

Evolution of CI Products

56 Annual Convention

SUNG CHEE YOUNG

13th November 2015



Agenda

- What is CII?
- Origin of CII
- Conventional CII
- Multi-pay CII
- Severity Based CII
- Summary

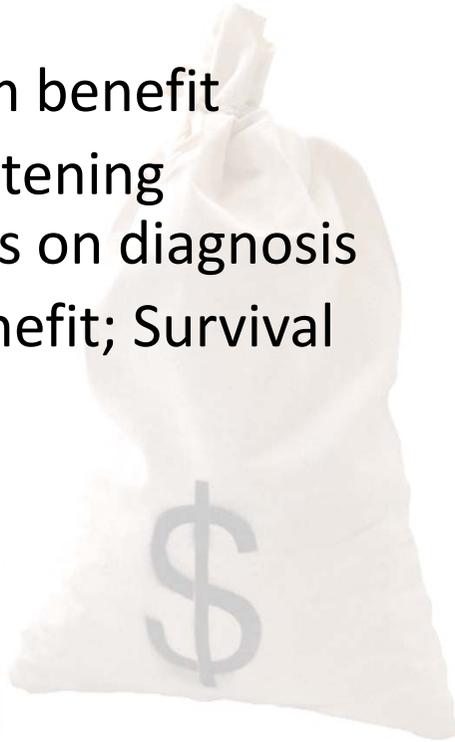
What is Critical Illness insurance

... usually?

- Lump sum benefit
- Life-threatening conditions on diagnosis
- Living benefit; Survival period

And what it is (usually) not:

- No annuity benefit
- No reimbursement



What is Critical Illness insurance

Core Conditions

- Life-threatening Cancer
- Coronary Artery By-Pass Graft
- Heart Attack
- Stroke
- Kidney Failure
- Major Organ Transplant

Simple!

Limited!

Additional Conditions:

- Illness type
 - Alzheimer's Disease
 - Muscular dystrophy
 - ...
- Accident type
 - Severe burns
 - Major head trauma
 - ...
- "Catch-all" type
 - Long-term Disability
 - Long-term Care
 - Terminal Illness

Genesis of Critical Illness

- Cancer insurance(Aflac US, 1958) would be the origins of CII but no insurance available for HA and Stroke.
- 1983, First CII launched by South Africa life insurer to cover medical expense (Dr.Marius Barnard Heart Surgeon in SA)

Genesis of Critical Illness

- “I was used to operating on people and boasting about my great results of patients surviving five or six years. But all of sudden I saw the social and financial implications. I knew nothing about insurance but I knew life insurance paid out on the diagnosis of death. But to me, my patients lived for years but in this time they died financially.”
- “You see it’s really a marriage between medicine and insurance. I always say we, as doctors, are the ‘physical doctors’, the protection insurance is the ‘financial doctors’.



Spread into other world

- 1983 Crusader Life
- 1986 UK
- 1986 Israel
- 1987 Australia
- 1988 North America
- 1988 Southeast Asia
- 2000+ Korea, China

CRUSADER LIFE

CRUSADER LIFE ASSURANCE CORPORATION LIMITED

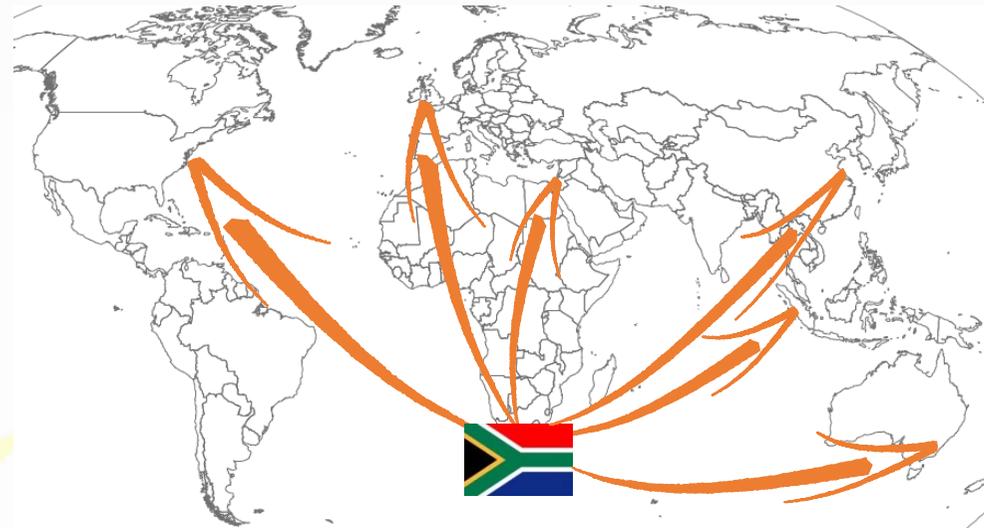
Crusader House, 10 Anderson St., Johannesburg 2001
☎ 836-1351/836-8971, ☎4452, Johannesburg 2000
#Securelife f 8-0732 SA

Living Term
Assurance Policy

REINSURED BY:



LIBERTY LIFE ASSOCIATION OF AFRICA LIMITED
Liberty Life Centre, 1 Ameshoff St., Braamfontein
Johannesburg
☎ (011) 712-9111, sa10499 Johannesburg 2000
*Liblife 4-22530 SA



