RETHINKING TERMINAL ILLNESS

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BRAVE IN A WORLD OF RISK

PACIFIC LIFE RE

AGENDA

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- **Background** on Terminal Illness (TI) definition
- **PL Re study:**
  - Survival experience of TI claimants
  - Impact of TI on **cost of cover**
  - Survival patterns by **cause**
- Practical **claim management**
- **Conclusions** and **possible remedies**

BACKGROUND
What is Terminal Illness?

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Medically

- An advanced disease state from which there is **no expectation of recovery**
- "Death is expected **within a short period of time**….."
- Hospital studies show clinicians typically **overestimate survival**

Life Insurance (ABI wording)

- 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** [the earlier of] **12 months** [and the remaining term of the cover]
- Over/under-estimation?

BACKGROUND
Trend in Terminal Illness claims

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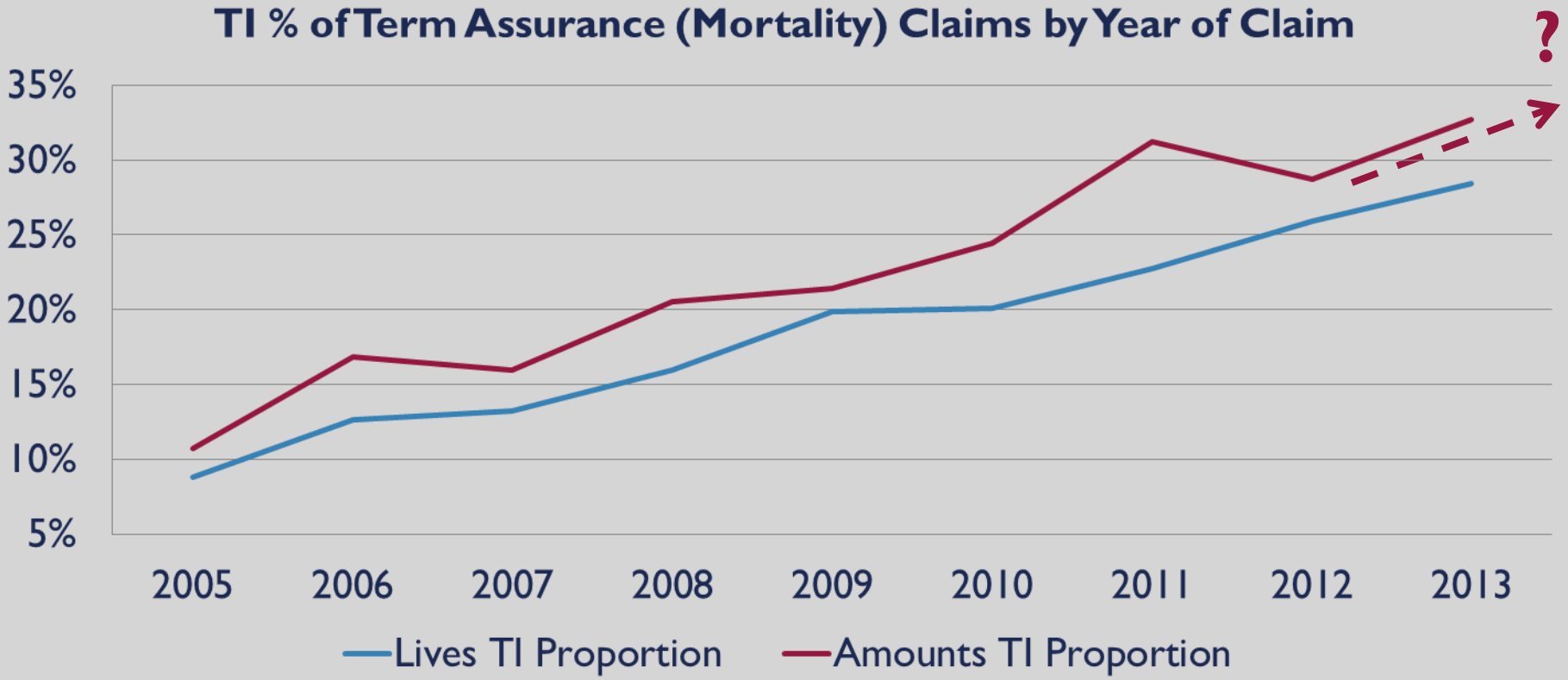

Increased awareness of TI benefit ?

Higher proportion by amount of sum assured (IFA/broker involvement)?

What is the upper limit?

