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Critical Thinking about Critical Illness Cover

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Head of Long Term Propositions

October 14, 2016





Disclaimer

The following presentation is for general information, education and discussion purposes only.

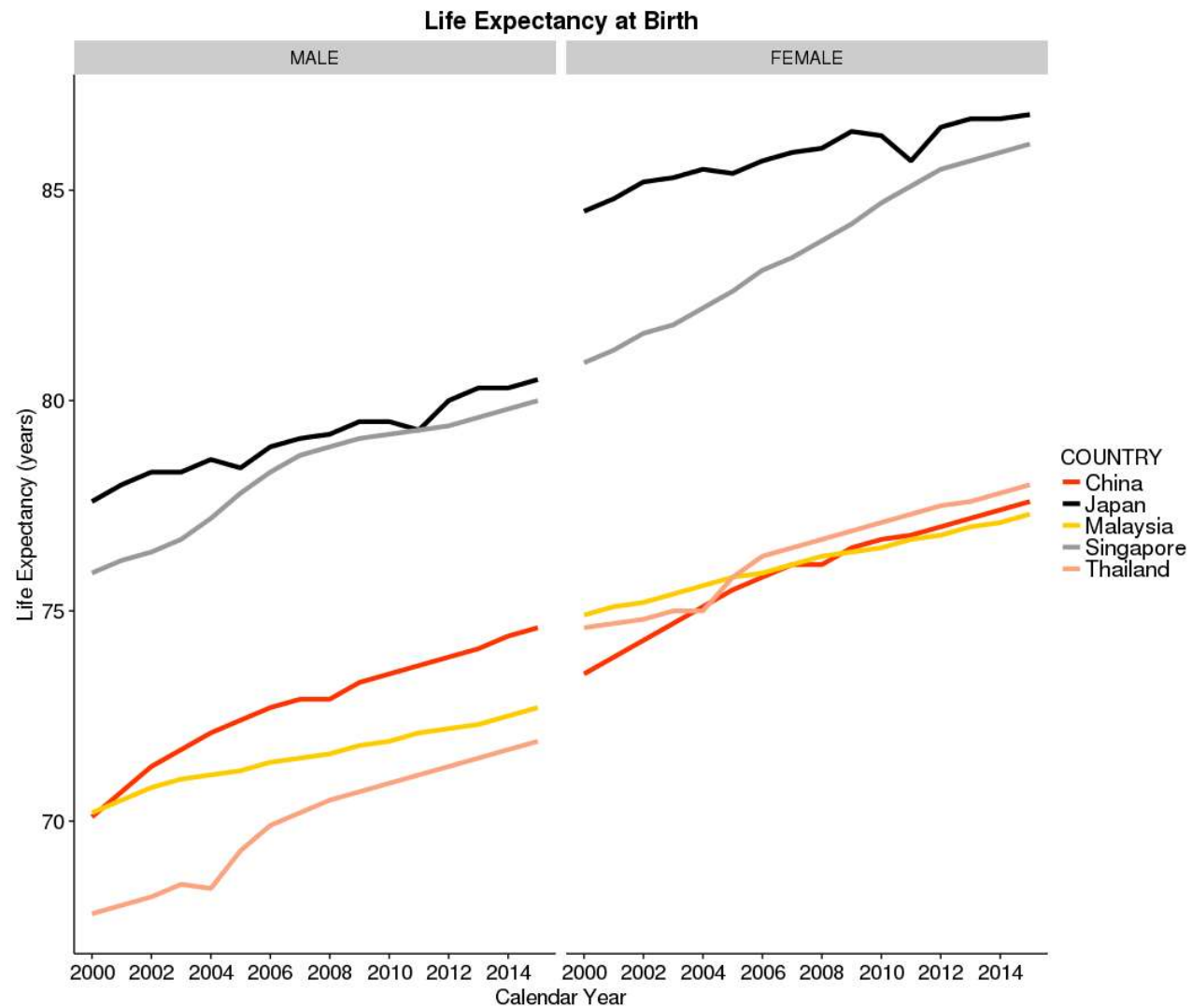
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Why Living Benefits?



The Good News



Source: WHO

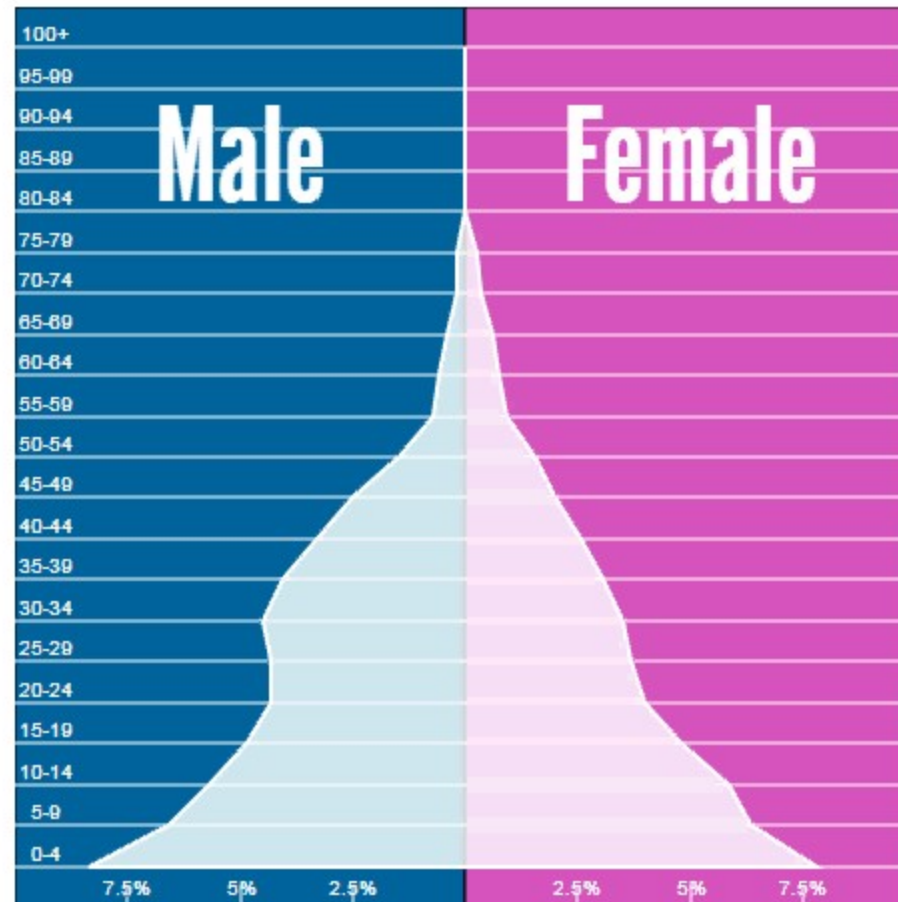
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Singapore 1950

