



Institute and Faculty of Actuaries

Fresh thinking for Terminal Illness

David Ferguson and Gavin Maguire
SCOR Global Life



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Agenda

- What's the value of Terminal Illness benefit?
- Issues with Terminal Illness claims
- SCOR's analysis – an insurer and SCOR's internal claims experience
- Suggestions on how the definition can be improved
- Summary of issues for claims assessors
- Potential outcomes
- Considerations for the industry

20 May 2016

What's the value of Terminal Illness benefit?

- Terminal Illness is an important benefit; the industry, in providing this cover is fulfilling an important benefit for the insured population at a relatively inexpensive cost
- Provides acceleration of life cover in the event of diagnosis if the policyholder is expected to die within 12 months
- For the policyholder, it's an important benefit in terms of arranging financial affairs prior to death
- Provides financial support at a time when likely to be needed most given that almost without exception individuals will have given up work
- In 2015, 4,022 TI claims were made across the industry; 3,740 were paid with a total value in excess of £1.2bn representing 93% paid*

*Source: ABI Protection Claim Statistics

20 May 2016

3

Current Industry Definition

- Current industry definition (ABI Critical Illness SoBP 2014):

Terminal illness – where death is expected within 12 months

A definite diagnosis by the attending Consultant of an illness that satisfies both of the following:

- The illness either has no known cure or has progressed to the point where it cannot be cured; **and**
- In the opinion of the attending Consultant, the illness is expected to lead to death within 12 months

Issues with Terminal Illness claims

- Poorly understood by claimants when told they have an incurable illness
- Places doctors in an extremely difficult position where in many instances it is virtually impossible for them to predict life expectancy
- Some very severe incurable illnesses will still have a prognosis to survive at least 12 months e.g. MND, Parkinson' Plus, CJD etc.
- Majority of claims due to cancer - where life expectancy is changing for advanced disease due to changes and advances in treatment such as immunotherapy
- Not unexpectedly, claims assessment can be difficult in what are almost without exception, distressing and emotive circumstances

Current issues for claims assessors

- Key questions, claims assessors should ask themselves:
- Can we be any more lenient with regard to a terminal prognosis outside of 12 months?
 - Life expectancy significantly longer than the 12 month period specified in the policy
 - Cancer treatment in particular has advanced to extent that survival periods for many cancers have improved considerably from previous years
 - Might be some reluctance to decline such cases due to the sensitivity around communicating such a decision
 - Some offices might elect to pay the claim where the median survival is beyond 12 months but life expectancy is less than 18 months
- How do we deal with experimental/ trial treatment?
 - Experimental treatments in their early stages
 - Clinical trial drug offered on an expanded access program following initial large scale trial where good results have already been documented
 - Offices unlikely to delay a TI claim if a person is receiving experimental therapy as there won't be any proven results as to the positive outcome
 - Most would require referral to an Oncologist to guide discussions around survival/likely success of treatment

Advances in cancer treatment - Immunotherapy

- Immunotherapy uses the immune system to teach the body to attack cancer cells and destroy tumours
- Tolerance to immunotherapy is better than for chemotherapy
- Particularly effective for skin and lung cancer such that patients originally only expected to live for months go on to lead normal lives
- However, expensive at something in excess of £50,000 annually but through time, the cost will reduce as these treatments gain acceptance and regulatory approval
- The reality is that cancer will become for many patients, a disease they live with rather than die from
- Inevitably, this could lead to greater difficulty in predicting survival within the terms of a current Terminal Illness policy

20 May 2016

7

Is the current definition working?