PL RE TI CLAIMANT STUDY

Data analysed

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TI claims data sourced from various insurers:

Year Claim Paid	Number of Claims *	Claim Amounts (£m)
2003	8	0.5
2004	38	2.6
2005	70	6.4
2006	121	9.3
2007	201	16.3
2008	360	32.7
2009	600	63.6
2010	786	83.0
2011	875	88.0
2012	229	26.8
2013	119	12.7
2014	2	0.3
Total	**3,409**	**342.2**

* Common claims are de-duplicated

PL RE TI CLAIMANT STUDY

Tracing survival post claim

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Claimants traced using Capita Tracing

1) Requires match by **Surname, Forename, DoB, Gender**
2) Then assigns "grading" to the match as follows:

Match to record

Excluded

RESULTS
Survivorship over time

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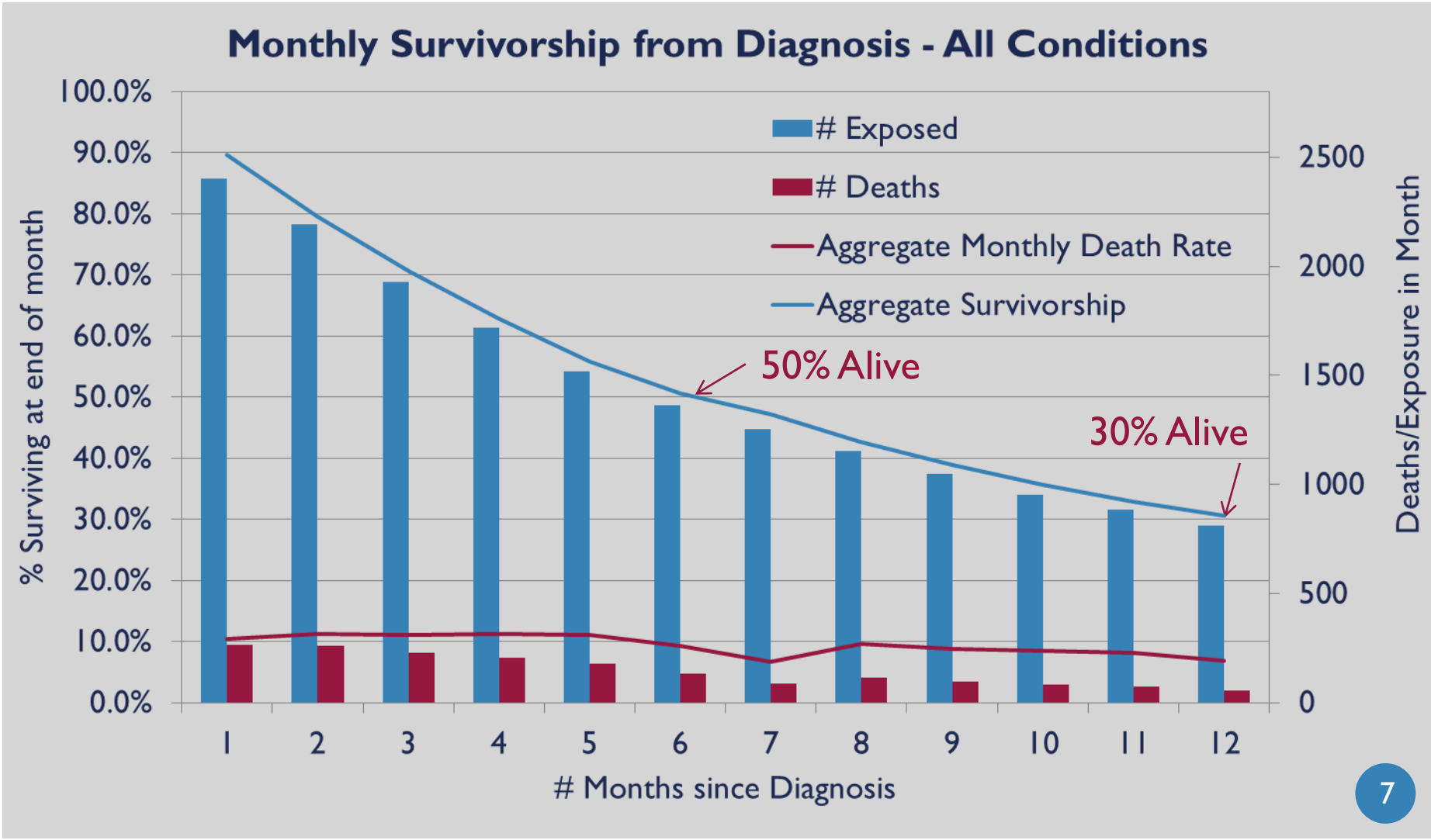