Population: **1.017.000**

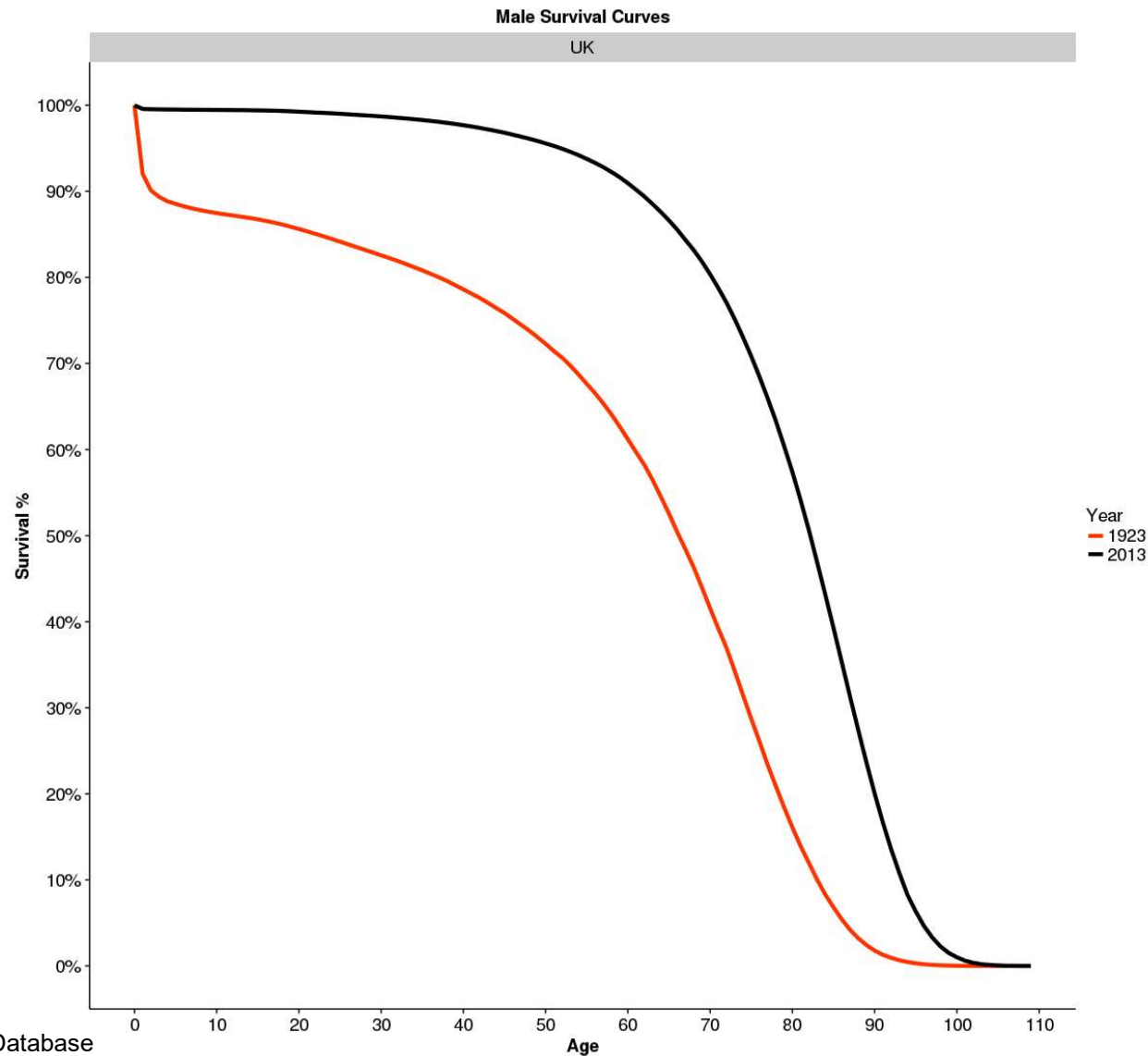


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Source: United Nations, Department of Economic and Social Affairs, Population Division. World Population Prospects: The 2015 Revision. (Medium variant)



Rectangularisation of the Survival Curve



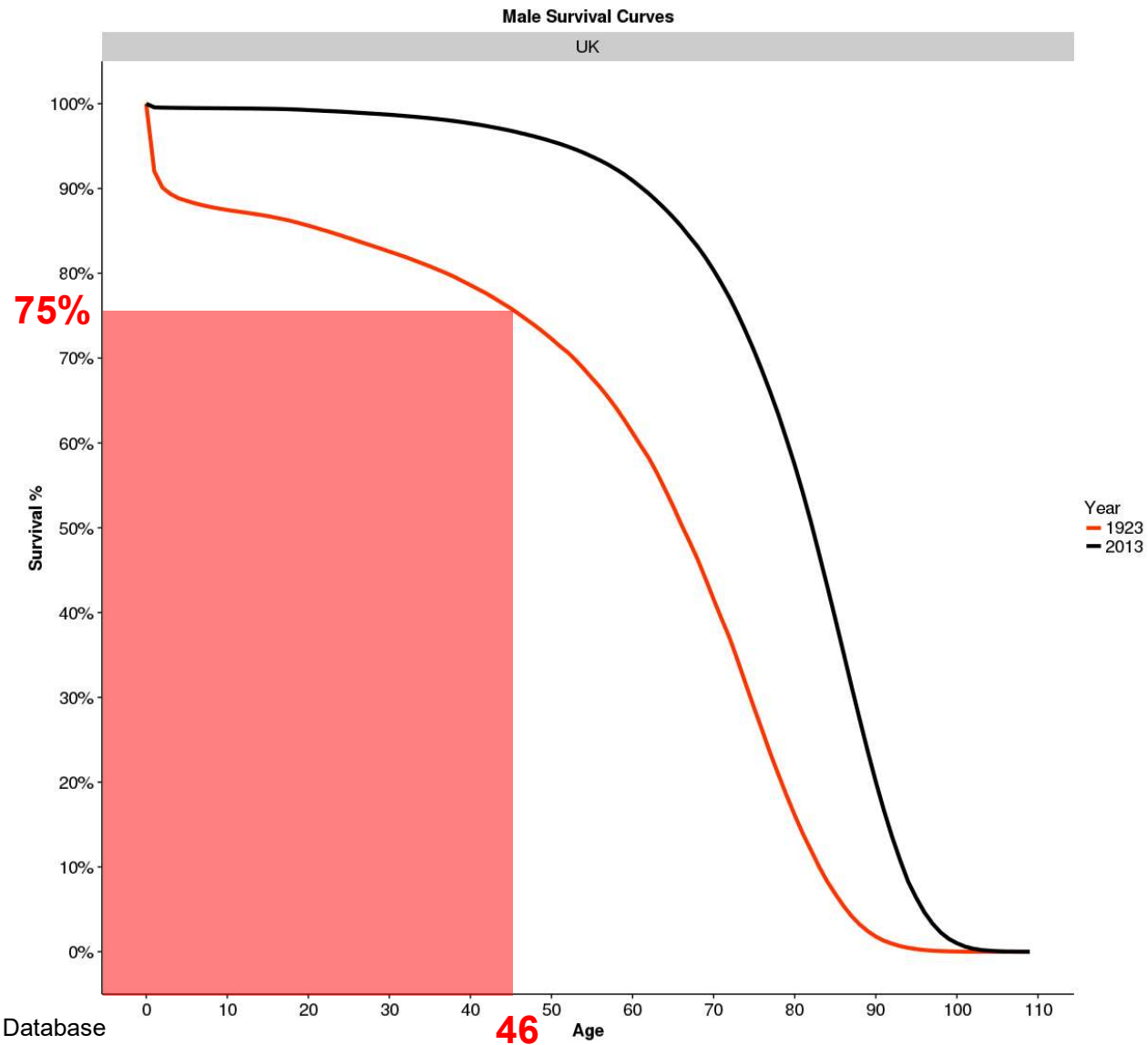
Source: Human Mortality Database

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Rectangularisation of the Survival Curve



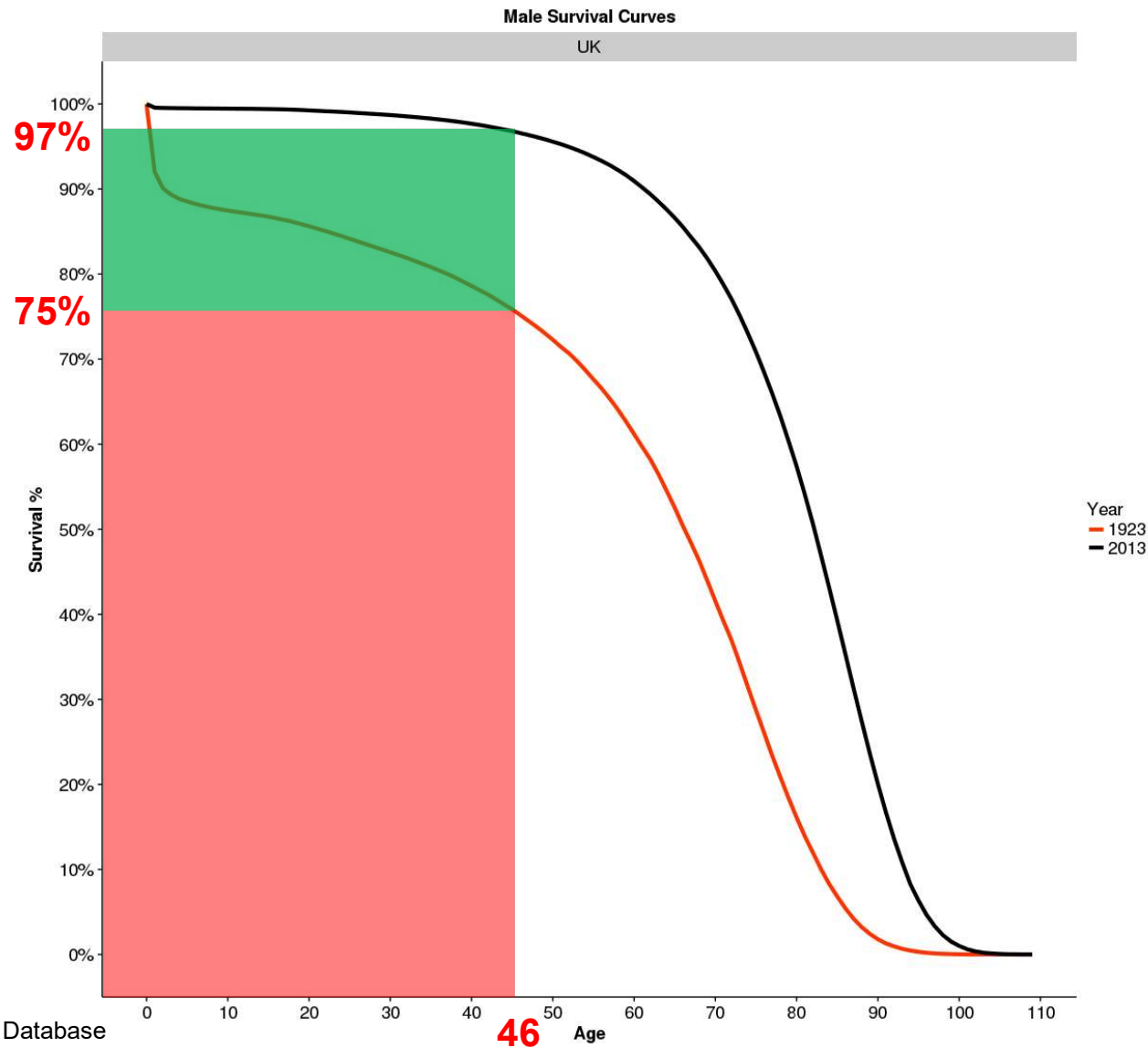
Source: Human Mortality Database

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Rectangularisation of the Survival Curve