Change in Health and Advance in Medical Science

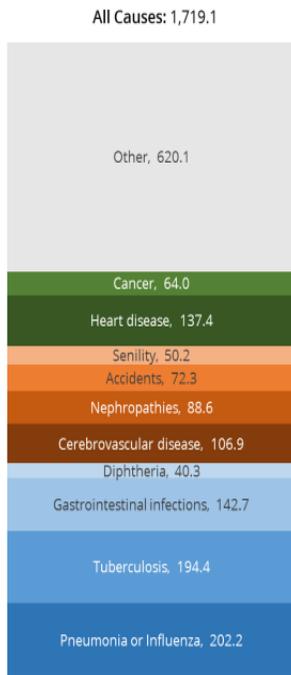
Data Source: Centers for Disease Control

Mortality and Top 10 Causes of Death, USA, 1900 vs. 2010

(Rates per 100,000)

1900

2010



Mortality from all causes **declined 54%** between 1900 and 2010.

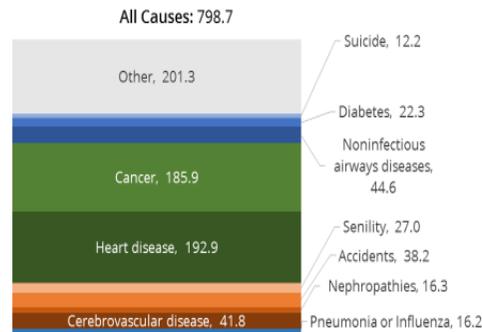
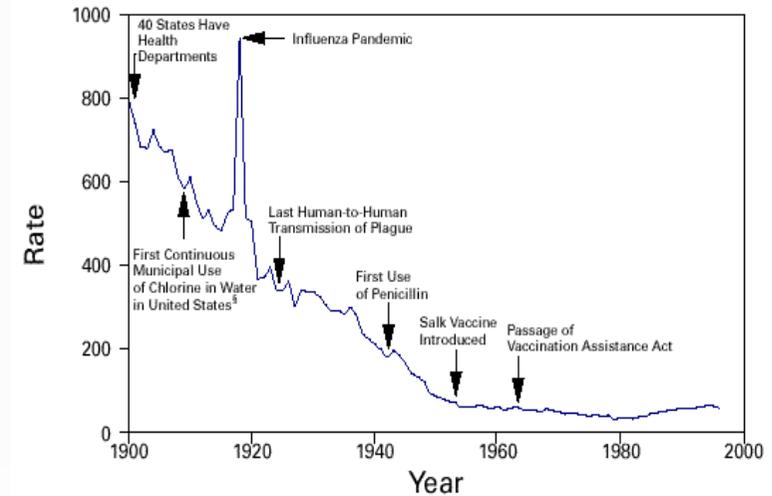


FIGURE 1. Crude death rate* for infectious diseases — United States, 1900–1996[†]

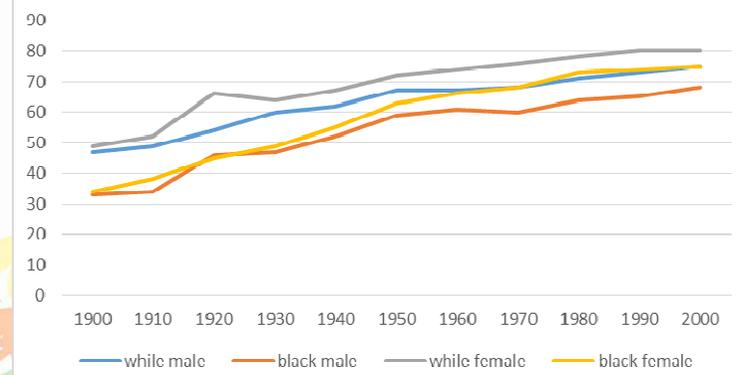


*Per 100,000 population per year.

[†]Adapted from Armstrong GL, Conn LA, Pinner RW. Trends in infectious disease mortality in the United States during the 20th century. JAMA 1999;281:61-6.