RESULTS
Survivorship over time

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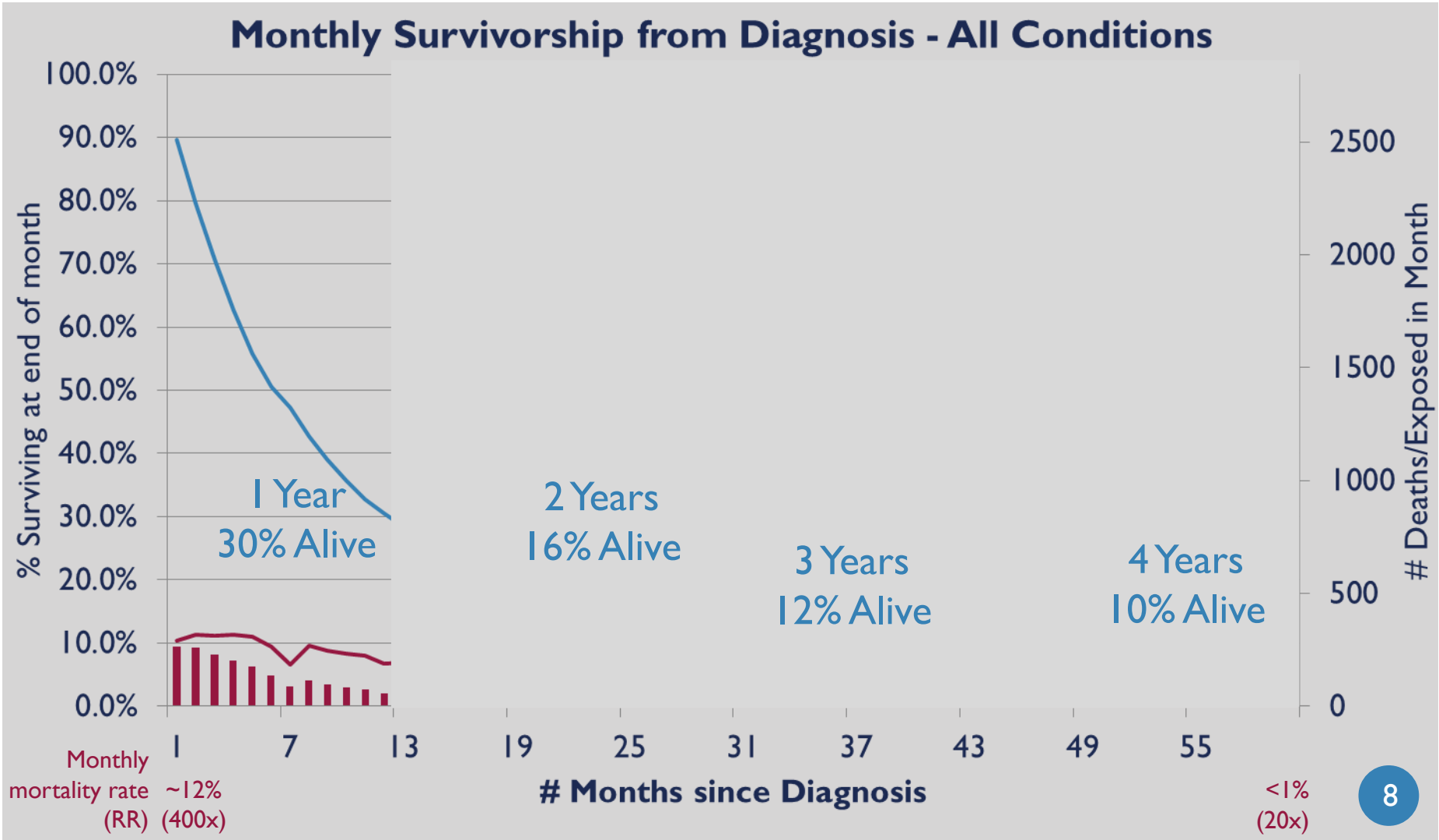