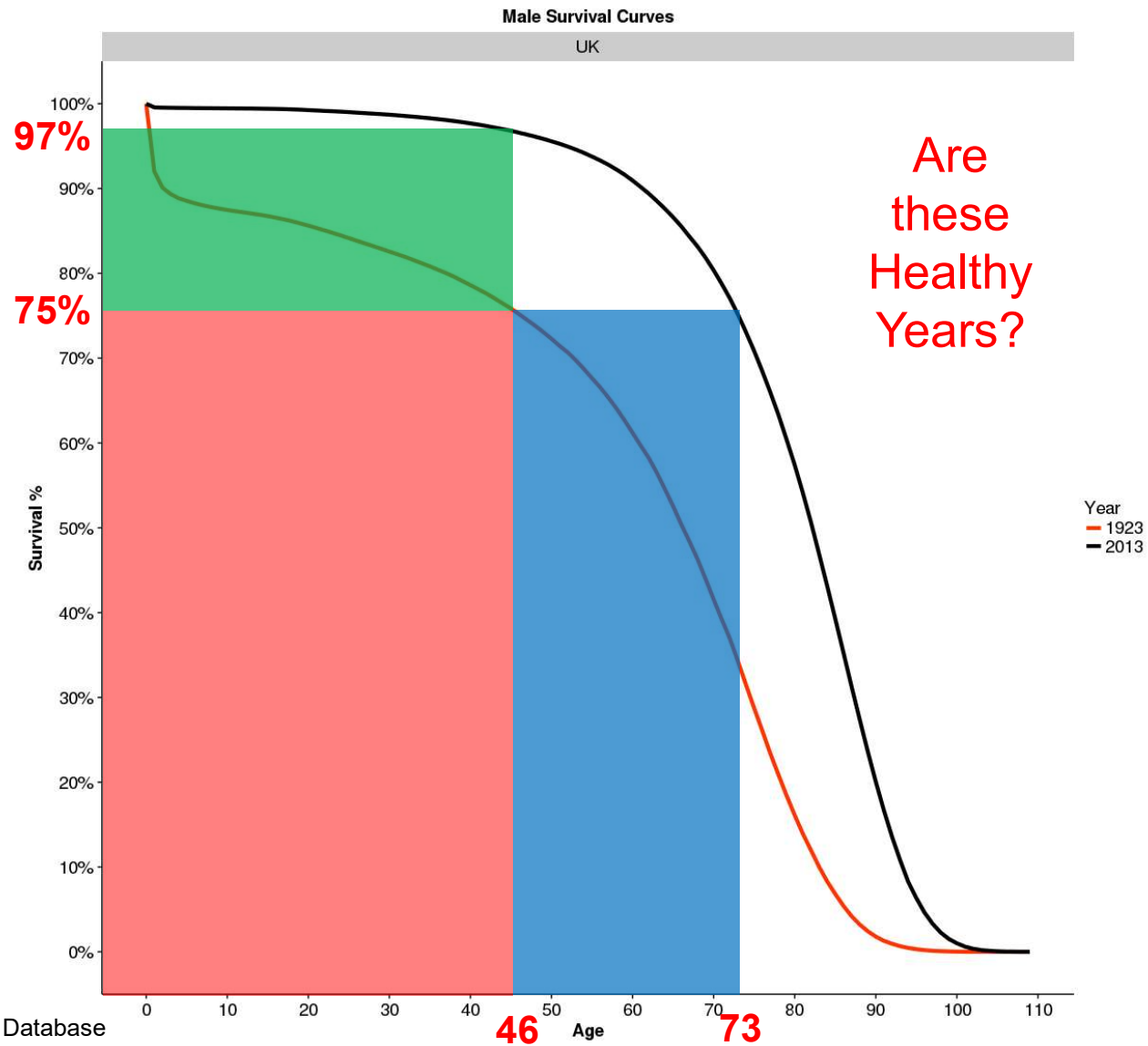
Source: Human Mortality Database

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Rectangularisation of the Survival Curve