- Review of an insurer's data who granted permission for us to send it to a tracing agency (c. 200 TI claims)
- Tracing is common in order to check pension liabilities i.e. to prevent the continuation of payments to pensioners who have died
- Main objectives:
 - to determine the date a claimant died following a successful TI or CI claim
 - to see whether claims are being paid appropriately
- Tracing agency checks name, date of birth and address against General Register Office data and Death Register data as well as bereavement register, bank data and other sources
- Included some test cases in data where the date of death was known and this suggested tracing agency had a 95% success/accuracy rate
- 97% of these claims were for cancer – remaining being coded as neurological conditions, benign neoplasms or ischaemic heart disease

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8

SCOR's analysis – TI tracing exercise 2015

Survival Period	Terminal Illness	Critical Illness
Up to 3 months	75%	90%
Up to 6 months	54%	80%
Up to 12 months	29%	65%
Up to 24 months	12%	36%
Up to 36 months	4%	21%

- Results look reasonable with respect to paid claims i.e. 70% had a life expectancy <12 months
- 80% of accepted lung cancer claimants die within 18 months
- 63% of pancreatic cancer claimants die within 6 months

20 May 2016

9

SCOR – Internal TI claims analysis – are we being fair?

- SCOR not representative of a typical sample
 - Most are high value or involve cases where our clients have declined the claims
- We reviewed all SCOR TI claims seen in 2014
 - 66 claims were assessed - 60 were admitted
 - 3 were declined as the definition wasn't met
 - 3 were deferred awaiting the outcome of treatment
- In the majority of cases the consultant gave a life expectancy of < 12 months and our CMO agreed
- 9 were not able to give any estimate?

Prognosis from attending consultant – admitted claims	
< 2 months	5 cases
< 6 months	3 cases
< 9 months	1 case
< 12 months	41 cases
< 24 months	1 case
No estimation given	9 cases

- If we asked a better question would we get a more accurate estimate of expected survival?

How could the current definition be improved? – Remove it?

- **Advantages**
 - Eliminates problems for claims assessors
 - Reduces likelihood that insurers are paying claims they didn't intend to
- **Disadvantages**
 - Removing a valuable policyholder benefit
 - Likely to be perceived negatively by policyholders and distributors

How could the current definition be improved? – Change the '12 months criteria'

- Impact of extending the months to 24 months (or more?)
 - More generous – good for marketing
 - Does not remove the problem for the doctors to make a judgement
 - **Would likely bring with it even more conditions and more contentious claims cases** e.g. heart failure, respiratory failure, end stage multiple sclerosis etc.

How could the current definition be improved? – Change the ‘12 months criteria’

- Reducing to 6 months
- In line with DWP benefits
- A little better for doctors to predict with greater certainty
- *Would be viewed as the industry “tightening” up – less generous*

How could the current definition be improved? – Align with DWP

- Consider the UK Department for Work and Pensions definition
 - *“Suffering a progressive disease where death can be reasonably expected within 6 months”.*
- Anyone in the UK in receipt of “Personal Independence Payment” benefits (previously Disability Living Allowance) under the “special rules” could automatically qualify
- It should be better understood as those who qualify for state benefits should expect to qualify for payment
- Some risk that benefits change - Governments assessments are more likely to be less flexible and generous than insurers
- Risk that Government change definition / eligibility
- Main downside – less generous than existing definition
- However, for treating consultants, possible that it would help due to so-called ‘horizon effect’ when clinicians are more accurate at predicting survival when patients have a shorter time to live

How could the current definition be improved? – Something more radical?

- In addition to the 6 (or 12) months criteria - include a wording that extends the cover so that payment can also be made that satisfy **any** of the following:
 - **Terminal illness – where death is expected within 6 (or 12) months**
 - A definite diagnosis of an illness that satisfies one of the following:
 - Cancer histologically confirmed as TNM stage 4 (or equivalent staging system for the specific tumour site) and where treatments have failed to achieve remission of the condition as evidenced by medical investigations and in the opinion of the attending Consultant, there are no curative treatments available that will prevent further progression of the condition
 - Motor neurone disease (using ABI CI definition)
 - Parkinson’s Plus syndromes (using common market CI definition)
 - Creutzfeldt-Jakob Disease (CJD) (using common market CI definition)

How could the current definition be improved? – Something more radical?

