tool available
- β-amyloid PET scan (Positron Emission Tomography)
  - Radioactive visualization of β-amyloid depositions in the brain
  - 1st diagnostic test approved for Alzheimer’s disease
  - Amyloid scan > $3,000
- Mini–Mental State Examination (MMSE)
  - No specialized equipment or training
  - Takes 15 minutes
  - Severity and progression

Source: https://clinicalgate.com/dementia/

Surgery ≠ Surgery

- Dilemma of Critical Illness
- Challenges
  - What is covered?
  - Future trends?
- Trend to “scarless surgery”
  - Endoscopic surgery
  - Keyhole surgery
  - Minimal invasive
  - E.g. Endoscopic coronary artery bypass grafting

Source: http://mmcts.org/tutorial/621
Bypass surgeries – evolution vs incidence

Incidence

100%

2010 2018

Time

Add-on

Replacement

Challenges in Underwriting

**Critical Illness**

- **Data situation**: Good – decades of experience
- **Underwriting**: Medical, Medical, Medical
- **UW-Manual**: Comprehensive but rigid
- **Multimorbidity**: Only few overlaps
- **Family history**: Prominent importance

**Life Impact**

- **Data situation**: no experience so far
- **Underwriting**: Medical + Health Care System
- **UW-Manual**: Not existing – CI? IP?
- **Multimorbidity**: Additive feature – older applicants
- **Family history**: Clearly reduced
Conclusions

Putting the pieces of the puzzle together

- Willingness of leaving trodden paths
- Combining international and local expertise
- Customer research first
- Compensation of lack of industry stats by plausible assumptions
- Challenge your doctor!
- A true collaborative partnership

Source: http://alexschladenberg.blogspot.ch/
- Illness unrelated
- Not another CI modification

- Applicable in markets other than Asia

Expressions of individual views by members of the Institute and Faculty of Actuaries and its staff are encouraged.

The views expressed in this presentation are those of the presenter.