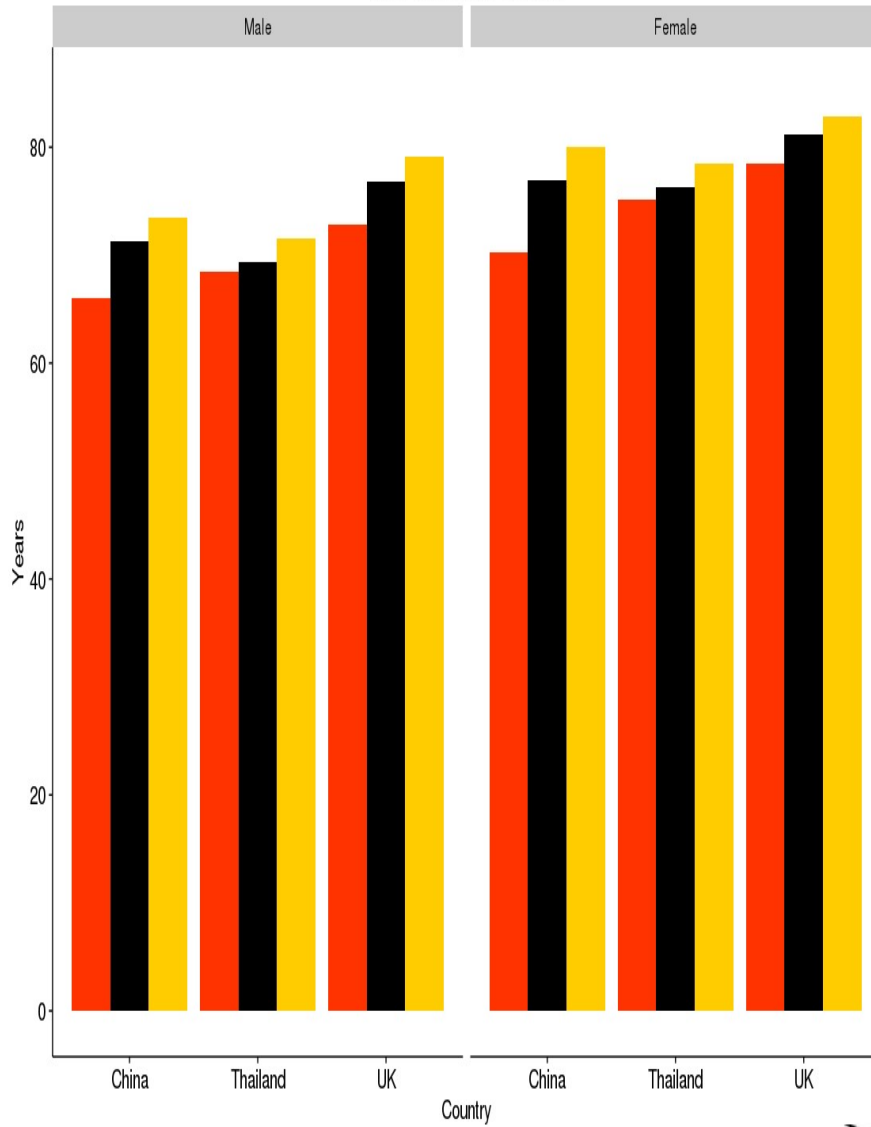


Source: Human Mortality Database

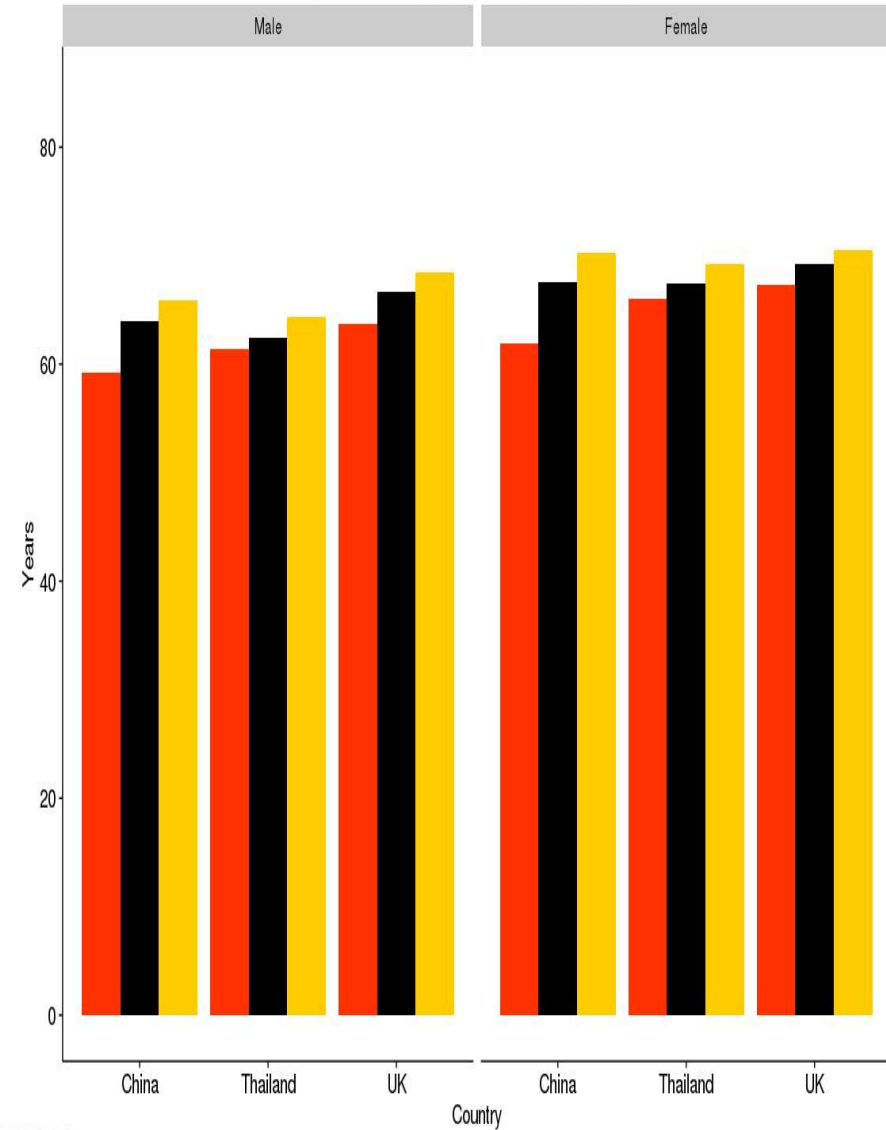
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Life Expectancy at Birth



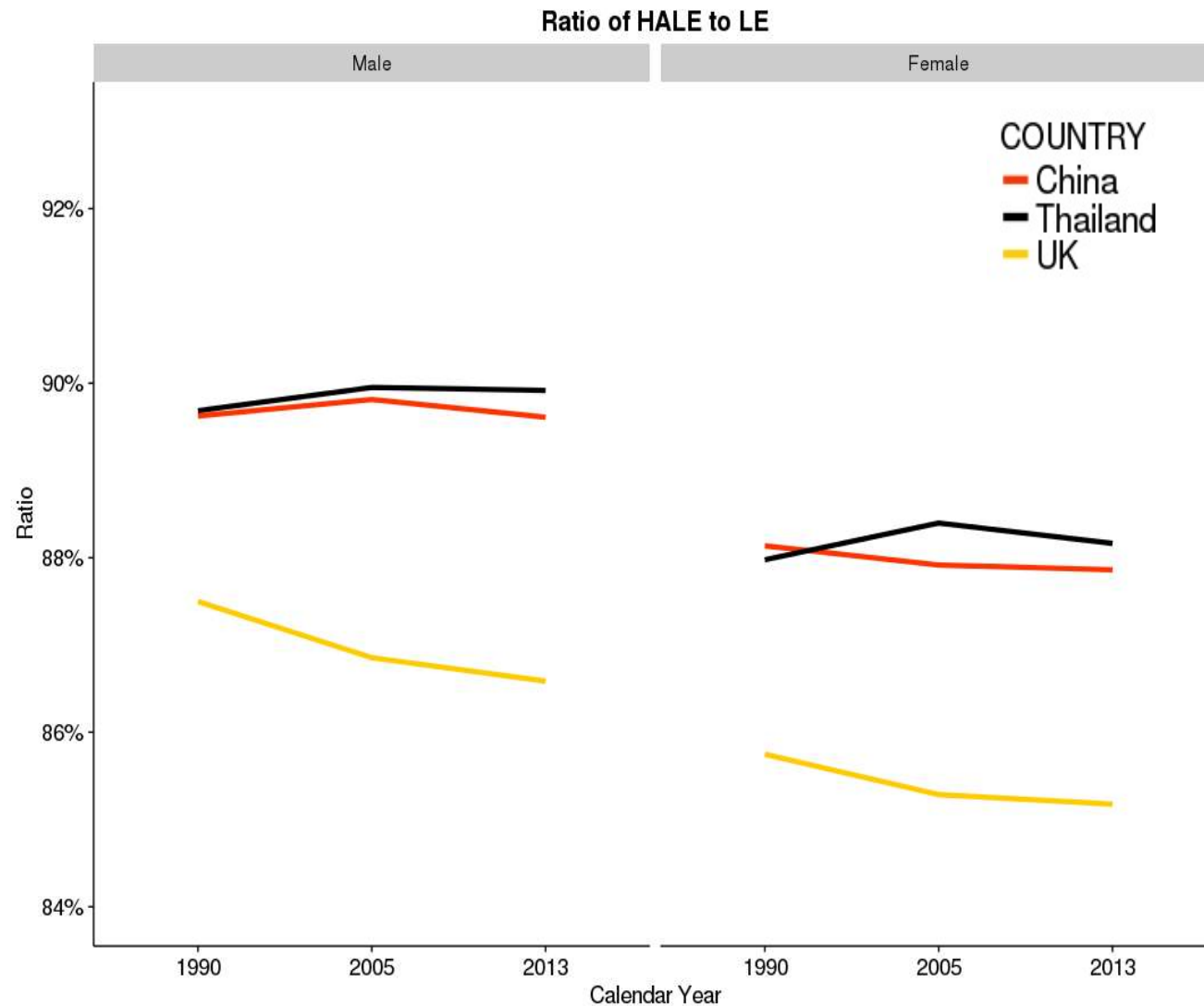
Health Adjusted Life Expectancy at Birth



Year
1990
2005
2013



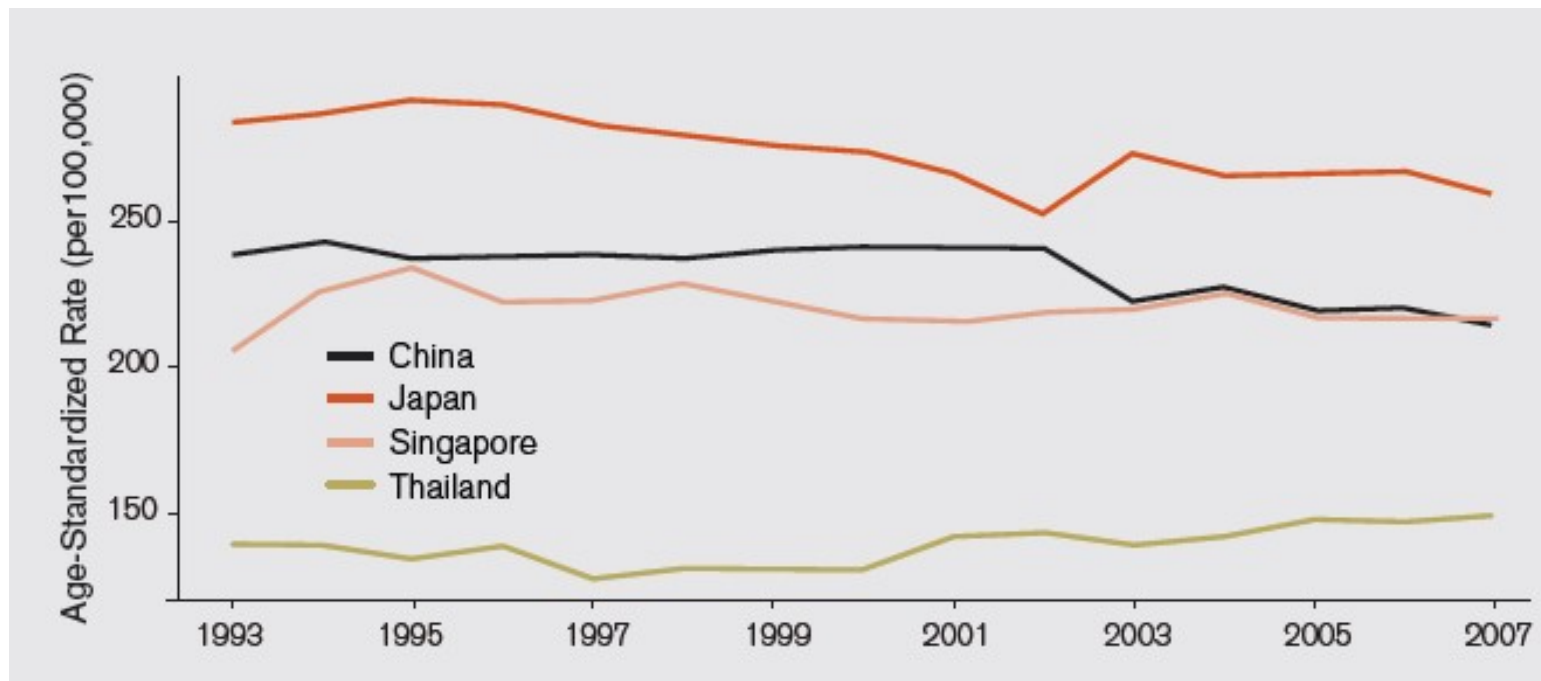
The (not so) Good News



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Cancer (excluding non-melanoma skin cancer)