- **Terminal illness – where death is expected within 6 (or 12) months**
- A definite diagnosis of an illness that satisfies all of the following:
 - Treatments have failed to achieve remission of the condition as evidenced by medical investigations and;
 - In the opinion of the attending Consultant there are no treatments available that will prevent further progression of the condition and;
 - In the opinion of the attending Consultant the illness is expected to lead to death within 6 (or 12) months
- Or the life assured meets any of the following:
 - Motor neurone disease (using ABI CI definition); or
 - Parkinson's Plus syndromes (using common market CI definition); or
 - Creutzfeldt-Jakob Disease (CJD) (using common market CI definition)

Example 1: A declined claim that might now be paid

- 56 year old male, £500k life policy
- Policy start date 10.03.10
- Expiry 10.03.15
- Oesophageal cancer July 2013 with spread to lymph nodes and had 3 cycles of chemotherapy to reduce the tumour size
- Not a candidate for surgical resection and a significant risk of death in 12-18m but more likely 9m
- Company CMO felt shouldn't be too pessimistic given that although some suspicion of metastases, no evidence of distant spread
- Claim declined
- Already some sympathy in this case given very large tumour
- Our independent CMO view advised significant volume of viable tumour in post treatment biopsy
- Given that treatment had failed to achieve reduction of tumour, seems appropriate on a new proposed definition to pay
- Reasons – Stage 4, treatment had failed to achieve remission

Example 2: A declined claim that might now be paid

- 59 year old female, £133k policy
- Policy start date 01.10.11
- Expiry date 01.10.30
- Adenocarcinoma of lung T4N1 October 2014. Recommended chemotherapy
- Evidence of bony metastases with pathological fractures L2, 3 and T9
- Multiple further mets in pelvis
- Some evidence that she was responding to treatment in April 2015
- Decision postponed pending further outcomes
- Severely life limiting disease, and very large tumour
- Limited response to treatment
- Reasons - Clear evidence that claimant was at stage where quality of life was being severely impacted

Summary of issues for claims assessors to consider

- Clinically, predictions of survival beyond 6 months are difficult so the claims assessor may have difficulty in fairly adjudicating a claim
- Treatment for cancer is evolving with patients living much longer on immunotherapy agents when previously they would have been considered terminal
- Better claims decisions may ultimately be made under one of the proposed definitions if there is evidence of good response to immunotherapy or similar
- If the definition did change, important for assessors to understand the key questions to ask of the treating consultant in terms of ensuring that only the most severe/life-limiting conditions are being considered in addition to the 12 month criteria:
 - Stage of cancer (or restaging following initial diagnosis)
 - Failure to achieve remission?
 - No treatments available that will prevent progression of the disease?
 - Confirmation of diagnosis
 - Life expectancy (<3mths, 3-6mths, 6-12mths, 12mths+, unable to determine)

Potential Outcomes

- Based on tracing exercise current definition appears to be largely working but it has some drawbacks
- Enhanced definition should give more certainty for both treating Consultants and claimants given the clear diagnosis requirements particularly around Cancer claims (97% of TI claims are for cancer)
- Removes some of the uncertainty around the 'curable' requirement in favour of a 'Treatment Options' requirement.
- Should be better understood by / easier to explain to claimants as payment would be triggered by an actual diagnosis
- Upside now as paying out on significantly quality of life limiting conditions (MND, CJD, Parkinson's Plus) which would may have been previously declined.
- 12 month criteria could potentially be reduced in combination with some of these additions
- Positive step by industry improving the definition to enhance an already valuable benefit

Summary

- Terminal illness is a valuable benefit
- For the most part we appear to be paying the claims the original definition intended to pay
- Main issue is uncertainty around expected survival
- Should we change how we ask the expected survival questions to get more accurate answers from treating Consultants?
- Suggested definitions go some way to reduce this uncertainty without customer detriment
- From a marketing perspective, key that any change to cover is not seen or appearing to be reducing the cover or the ability to claim

Considerations for the industry

- Is there any value in including Terminal Illness in the CI SoBP?
- The biggest cause of TI claim is Cancer which is paid under the CI definition – very little cost of TI on CI products
- The TI problem is a Life cover problem
- For Life cover, are we required to use the TI definition from a CI SoBP?
- Could we as an industry propose that it is removed it from the CI SoBP as it is of extremely limited value
- Reword or refashion it as per suggestions in this session
- Over to the industry to debate.....

Questions

Comments

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