RESULTS
Survivorship over longer term

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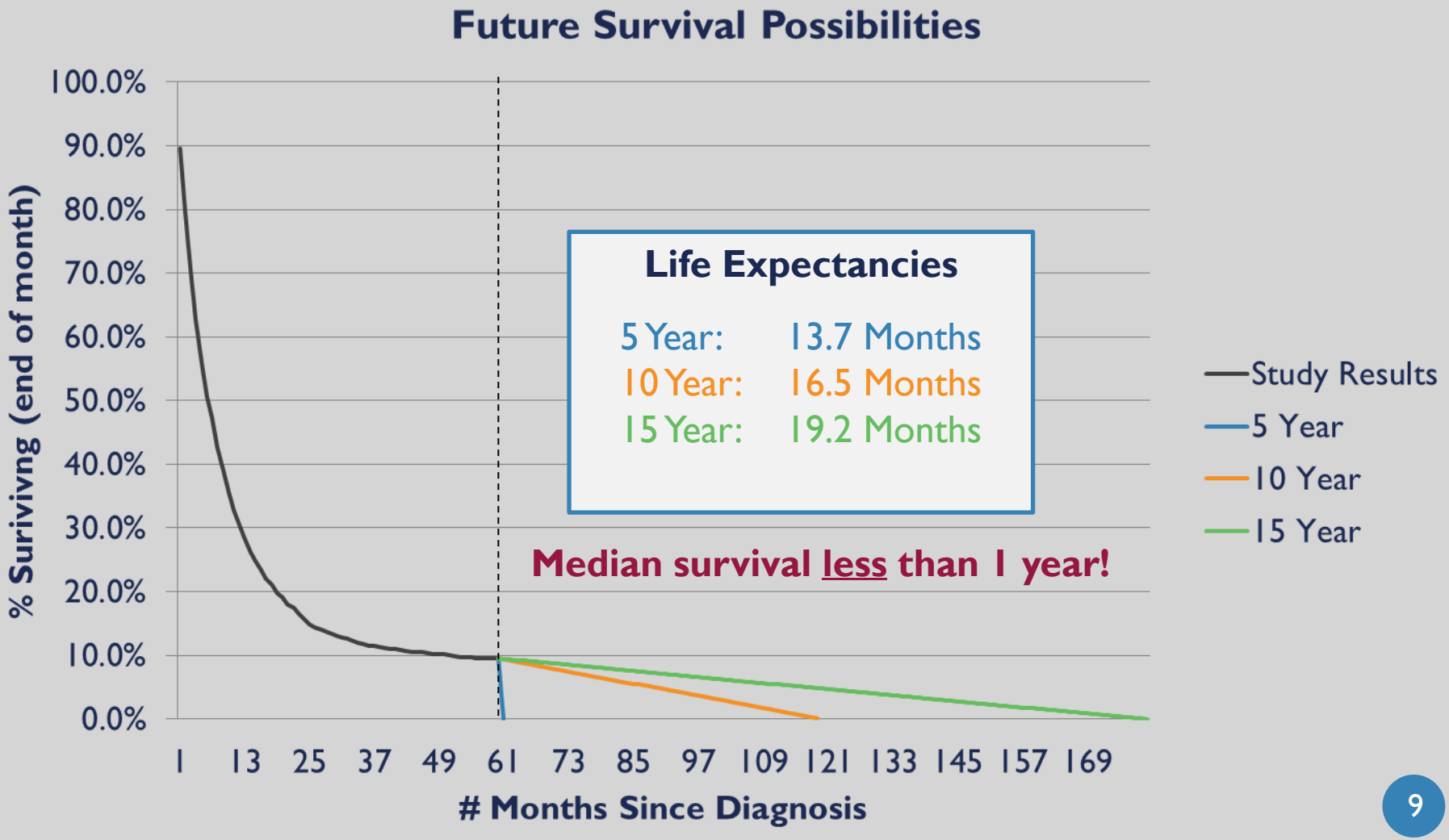

RESULTS
Causes of TI claims

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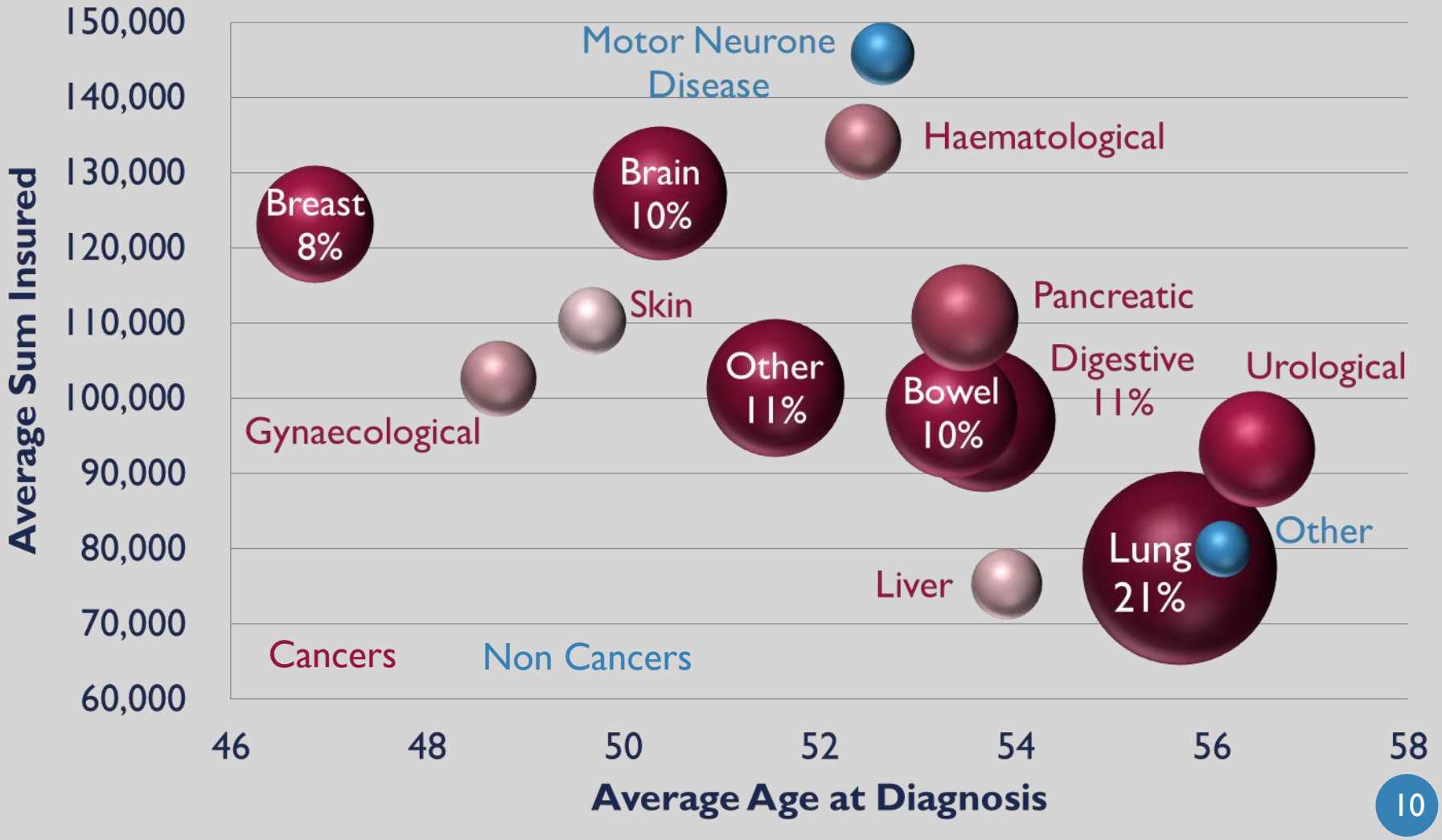