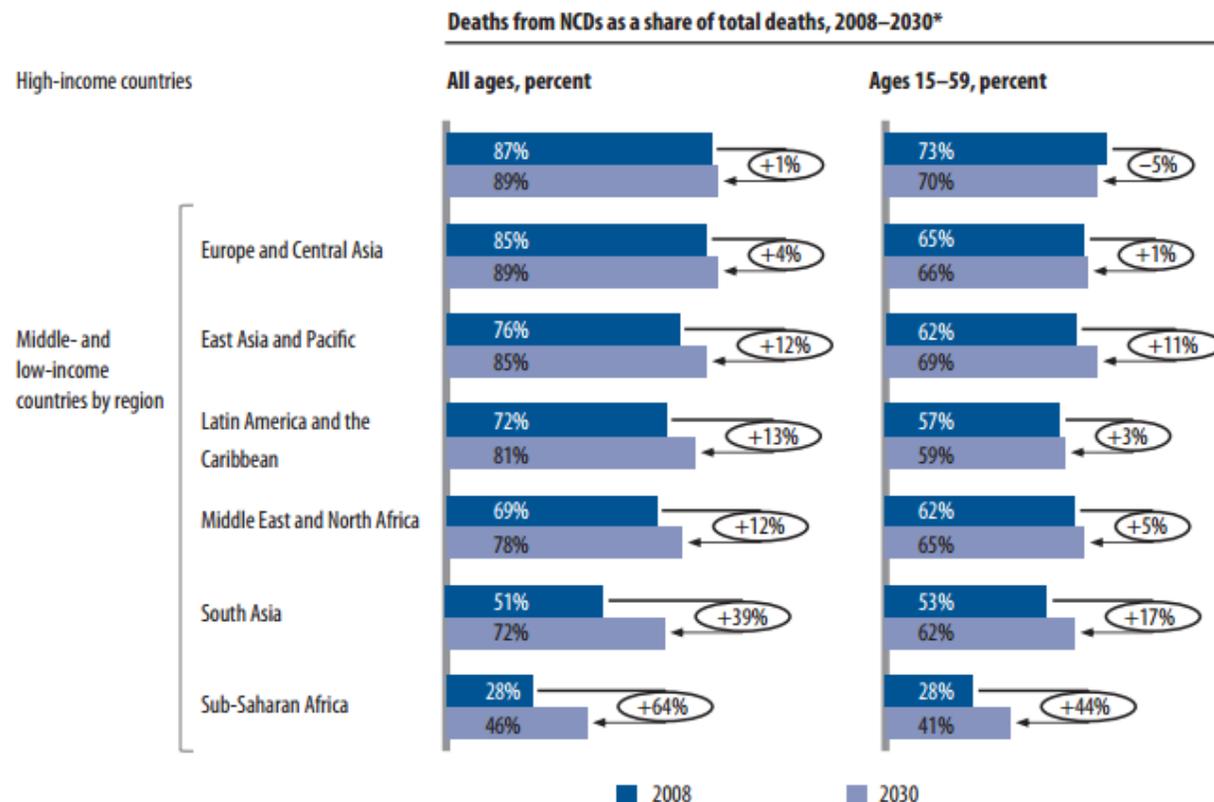
[‡]American Water Works Association. Water chlorination principles and practices: AWWA manual M20. Denver, Colorado: American Water Works Association, 1973.

Life expectancy change in US



Change in Health in the region

FIGURE 1. The Rising NCD Challenge in Developing Regions Includes Younger Populations

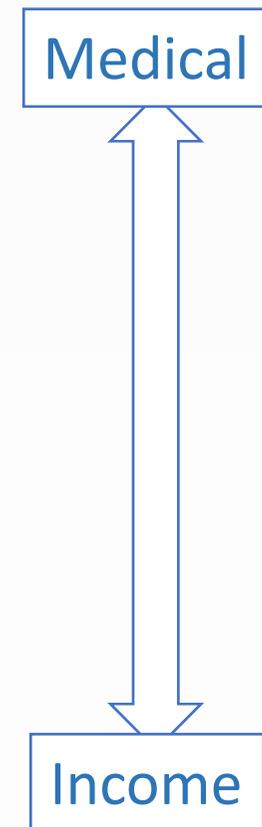


Sources: World Bank analysis based on the WHO Global Burden of Disease database estimates and projections and the World Bank regional and country income groupings in "Chronic Emergency: Why NCDs Matter." *Health, Nutrition, and Population Discussion Paper*. 2011. Washington DC: World Bank.²

Notes: *Analysis by region uses WHO updated estimates for 2008 and baseline projections for 2030; analysis by income group uses WHO 2008–2030 baseline projections.

Why do you need it?

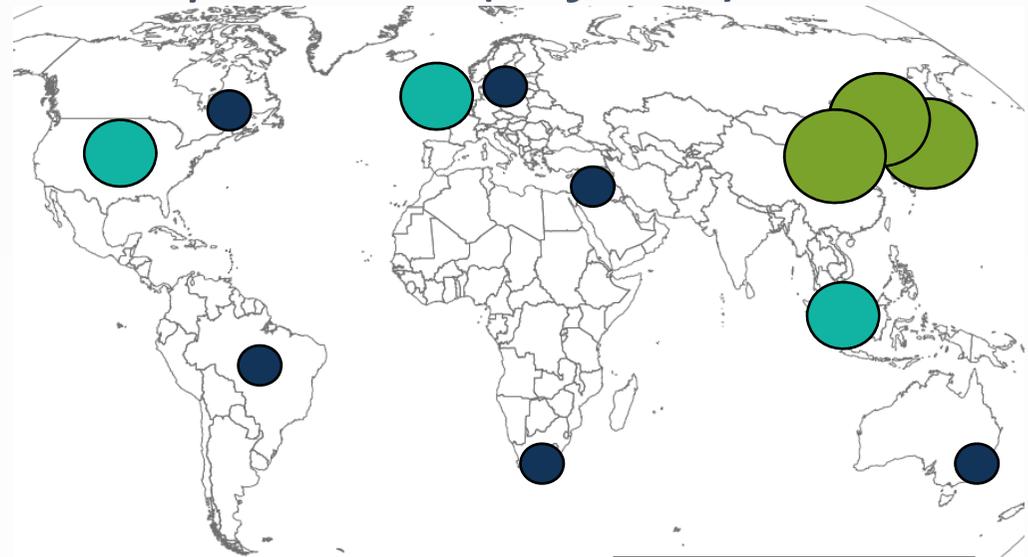
- **Direct Expense – Medical bills**
- **Best medical treatment**
 - Afford new treatments
 - Avoid hospital waiting lists in public
 - Foreign country
- **Additional expenses**
 - Family members' accommodation (child care, domestic helper)
 - Home and car adaptations
- **Compensate for loss of income**
 - Pay-off loans
 - Limited earning capacity