A Different Trend to Mortality

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The Birth of CI



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Source: By Eric Koch / Anefo (Nationaal Archief) via Wikimedia Commons





“... 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

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The First Product

MI,
Cancer,
Stroke,
CABG

1983

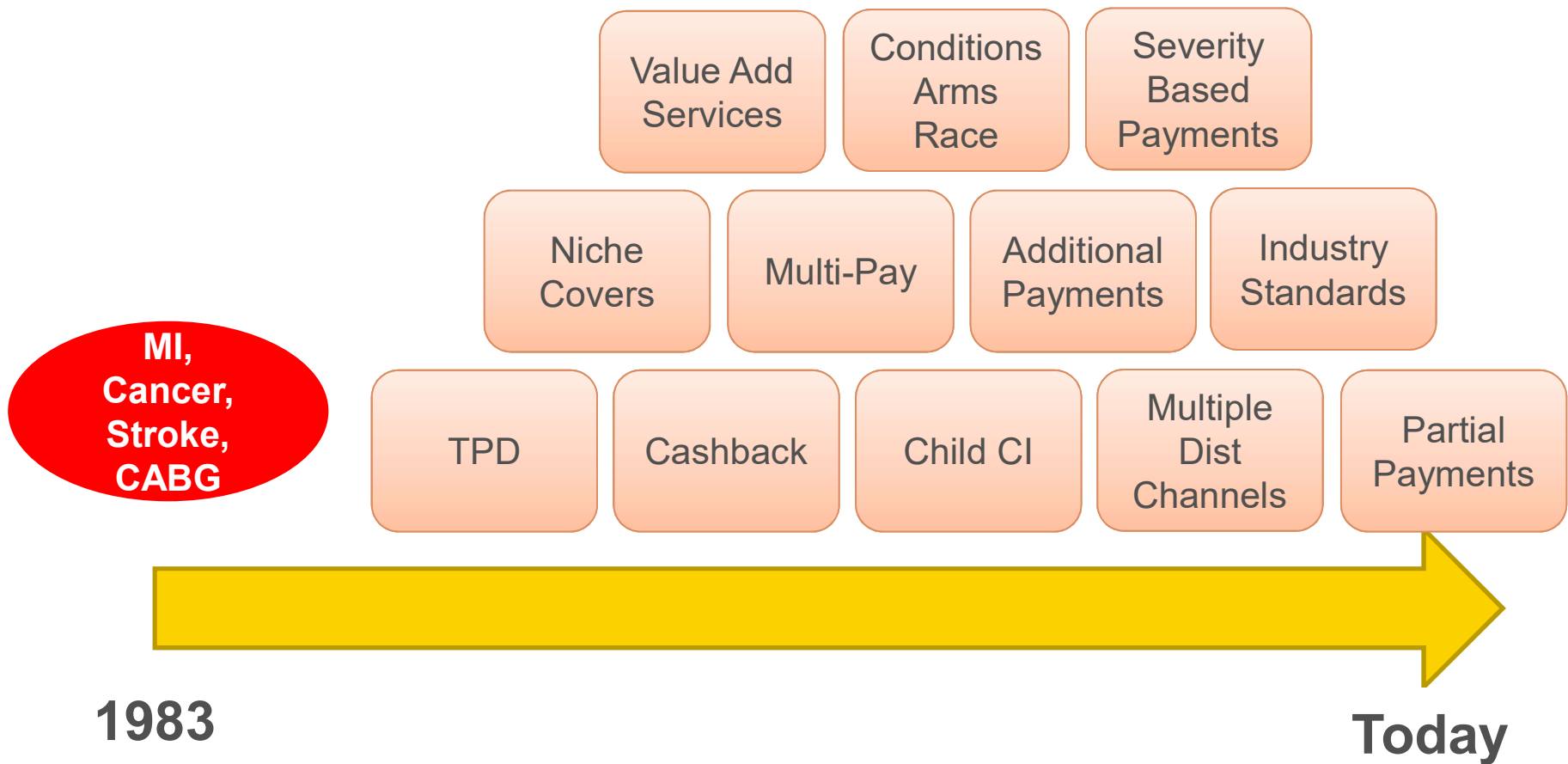


Today





What has happened since?





What Does CI Look Like Today?



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Example Products

Vitality

Serious Illness Cover features

- ✓ Covers all heart attacks and strokes
we cover all types of both conditions, because we offer severity-based payments. So as soon as we get the diagnosis from your physician, we pay out.
- ✓ Covers you for 174 conditions
under our Comprehensive Serious Illness Cover, including under our Comprehensive Serious Illness Cover, including more cancers than any other insurer. That's nearly four times more conditions than any other insurer's typical critical illness policy*.
- ✓ Offers severity-based payments
because some conditions are less debilitating than others. For example, if you lost sight in one eye, you may still need to take time off work. Our payments start from 15% of your cover amount, while with a traditional critical illness policy you would not receive a payout.

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Example Products

Vitality

Serious Illness Cover features

- ✓ Covers all heart attacks
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- ✓ Covers you for 174 conditions
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policy you would not receive a payo...

174 conditions

Severity Based

...ity-based
...ician, we pay out.

...example, if you
...payments
...illness

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Example Products

AIA Vitality
AIA TRIPLE CRITICAL COVER



COMPREHENSIVE CRITICAL ILLNESS COVERAGE

Enjoy comprehensive coverage for 104 conditions through the early, intermediate, and major stages. You also get extra coverage for 5 special conditions, for which you will receive an additional 20% of your coverage amount, up to \$25,000 per condition.



'RESET' YOUR COVERAGE FOR CONTINUAL PROTECTION

Be confident of continued coverage under the plan, even after you make a claim. The revolutionary 'Power Reset' feature of the plan restores your coverage amount back to 100% once 12 months have passed following a claim.

What's more, you can get up to 300% of your coverage amount for multiple critical illness claims across all stages, without disrupting your coverage under the plan.



GET GUARANTEED CASH VALUE WITH YOUR PLAN

With two plan options, you get to choose how long you want to be covered and whether you want cash value with your plan. The AIA Triple Critical Cover Value plan covers you up to age 75, while the AIA Triple Critical Cover Life plan extends that coverage up to age 100. Additionally, you get extra flexibility with the AIA Triple Critical Cover Life plan as you can choose to hold your policy until maturity or surrender for a lump sum payout (less any critical illness claims paid).

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Example Products

AIA Vitality
AIA TRIPLE CRITICAL COVER

COMPREHENSIVE CRITICAL ILLNESS COVERAGE

Enjoy comprehensive coverage for 104 conditions through the early, intermediate, and major stages. You also get extra coverage for 5 special conditions, for which you will receive an additional 20% of your coverage amount, up to \$25,000 per condition.

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Additional Payments

Multiple pay

Cashback

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Example Products



Hundred Life Critical Illness Insurance Plan

Home > Insurance > Personal Life Insurance > Critical Illness Protection > Hundred Life Critical Illness Insurance Plan

Hundred Life Critical Illness Insurance Plan

"Hundred Life Critical Illness Insurance Plan" ("the Critical Illness Plan") underwritten by BOC Group Life Assurance Company Limited ("BOC Life") may provide you with adequate cash flow to prepare for the extra medical expense in case of critical illness.

- Comprehensive Life Protection till Aged 100
- Terminal dividend^{1,2}, if any, may be payable on or after the tenth policy anniversary upon surrender of the policy³ or the death of the insured or payment of the major illness benefit⁴ or policy maturity. Terminal dividend^{1,2}, which could be changed from time to time, is not guaranteed.
- Annual dividend², if any, may be payable during the period the policy is in force. You can select to withdraw any annual dividend² or to accumulate it into your policy for interest accumulation. Annual dividend² and the interest rate of dividend accumulation, which could be changed from time to time, are not guaranteed.
- Additional Death Benefit⁵
- Supplementary Riders for Comprehensive Planning



Example Products



Hundred Life Critical Illness Insurance Plan

Home > Insurance > Personal Life Insurance > Critical Illness Protection > Hundred Life Critical Illness Insurance Plan

Hundred Life Critical Illness Insurance Plan

"Hundred Life Critical Illness Insurance Plan" ("the Critical Illness Plan") underwritten by BOC Group Life Assurance Company Limited ("BOC Life") may provide you with adequate cash flow to prepare for the extra medical expense in case of critical illness.