RESULTS
Condition specific survival – 1 year

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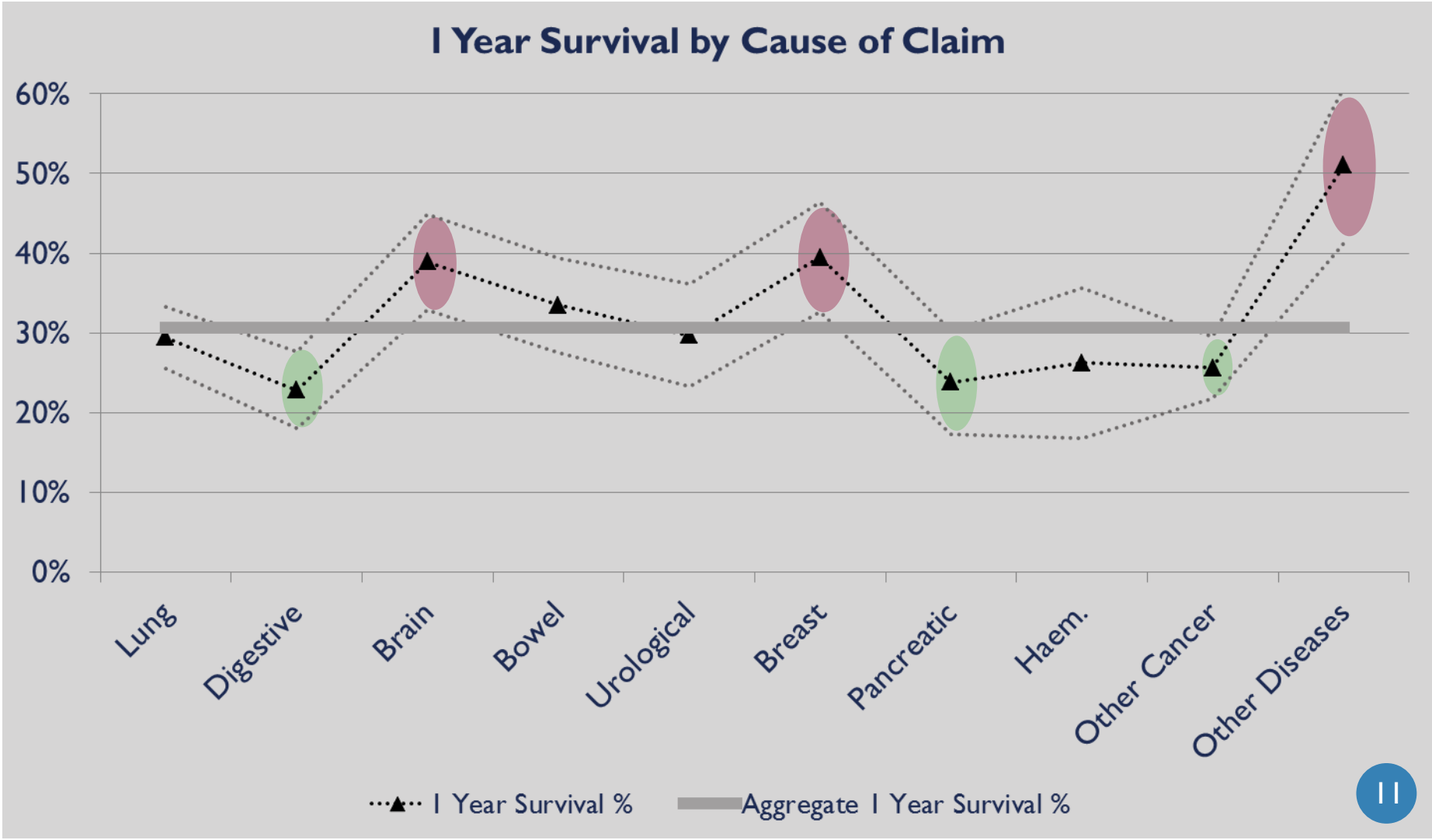