International CI markets Presence

- *Estimated 2011/12 Gross CI premium (in force)*

- Highest volume
 - NEW: Greater China
 - NEW: Korea
 - *Japan (mainly Cancer)*
- High volume
 - United Kingdom / Ireland
 - Southeast Asia
 - *USA (mainly Cancer)*
- Significant volume
 - Canada
 - South Africa
 - Australia



CI in % of life premium (in force)

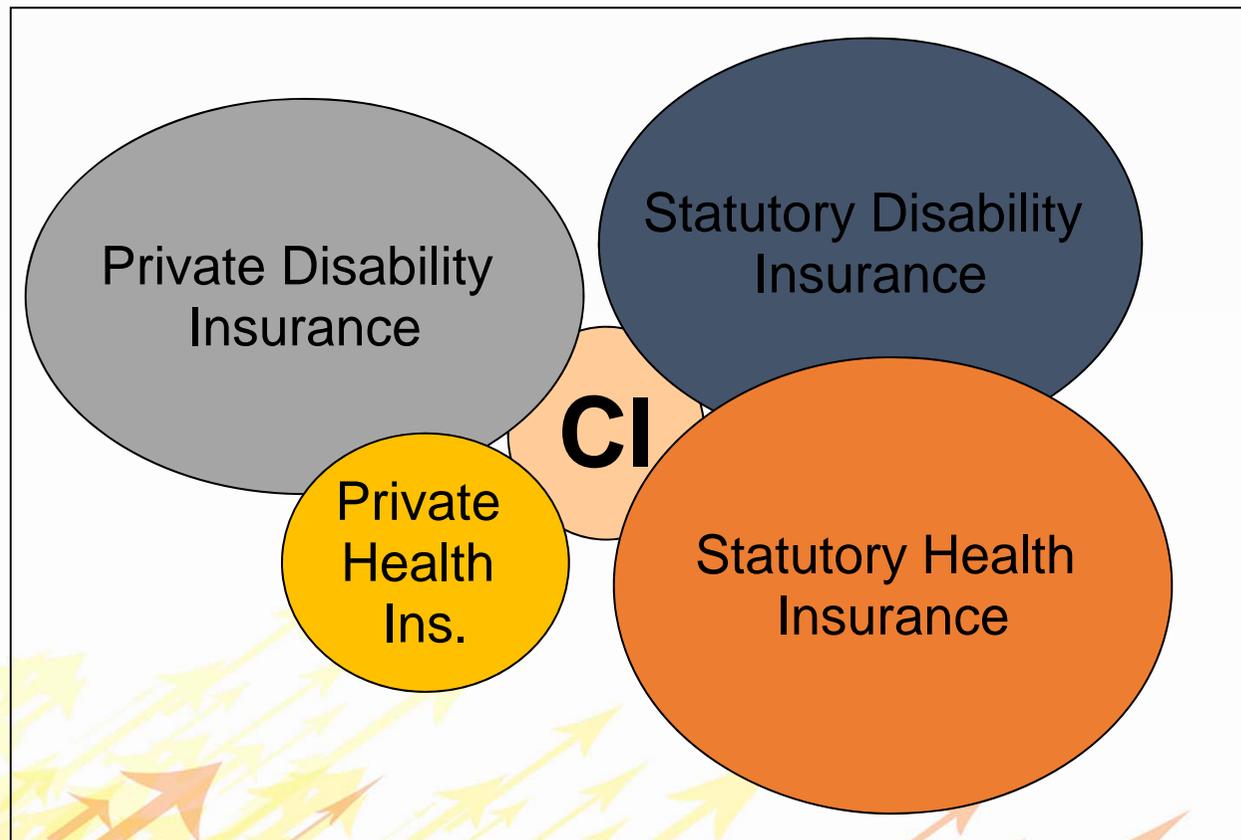
Worldwide: ca. 1%
 UK: ca. 1%
 Asia: ca. 3%



Source: SGL market research and Sigma report.



Where is the insurance gap for CI?



Evolution of conventional CII

UK CI market as example.