- Comprehensive Life Protection till Aged 100
- Terminal dividend^{1,2} if any, may be payable on or insured or payment of the major illness benefit⁴ or guaranteed

Cover to
Age 100

upon surrender of the policy³ or the death of the insured^{1,2}, which could be changed from time to time, is not

Money
back

may be payable during the period the policy is in force. You can select to withdraw any annual dividend² or to accumulate it for interest accumulation. Annual dividend² and the interest rate of dividend accumulation, which could be changed from time to time, are not guaranteed.

fit⁵

for Comprehensive Planning



An Old Age Product?



Protection Needs

Life stage	Critical Illness	Mortality	Income Protection	LTC
Juvenile	High Need	Medium Need	Low Need	Low Need
Working Age	Medium Need	High Need	High Need	Low Need
Retired	?	Medium Need	Low Need	High Need



High Need



Medium Need



Low Need

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CI Policies for the Elderly

Improved life expectancy and a falling birth rate leads to a growing ageing population

~~Loss of
Income~~



Medical
Expenses

Home
Adaptations

Short Term
Care

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Insurable Need Remains





Who Cares – Who Pays?

Cancer in the UK

**1.5m (2.7%)
caring in
2016**

**Average 17.5
hours per
week**

**Pressure on
working &
finances**



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Who Cares – Who Pays?

Cancer in the UK



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Who Cares – Who Pays?

Cancer in the UK

1.5m (2.7%)
caring in
2016

Average 17.5
hours per
week

Pressure on
working &
finances



CI
+
Value Add

Emotional
Support

Support
from H&C
Professionals

Advice on
Financial
Issues

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Value Add – Access to Advice



Practical advice and emotional support is every bit as important as financial assistance

The doctor
will see you
now





Value Add - Wellness



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Source: (left to right) Fitbit, Own Photograph, Fotolia



The Next Generation of CI?



Technological Impact

**PREDICTIVE
ANALYTICS**





Too Complex for the Consumer??