RESULTS
Condition specific survival – 2 year

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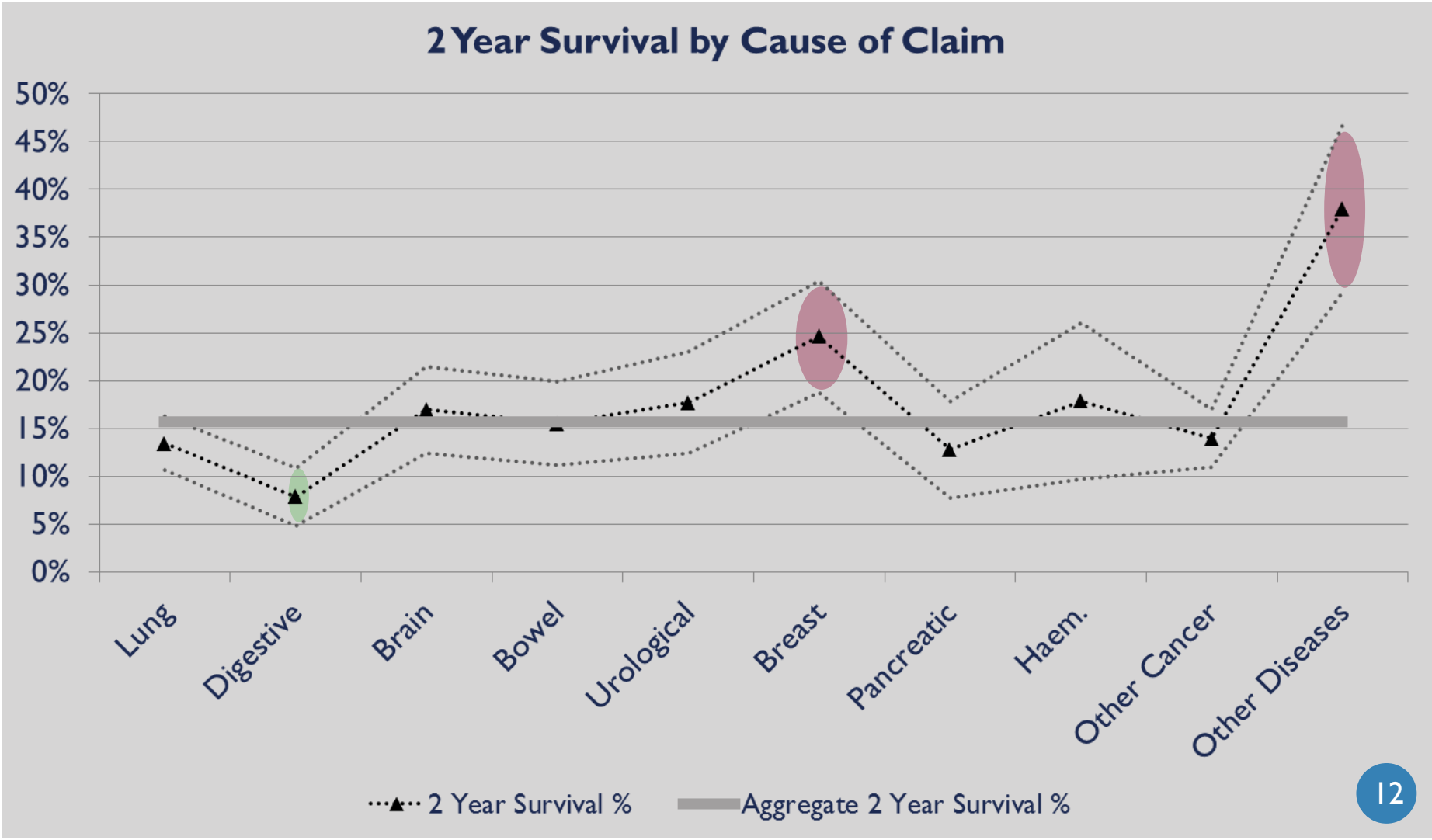

IMPACT
The cost of TI

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What drives the cost of TI?

Less premiums

Higher benefit paid (decreasing sum assured policies)

Additional claims (deaths which occur beyond policy term)

Interest lost given earlier payment

Claims expenses

IMPACT
The cost of TI

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Assumptions:

30% of claims are due to Terminal Illness

TI claimant survival based on PL Re study results

No TI benefit payable in last 12 months of policy

Male Non-smoker aged 40 at purchase

Additional loading* for adding TI benefit to Death only cover:

Policy Term	Policy Type	
	Level	Decreasing
20 Year	3.4%	5.5%
10 Year	4.6%	11.7%
5 Year	5.6%	22.4%

*Excludes claim expenses

If we removed TI then premium rates would reduce significantly…

KEY POINTS FROM THE DATA

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- TI claims have increased dramatically in the last 10 years & now account for 30% - 35% of all Term Life claims (@ 2015)
- A material proportion (30%) of claimants are living longer than 12 months
- 10% of claimants are living 5 years or more
- 95% of claims are caused by **cancers**
- Brain & Breast cancer sufferers have the highest survival on average
- Care needed at claims stage in assessing these as well as non cancer causes (MND & neurological)
- Insurers are taking a (more than) fair approach when assessing TI claims
- There is a significant cost for providing TI benefit
- Doctor decisions are based on very old median survival data !