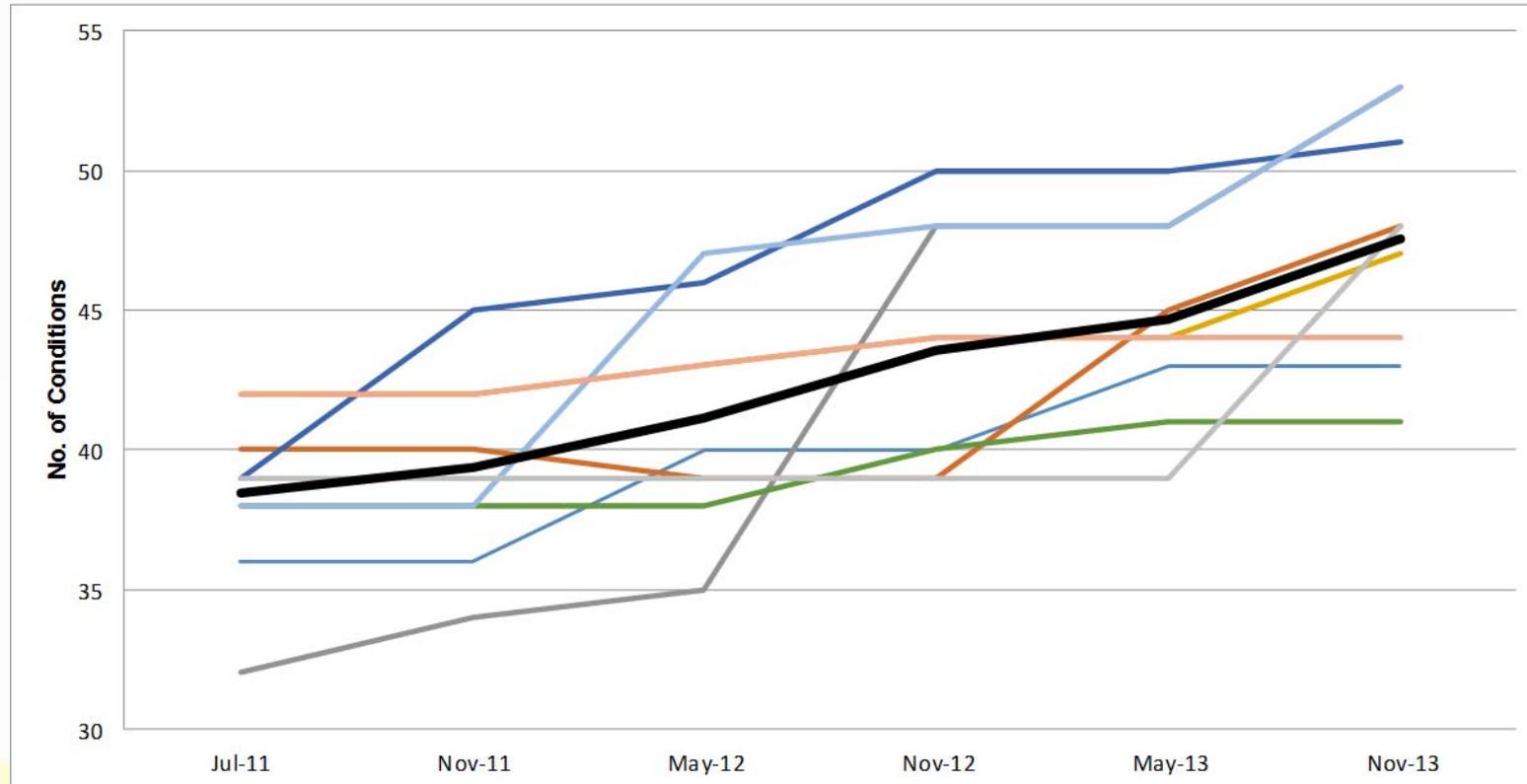
UK CI – The Story so far

- 1986 – CI Launched in the UK market
- 1990 – 6 conditions + TPD as a catch-all
 - Direct Sales Force lead sales, then IFA picked up
- 1990's – rapid increase in illnesses covered
 - IFA's lose confidence
 - 1994: IFA body helps standardise definitions
- 1999 – First ABI Statement of Best Practice (SoBP)
 - Clarity, Confidence, Comparisons and Understanding
 - 7 core + 13 additional conditions defined
- 2002, 2004, 2006, 2011, 2014
 - ABI CI SoBP Updated
 - Clarity, Confidence, Comparisons and Understanding +Future Proofing

Typical UK Product

- Entry Age: 18 to 65
- Expiry Age: 75
- Max Term: 40 Years
- Conditions Covered
 - Main Conditions: 50+
 - Partial Payments: 20
- Max Sum Assured: £5,000,000
- Sum Assured Structure
 - Level, Decreasing or Indexing
- Policy Type:
 - **Accelerated (Life cover and CI) 90%**
 - Standalone (CI) 10%
- Children's Cover
 - Sum Assured £25k
- Premiums
 - 95% Guaranteed throughout and level.

Evolution in number of conditions in IFA market: 2011-2013



Source: Defaqto. Includes Full and Partial conditions
Excludes Pru Protect
Black line = Average

Partial Payments

- Launched 2011 in Ireland, now common in UK as well as Ireland
- Smaller benefit €15k initially, now €25k/£25k
- 10 initial conditions, now 20+
- **Conditions that were declined but felt they had validity**
 - **Too expensive as full benefits**
 - **Not as severe as and therefore felt better to offer smaller benefit.**