Severity
Based CI

Additional
Payments



Multi-Pay

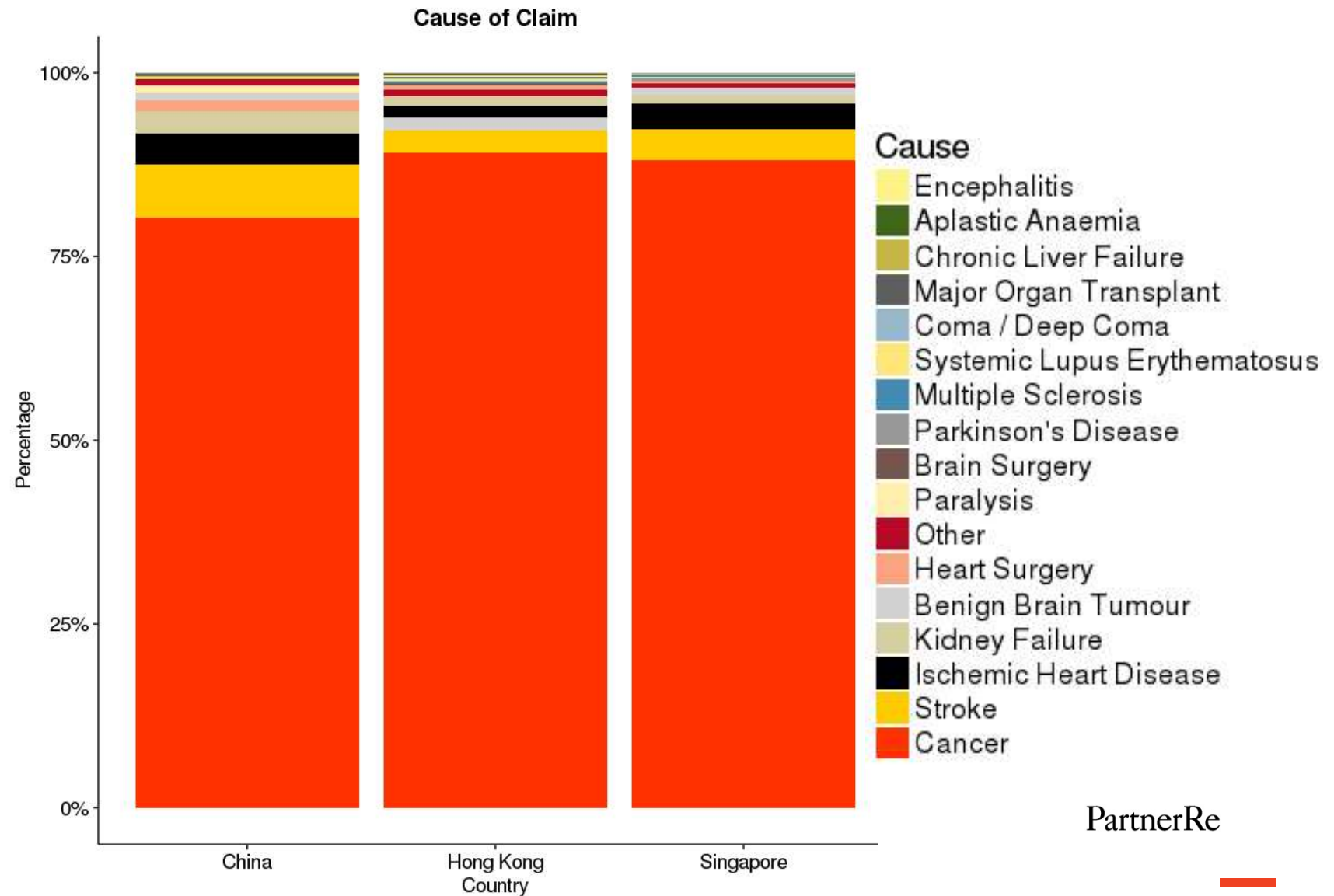
Partial
Payments

More than 100 condition definitions

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Causes of CI

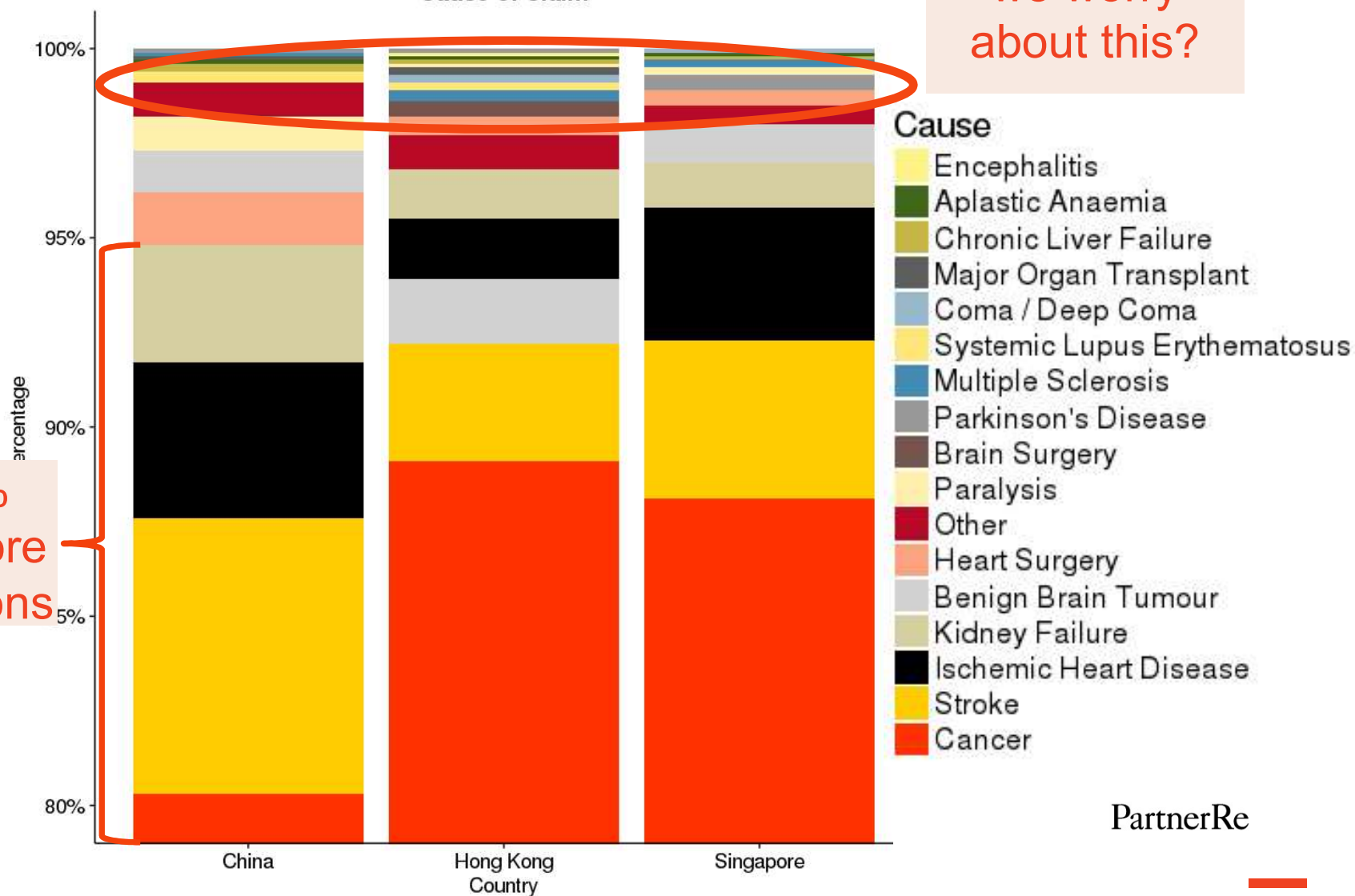


Source: GenRe Disease Disease Survey 2008-2012



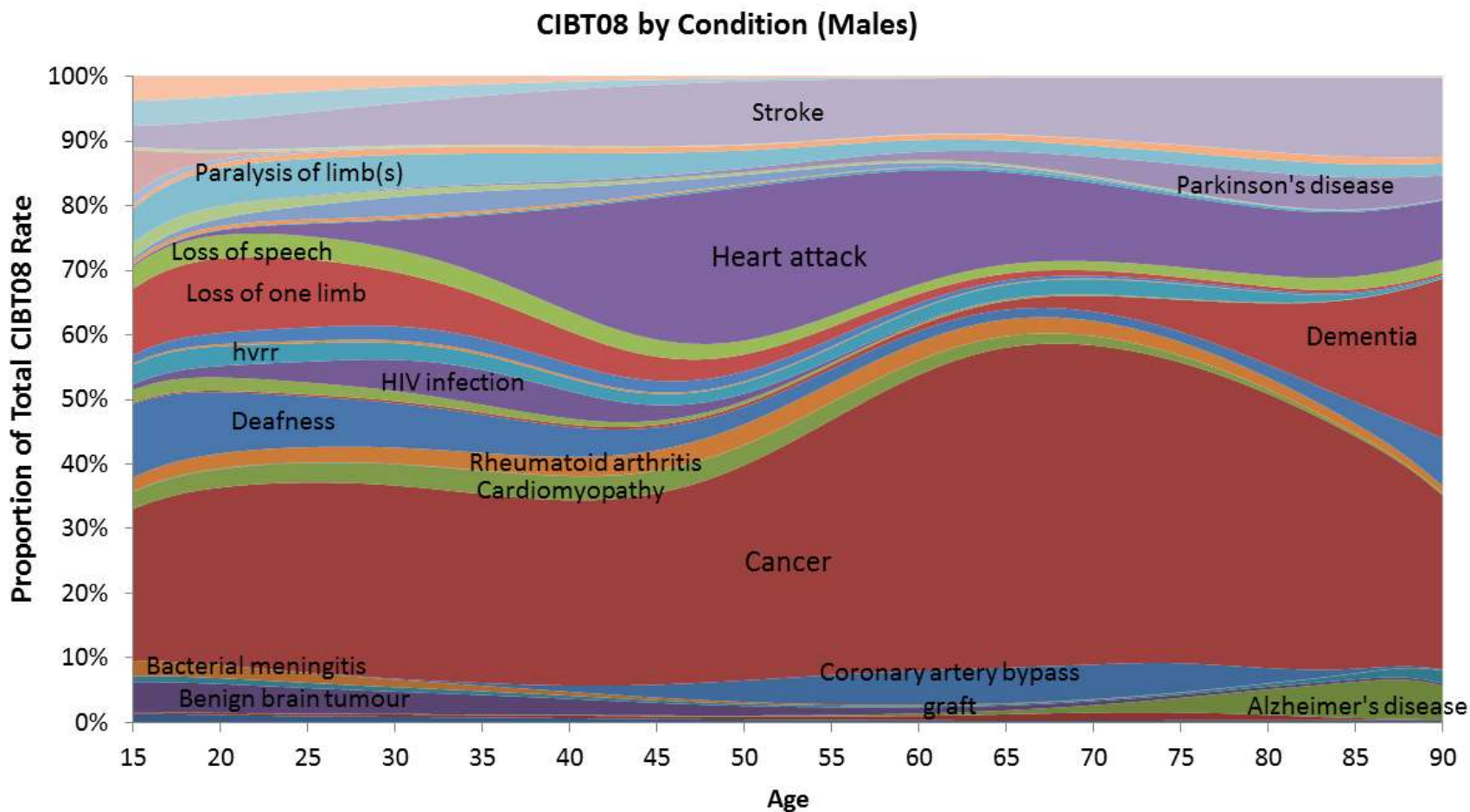
Causes of CI

Cause of Claim



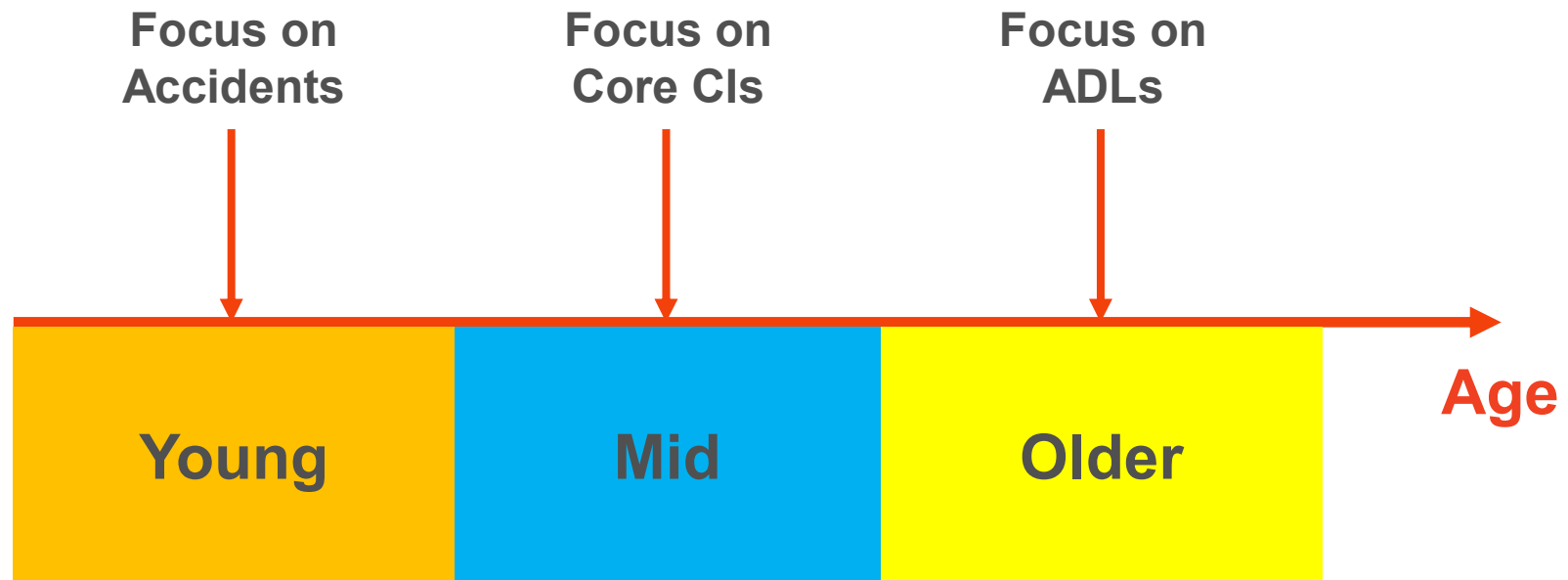


Changing Cover





Changing Cover

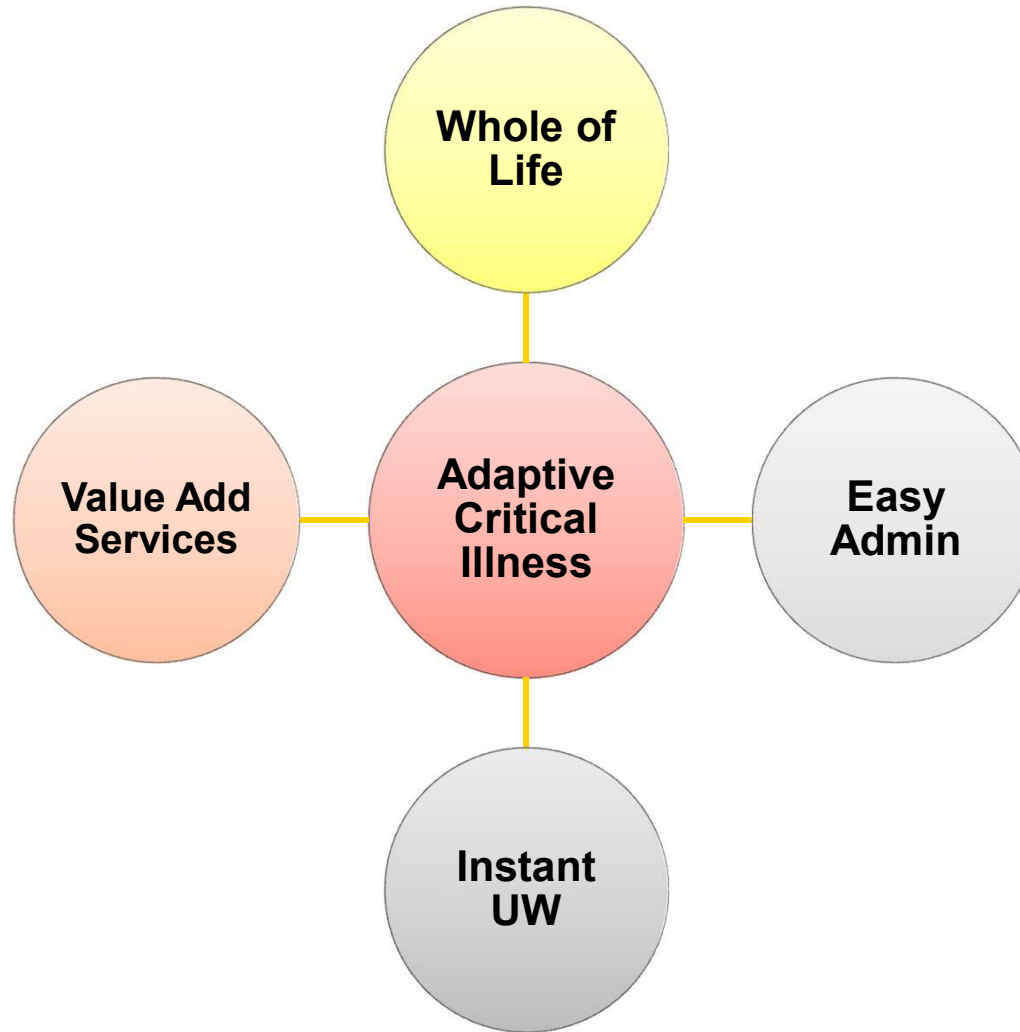


