Update from the UK Asbestos Working Party

Andy Whiting, Rhiannon Seah, Rob Brooks and Rob McGowan
UK asbestos working party

New Market estimate

What drives the change
Key movements in central estimate

- Removing 2009 to 2019 estimated costs
- Mesothelioma propensity to make a claim
- Mesothelioma deaths
- Mesothelioma inflation/average cost
- Allowing for mesothelioma deaths over ages 89
- Updated Lung Cancer, Asbestosis and Pleural Thickening estimates
- Pleural Plaque estimate (Scotland & NI exposures only)
- Extend to 2060
- Other mesothelioma adjustments*

2009 estimate:
- Scenario 23

2020 Central Scenario
- Mesothelioma
- Non-mesothelioma
- Increase
- Decrease

Institute and Faculty of Actuaries

11 November 2021
Range of estimates: Mesothelioma

Deaths model / scenario | Propensity for a mesothelioma suffer to make a claim scenario | Average cost / inflation scenario
---|---|---
1 | Adjusted HSE: 2 (Central) | Low | Low
2 | Adjusted HSE: 2 (Central) | Central | Low
3 | Adjusted HSE: 2 (Central) | High | Low
4 | Adjusted HSE: 2 (Central) | Low | Central
5 | Adjusted HSE: 2 (Central) | Central | Central
6 | Adjusted HSE: 2 (Central) | High | Central
7 | Adjusted HSE: 2 (Central) | Low | High
8 | Adjusted HSE: 2 (Central) | Central | High
9 | Adjusted HSE: 2 (Central) | High | High
10 | Adjusted HSE: 3 (Low) | Low | Low
11 | Adjusted HSE: 3 (Low) | Central | Central
12 | Adjusted HSE: 3 (Low) | High | Central
13 | Adjusted HSE: 1 (High) | Low | Low
14 | Adjusted HSE: 1 (High) | Central | Central
15 | Adjusted HSE: 1 (High) | High | High
16 | Adjusted HSE: 2 (Central) | Central | Central
17 | Adjusted HSE: 2 (Central) | Jump | Central
18 | Adjusted HSE: 2 (Central) | Central | Jump
19 | GLM Age-Birth: Low | Low | Low
20 | GLM Age-Birth: Central | Central | Central
21 | GLM Age-Birth: High | High | High

11 November 2021
Range of estimates: Non-mesothelioma

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Asbestosis and Pleural Thickening</th>
<th>Asbestos-related Lung Cancer</th>
<th>Pleural Plaques</th>
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Adjusted HSE: 3 (Low)
Adjusted HSE: 2 (Central)
Adjusted HSE: 1 (High)
AWP2009 Scenario Number 2
Low ACPC and 1% inflation
Central ACPC and 3% inflation
High ACPC and 5% inflation
UK asbestos working party

Key areas of uncertainty

Mesothelioma and non-mesothelioma
Mesothelioma deaths

How mesothelioma deaths will run-off

- Limited data
- Population exposed to asbestos and the levels of their exposure (1980s and 1990s)
- Deaths at older ages 85+
- Latency and intensity
- COVID-19 impacts on asbestos exposed individuals
Propensity of a mesothelioma sufferer to make an EL insurance claim

Reducing propensity as the age of the sufferer increases

In more recent years it appears that the propensity at a given age has also been slightly reducing

Consider:

• Different generational behaviours; and

• Legal developments: Think adoption by the NHS of the National Mesothelioma Framework
Mesothelioma claims inflation

- Medical advances leading to new treatments or even a cure for mesothelioma;
- Changes in the take-up of current medical treatments (like Immunotherapy);
- Legal developments, different legislation;
- New guidance on costs from the Judicial Studies Board Guidelines on general damages and Ogden multipliers on future loss of income and dependency;
- Economic impacts affecting CPI, RPI and Earnings;
- Short, medium and long-term views around CPI / RPI / Earnings; and
- Inflation shocks (one off inflation shocks and long-term impacts)
Non-mesothelioma claims

• No publicly available epidemiological models exist for non-mesothelioma claims;

• Propensity to make a claim for these disease types;

• Inflation;

• Nil rates;

• Legal changes: Pleural Plaques ‘de minimis’ in England and Wales; and

• COVID-19 impacts
UK asbestos working party

GB mesothelioma deaths

Have we peaked?
GB male and female mesothelioma deaths

Source: https://www.hse.gov.uk/statistics/tables/
HSE statement on Impact of COVID-19

“The provisional figure for mesothelioma deaths in 2019 will be updated to take account of any deaths registered beyond March 2021 at the time of subsequent statistical releases. Although a disproportionate increase in the number of late registrations beyond March 2021 cannot be ruled out, this analysis suggests this is not likely to have a large impact on the provisional figure for 2019.”

### GB male mesothelioma deaths by age at death

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Source: [https://www.hse.gov.uk/statistics/tables/](https://www.hse.gov.uk/statistics/tables/)

11 November 2021
Table 1.10 Industrial Injury first diagnosed prescribed diseases all assessments by type of disease (Sep 2020)


11 November 2021
Mesothelioma Claims Registered by the Compensation Recovery Unit (CRU): Earliest Date for each Customer Number

Unique CRU mesothelioma customers

Source: CRU Information of Freedom request

11 November 2021
Comparing trends in GB deaths, IIDB claims and CRU claimants

Mesothelioma GB deaths, IIDB claims and CRU claimants

* IIDB: Sep 2020 grossed up using ¾  ** CRU: 2020 grossed up using 10/12
GB male mesothelioma deaths

- Actual Male GB Deaths
- GLM Age-Birth - Low
- GLM Age-Birth - Central
- GLM Age-Birth - High

11 November 2021
Mesothelioma notifications by notification year

Source: IFoA UK Asbestos Working Party Survey’s, notifications including nils

11 November 2021
Mesothelioma average cost per claim (excluding nils)

Incurred average cost by report year

Settled average cost by settlement year

Source: IFoA UK Asbestos Working Party Survey's
Mesothelioma Incurred by notification year

Source: IFoA UK Asbestos Working Party Survey's

11 November 2021
# Immunotherapy

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<th>Survey</th>
<th>Claims reported / settled in</th>
<th>Request on Immunotherapy (including nils)</th>
<th>Request on Immunotherapy (excluding nils)</th>
<th>Agreed settlement on Immunotherapy treatment (including nils)</th>
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Source: IFoA UK Asbestos Working Party Survey's, averages are weighted averages

11 November 2021
Non-mesothelioma notifications by notification year

Source: IFoA UK Asbestos Working Party YE2020 Survey, notifications including nils

11 November 2021
Non-mesothelioma average incurred cost by notification year - includes settled nil claims

Source: IFoA UK Asbestos Working Party YE2020 Survey
Average age by notification year and year of death


11 November 2021
UK asbestos working party

Summary and Next steps

Working Party enters a monitor phase
Uncertainty remains

- Deaths and claims reducing, but how faster will they run-off
- Propensity stable, but generational or legal changes
- Immunotherapy
- Inflation
- COVID-19, are individuals exposed to asbestos higher risk?
- COVID-19, has it affected reporting?

Practitioners should consider the experience and trends, making adjustments to take into account new information and their own views around uncertainty
Monitoring phase (and new Chair)

- Actual Male and Female GB deaths (possible COVID-19 impacts)
- Updated HSE deaths projections
- New CRU data and claims to deaths relationship
- Insurance survey data
  - Notification of claims
  - Average cost / nil rates
  - Average age
- JSB Guidelines (court inflation)
- Changes to Ogden Tables (special damages)
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