Accident hospitalisation cover	Non-severe cardiomyopathy - definite diagnosis
Arteriovenous Malformation (AVM) of the brain- with specified treatment	Ovarian tumour of borderline malignancy/low malignant potential- with surgical removal of an ovary
Carcinoma in-situ of the cervix uteri - requiring treatment with hysterectomy	Partial loss of hearing - of specified severity
Carcinoma in-situ of the urinary bladder -	Partial loss of sight - permanent and irreversible
Carotid Artery Stenosis - treated by Endarterectomy or Angioplasty	Partial third degree burns - covering 10% of the body's surface area or affecting 25% of the area of the face or head
Cerebral Aneurysm- with surgery or radiotherapy	Prostate Cancer
Central retinal artery or vein occlusion- resulting in permanent visual loss	Removal of one or more lobe(s) of the lung - for disease or trauma
Coronary artery angioplasty - with specified treatment	Severe Crohn's disease - surgically treated
Diabetes mellitus Type 1- requiring permanent insulin injections	Severe ulcerative colitis - with operation to remove the entire large bowel
Ductal or lobular carcinoma in-situ of the breast - with specified treatment	Testicular carcinoma in-situ - requiring surgery to remove at least one testicle

Pricing

The basics: getting the base incidence

Standard pricing approach (simplified!)

- Additional benefit: $RR_x^{add} = \sum_j \left(i_{x,j} \cdot f_{x,j}^r \cdot a_j^n \cdot s_{x,n}^r \cdot (1-o_{x,j}) \cdot (1-q_{x,j}^{(28)}) \right)$
- Accelerated benefit: $RR_x^{acc} = \sum_j \left(i_{x,j} \cdot f_{x,j}^r \cdot a_j^n \cdot s_{x,n}^r \cdot (1-o_{x,j}) \right) - \sum_j k_{x,j}^r \cdot q_x^r$

For each condition (or aggregated conditions)

Cancer		1,010							
ann cl	TargYr_ix	Overlap	day	Benef	k(x)				
	0,24	0,00	0,00	0,75	1,00	0,078			
Cancer 21	21	0,24	0,00	0,00004	0,75	1,00	0,077		
Cancer 22	22	0,25	0,00	0,00004	0,75	1,00	0,075		
Cancer 23	23	0,27	0,00	0,00004	0,75	1,00	0,075		
Cancer 24			0,00	0,00004	0,75	1,00	0,076		
Cancer 25			0,00	0,00004	0,75	1,00	0,077		

(adjusted) incidence

selection effect

Mortality adjustments
(different methodology for accelerated CI)

trend (for all durations!)

multimorbidity (overlap)

of standard pricing sheet

Multiple CI

Multiple CI

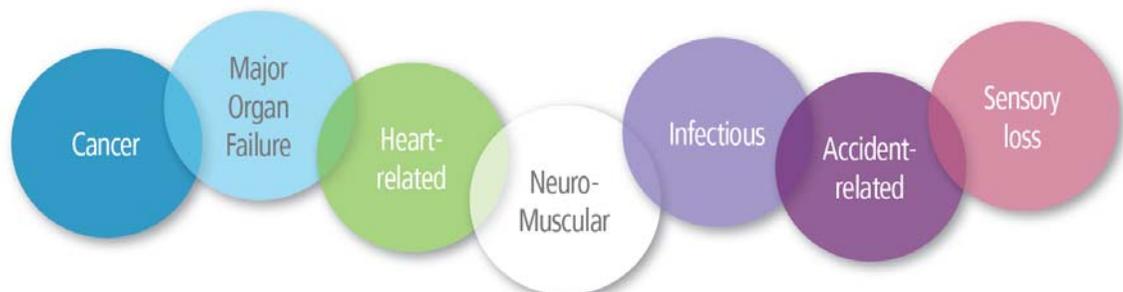
- Multiple payments of major CI conditions
- Aim to guarantee reinstated cover
 - Classical CI cover ceases after lump sum benefit
 - People are likely to survive the first critical illness
 - No subsequent cover available after first critical illness

Multiple CI

- Provide new CI cover...
- ... but avoid double payments due to same event, e.g.
 - Heart surgeries after heart attack
 - Organ Transplant after Kidney or Liver failure
- ... or strongly related events
 - Paralysis risk after Stroke
 - Kidney failure after heart surgery

balance between broad coverage and attractive cost

Multiple CI



Group 1 – Major Cancer	Group 2 – Major Organ Failure	Group 3 – Heart-related
<ul style="list-style-type: none"> - Major Cancers 	<ul style="list-style-type: none"> - Aplastic Anaemia - End Stage Liver Failure - End Stage Lung Disease - Fulminant Hepatitis - Kidney Failure - Major Organ / Bone Marrow Transplantation - Primary Pulmonary Hypertension - Progressive Scleroderma 	<ul style="list-style-type: none"> - Coronary Artery By-pass Surgery - Heart Attack - Heart Valve Surgery - Surgery to Aorta
Group 4 – Neuro-Muscular	Group 5 – Infectious	Group 6 – Accident-related
<ul style="list-style-type: none"> - Alzheimer's Disease / Severe Dementia - Benign Brain Tumour - Coma - Motor Neurone Disease - Multiple Sclerosis - Muscular Dystrophy - Parkinson's Disease - Stroke 	<ul style="list-style-type: none"> - Bacterial Meningitis - Encephalitis 	<ul style="list-style-type: none"> - HIV Due to Blood Transfusion and Occupationally Acquired HIV - Major Burns - Major Head Trauma
Group 7 – Sensory loss		
<ul style="list-style-type: none"> - Blindness (Loss of Sight) - Deafness (Loss of Hearing) - Loss of Speech 		