TI CLAIM MANAGEMENT
Can we improve?

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Vast majority (95%) of Terminal Illness claims are for cancer; So, what are the primary factors in determining life expectancy for advanced cancer?

- Exact Diagnosis
- Age
- Patient 'Performance Status'
- Treatment Options & Response

DIAGNOSIS

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- Site of the primary tumour

  Stage (stage/grade, TNM or other classification)
- Extent of lymph node disease (single/multiple – local/distant)
- Extent of metastatic disease – single or multiple sites

  Metastatic disease is usually incurable but there are exceptions

  Wide variance in survival period depending on the location, extent of metastatic disease & whether it can be resected

  No longer in itself a reliable indicator for life expectancy of less than 1 year
- Genetic markers – receptiveness to targeted/immunotherapy

DIAGNOSIS

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Example: **Prostate Cancer**

5-year survival by stage at the time of diagnosis

Stage	5-year relative survival rate
Local	**~100%**

- **Local stage** means that there is no sign that the cancer has spread outside of the prostate.

Regional	**~100%**

- **Regional stage** means the cancer has spread from the prostate to nearby areas.
- This **includes** stage III cancers and *stage IV cancers that have not spread to distant parts of the body, such as T4 tumours and cancers that have spread to nearby lymph nodes (N1)*

Distant	**28%**

- **Distant stage** includes the rest of the stage IV cancers – all cancers that have spread to distant lymph nodes, bones, or other organs (M1)

Source: American Cancer Society 09/2014

AGE

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- Generally, we would expect better life expectancy in younger people...

Example: **5-Year Survival Rates by age:**

	Age		
	20-44	**45-54**	**55-64**
Anaplastic Astrocytoma	49%	31%	9%
Glioblastoma Multiforme	17%	6%	4%

PERFORMANCE STATUS

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"The single most important predictive factor in cancer is Performance Status…a measure of how much a patient can do for themselves, their activity and energy level."

Dr. David E Weissman MD (End of Life/Palliative Education Resource Center EPERC – Medical College of Wisconsin

- Performance Status **will always be assessed** for advanced stage cancer patients
- An important indicator that directly influences what treatment will be available or tolerable – new therapies are effective even for poor PS patients
- Will have a direct bearing on the patient's life expectancy
- Correlation with median survival
  - e.g. a median survival of 3 months roughly correlates with a WHO/ECOG score > 3

PERFORMANCE STATUS
WHO/ECOG (Zubrod score)

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Introduced in 1960 (ECOG – Eastern Co-operative Oncology Group)

Grade	Explanation of activity
0	Asymptomatic – (Fully active, able to carry on all pre-disease performance without restriction)
1	Symptomatic but completely ambulatory – (Restricted in physically strenuous activity but ambulatory and able to carry out work of a light or sedentary nature, e.g., light house work, office work)
2	Symptomatic - <50% in bed during the day (Ambulatory and capable of all self-care but unable to carry out any work activities. Up and about more than 50% of waking hours)
3	Symptomatic - >50% in bed but not bedbound (Capable of only limited self-care, confined to bed or chair more than 50% of waking hours)
4	Bedbound – (Completely disabled. Cannot carry on any self-care. Totally confined to bed or chair)

TREATMENT

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- Can the tumour be (completely) resected/removed?
- Has treatment commenced, how many cycles of treatment are planned and has the claimant's response to treatment been assessed?
- Is there evidence of disease progression following first line therapy – or evidence of resistance?
- Is the patient receiving targeted therapy/immunotherapy?
- Is prolonged survival a realistic treatment aim or is symptom control the only expectation?
- Is the term **'palliative'** a decisive factor for claim assessors in determining whether the terminal illness definition has been met?
- Do we know, based on their treatment what the **'optimum'** outcome might be for the patient?

CLAIMS EVIDENCE GATHERING
Study analysis

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Review of TI study claims evidence

- Vast majority used **median survival** information
- **Oncologist reports** occasionally obtained (circa 30%)
- Full details of **nodal and/or metastatic disease** patchy
- No details of patient **performance status**
- Relatively high proportion required **CMO referral**

PL Re Conclusions:

The information we ask for on our claim forms is not targeted at the individual patient, relies too heavily on median survival data and omits crucial information.
This should be improved to achieve more accurate & faster decisions - Oncology reports are a 'must' have…

CLAIMS EVIDENCE GATHERING
Median survival

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"Median survival 12 months"

- At diagnosis?
- During or post treatment?

50/50 chance the patient will be alive at 12 months

- Which side of the 12 months line will the claimant fall?
- After 12 months, life expectancy will vary dramatically depending on a range of factors (e.g. site – lung/brain cancer versus breast cancer & performance status)
- Are these factors given due consideration?