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The Perfect Product?

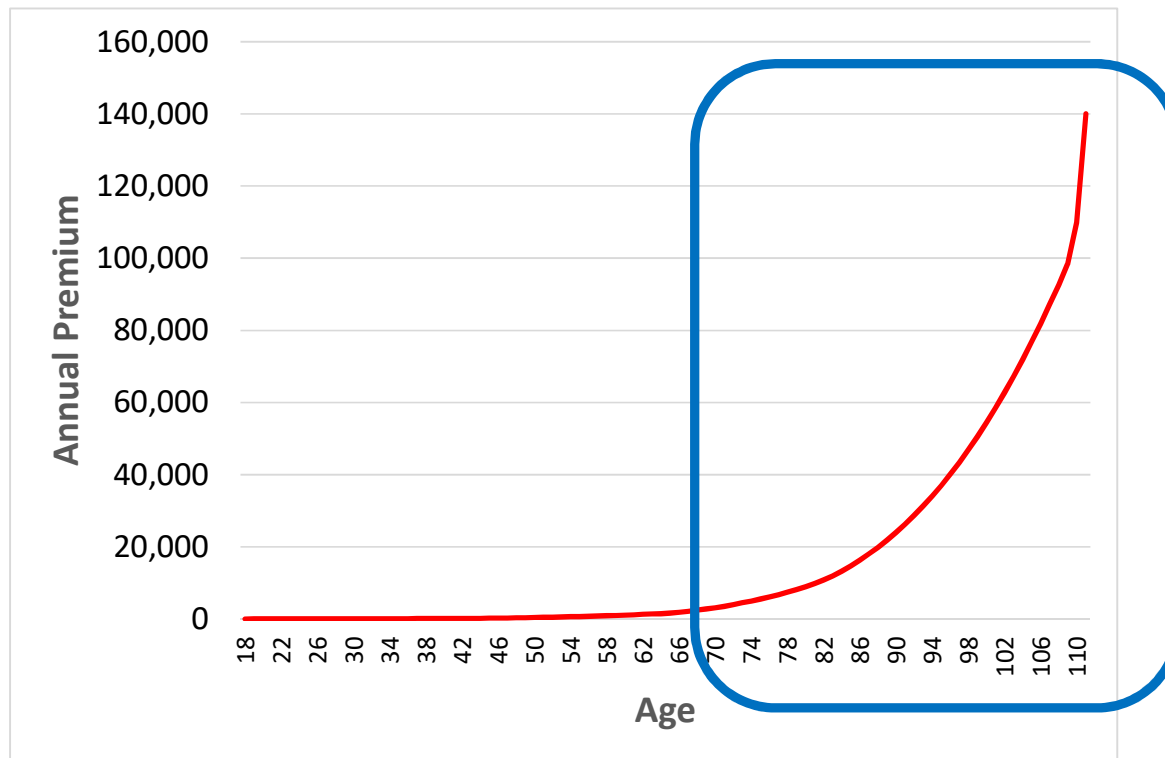


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But Challenges Remain for an Old Age CI Product ...



**Limited
Insured Data**

**Affordability
of premiums**

**Different
Diseases**

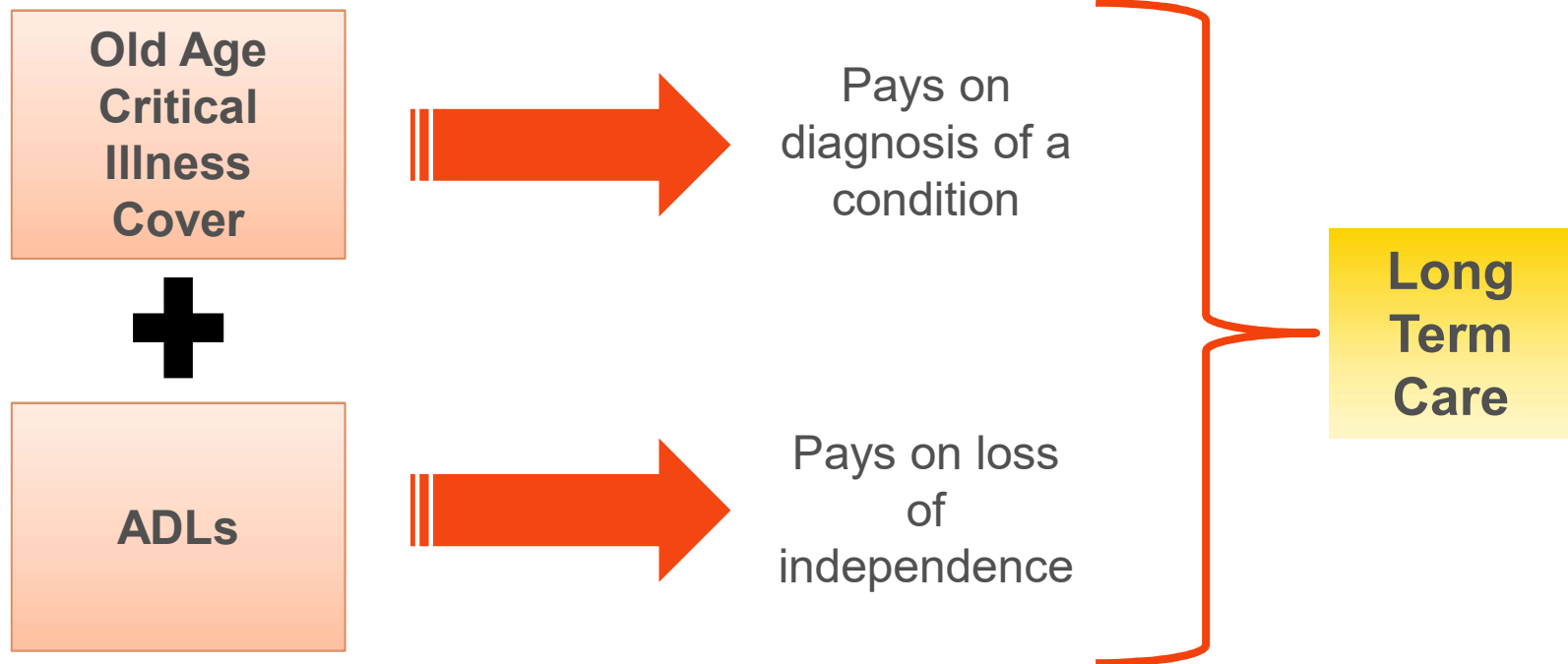
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Move away from standalone product?





Hybrid Solutions



Questions?

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