Pricing

Fig. 1: Derive impact of first incidence on likelihood of further other events

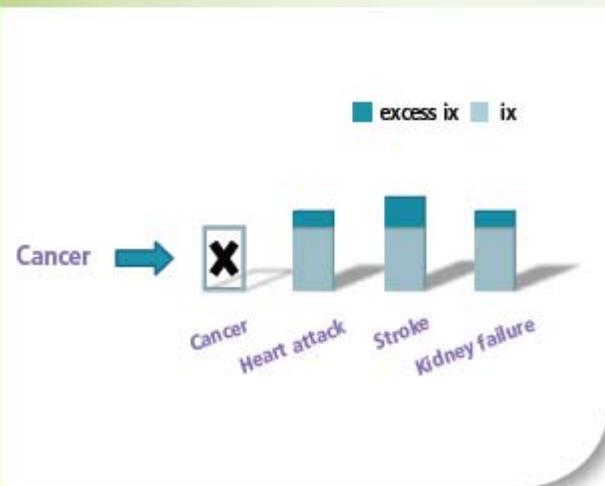
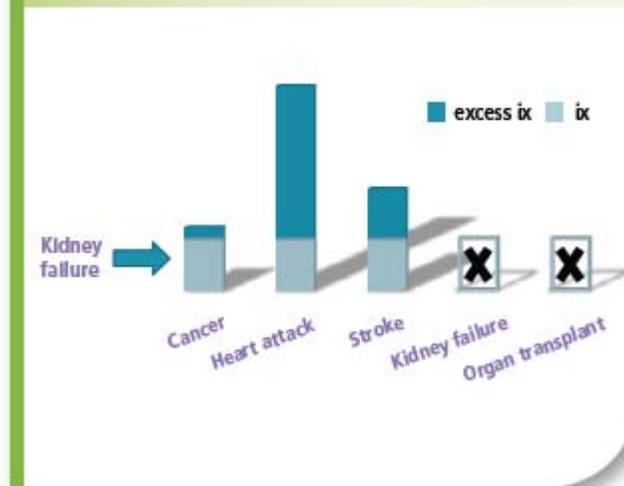


Fig. 2: Highly correlated conditions, like Major Organ Transplant, require exclusion



Pricing

Fig. 3: Aggregation over all 2nd event conditions

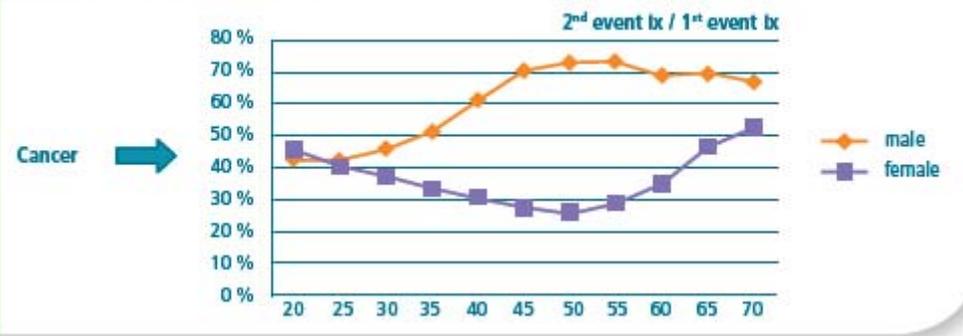
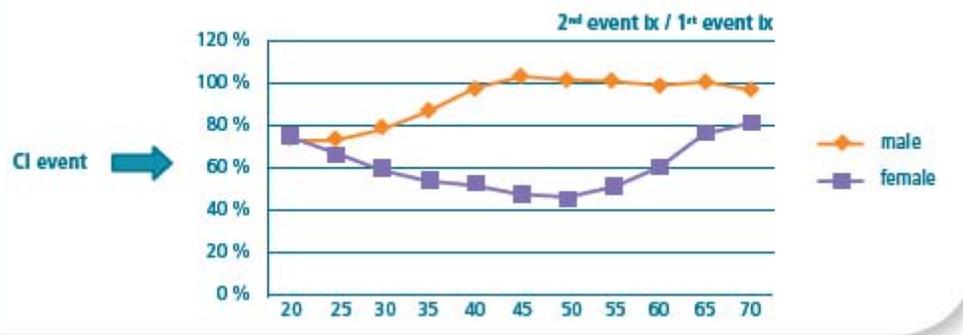
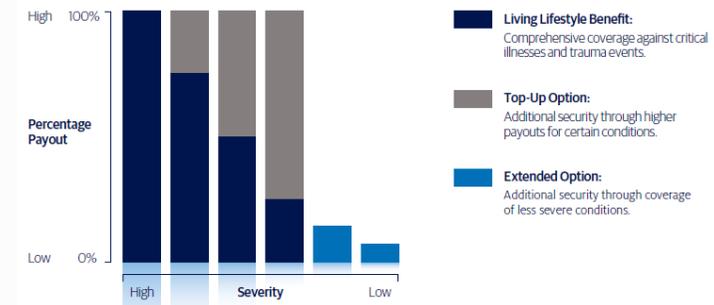


Fig. 4: Averaging over all first event conditions



Severity Based CI

Severity based CI



- As advances in medical treatment improve recovery rates, the latest move is to include "severity-based" cover. This is where plans pay out a proportion of the sum assured, depending on the severity of the diagnosis, and continue to provide cover for the more serious conditions.
- This partial payment will typically knock off the original sum, though it is possible to protect the full sum by paying a higher premium.