Using median survival information rather than patient specific information is likely to have contributed to those claimants living >12 months

The data used is generally very old; doesn't reflect current or future survival stats

SPECIALIST CLAIM FORM
Proposed key information

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DIAGNOSIS

- Histology
- TNM staging
- Any other staging or measurement method e.g. Gleason score, Dukes stage, Tumour Grade etc.
- Lymph node involvement
- **Metastatic spread** (site, number and size)
- **Genetic markers**
- **Obtain oncologist reports**

TREATMENT

- Chemotherapy inc dates
- Surgery (is metastatic disease **resectable**?)
- Further available treatment options
- **Optimum** expected outcome from available treatment (extended life expectancy, symptom control etc.)
- **Targeted or Immunotherapy**

CURRENT STATUS

- ~~Median Survival?~~
- Results of most recent scans - evidence of remission/progression?
- Response to treatment
- **Performance Status**
- **Maximum** life expectancy for this individual?

MARKET APPROACH TO TI

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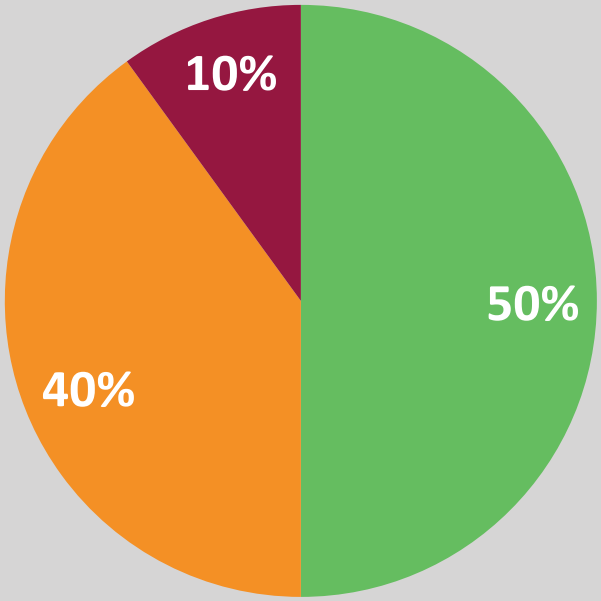
"Do you apply any degree of flexibility when assessing claims under the Terminal Illness definition?"



- Consider payment only when evidence indicates that death is likely within the next 12 months
- Consider payment when evidence indicates that death is likely with the next 18 months
- Consider payment in circumstances where life expectancy may exceed 24 months

CURRENTLY THE BIGGEST THREAT TO THE REPUTATION OF 'THE INDUSTRY'?

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The doctor couldn't be certain how long she would live, but it would probably not be more than a year.

That was three years ago and Janice, 71, is still alive, although bedridden and critically ill.

Mail Online

This is MONEY.co.uk
FINANCIAL WEBSITE OF THE YEAR

He was diagnosed with motor neurone disease, an incurable illness that causes muscles to slowly waste away.

The father of two could have weeks left to live – or months or even years. One of the horrors of this condition is that doctors can never be sure.

But this uncertainty has allowed insurer [redacted] to wriggle out of paying Mr Onyett £240,000 on two life insurance policies with terminal illness benefit.

CURRENTLY THE BIGGEST THREAT TO THE REPUTATION OF 'THE INDUSTRY'?

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"…Insurance policies also give you an option so that if you're diagnosed with a terminal illness, you can claim your money early. Astonishingly, insurers like [X] and [Y] only agree to pay out if you *promise* to die by this time next year."

Anne Robinson speaking on BBC's "Watchdog", October 2014

CURRENTLY THE BIGGEST THREAT TO THE REPUTATION OF 'THE INDUSTRY'?

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- Cancer treatment, especially for advanced late stage disease is one of the fastest developing areas in medicine
- New targeted and immunotherapies are revolutionising survival periods for advanced stage cancer patients
- "Curative" treatments for advanced stage cancer on the horizon?
- How will we assess Terminal Illness claims in the future?

WHY DO WE HAVE TI BENEFIT?

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OBJECTIVES

- To provide peace of mind
- To assist an individual to actively ensure the financial security of their family
- To alleviate the financial burden of terminal care

CHALLENGES

- Highly emotive claims
- Increasing media scrutiny - the cover is poorly understood / reported
- Disparity between the insurance definition of 'terminal' vs. medical term
- Understanding 'incurable' vs 'terminal' disease
- Predicting life expectancy is complex and has limited value clinically
- Doctor patient relationships and the impact on medical reports

SO, WHERE DO WE GO FROM HERE?

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- A significant proportion of TI claims are causing problems for insurers & consumers – how might we improve this?
  - Remove TI cover as a product benefit?
  - Offer TI cover as an optional product benefit and cost separately?
  - Lower the life expectancy period to 6 months?
  - Reduce benefit below 100% of sum insured e.g. 50% or 25% with remainder on death?
  - Add *"and in the opinion of our CMO"* to the definition?

SO, WHERE DO WE GO FROM HERE?

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- Manage claimant expectations more appropriately at outset? Earlier notification = ?
- Remove the 12 months moratorium at the end of policy term?
- Extend the life expectancy period to >24 months??????

- **Do NOTHING and hope for the best !!??**

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QUESTIONS?

Comments

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