Severity based CI

- Early-detection benefits almost market standard in UK, SEA, HK/China
- Tiered (scaled) CI widely offered in Korea and Australia

CI & early detection

- Cancer
- ...
- CABG
- ...
- Burns

CIS
...
PCI

Tiered CI

- Cancer
 - T1
 - ...
 - T4
- ...
- Burns
 - x%
 - ...
 - y%

Early detection



Stages	Maximum Limit Per Claim
Early	min(\$75,000, 100% SA)
Intermediate	min(\$150,000, 100% SA)
Advanced	100% SA

- Benefit design allow higher SA will have longer claim pathway to claim more. 99(32+31+36) total conditions
- Will be Terminated by reduction of the basic SA to zero by one or more CI Benefit payments
- 90days Waiting Period
- Waiver of Premium upon a Early or Intermediate stage CI benefit
- TM, AXA, HSBC, NTUC

No.	List of Critical Illnesses	Early	Intermediate	Advanced
1	Alzheimer's Disease/Severe Dementia	✓	✓	✓
2	Apallic Syndrome	NA.	NA.	✓
3	Aplastic Anaemia	✓	✓	✓
4	Bacterial Meningitis	✓	NA.	✓
5	Benign Brain Tumour	✓	✓	✓
6	Blindness (Loss of sight)	✓	✓	✓
7	Coma	✓	✓	✓
8	Coronary Artery By-Pass Surgery	✓	✓	✓
9	Deafness (Loss of hearing)	✓	✓	✓
10	End Stage Liver Failure	✓	✓	✓
11	End Stage Lung Disease	✓	✓	✓
12	Fulminant Hepatitis	✓	✓	✓
13	Heart Attack of Specified Severity	✓	✓	✓
14	Heart Valve Surgery	✓	✓	✓
15	HIV due to Blood Transfusion and Occupationally Acquired HIV	✓	✓	✓
16	Kidney Failure	✓	✓	✓
17	Loss of Independent Existence	NA.	✓	✓
18	Loss of Speech	✓	✓	✓
19	Major Burns	✓	✓	✓
20	Major Cancers	✓	✓	✓
21	Major Head Trauma	✓	✓	✓
22	Major Organ/Bone Marrow Transplantation	✓	✓	✓
23	Motor Neurone Disease	✓	✓	✓
24	Multiple Sclerosis	✓	✓	✓
25	Muscular Dystrophy	✓	✓	✓
26	Other Serious Coronary Artery Disease	✓	✓	✓
27	Paralysis (Loss of use of limbs)	✓	✓	✓
28	Parkinson's Disease	✓	✓	✓
29	Poliomyelitis	NA.	NA.	✓
30	Primary Pulmonary Hypertension	✓	✓	✓
31	Progressive Scleroderma	✓	✓	✓
32	Stroke	✓	✓	✓
33	Surgery to Aorta	✓	✓	✓
34	Systemic Lupus Erythematosus with Lupus Nephritis	✓	NA.	✓
35	Viral Encephalitis	✓	✓	✓
36	Angioplasty and Other Invasive Treatment for Coronary Artery	NA.	NA.	✓
Number of Conditions Covered		32	31	36

Early detection



- 50%/100%/100% with **87** conditions
- No Max cap per claim
- Will be Terminated by reduction of the basic SA to zero by one or more CI Benefit payments
- Cannot make a repeat claim on the same listed medical condition
- 30/60days Waiting Period
- DeathBenefit Buyback option
- Great Eastern

No.	Critical Illnesses	Benefits Payout		
		Early Stage 50% of Basic Sum Assured	Intermediate Stage 100% of Basic Sum Assured	Advanced Stage 100% of Basic Sum Assured
Critical Illnesses with 3 Severity Levels				
1	Alzheimer's Disease/ Irreversible Organic Degenerative Brain Disorders	Early Alzheimer's Disease	Moderately Severe Alzheimer's Disease	Alzheimer's Disease / Irreversible Organic Degenerative Brain Disorders
2	Bacterial Meningitis	Bacterial Meningitis with Full Recovery	Mild Bacterial Meningitis	Bacterial Meningitis
3	Blindness / Total Loss of Sight	Loss of Sight in One Eye	- Optic Nerve Atrophy - Retinitis Pigmentosa	Blindness / Total Loss of Sight
4	Brain Surgery	- Surgery for Subdural Haematoma - Cavernous Sinus Thrombosis Surgery - Cerebral Shunt Insertion	- Removal of brain tumour via transphenoidal route - Surgical Removal of Pituitary Tumour	Brain Surgery
5	Cancer	- Carcinoma in situ - Early Prostate Cancer - Early Thyroid Cancer - Early Bladder Cancer - Early Chronic Lymphocytic Leukaemia	Mastectomy for CIS Breast or Prostatectomy for Early Prostate Cancer	Cancer
6	Chronic Aplastic Anemia	Reversible Aplastic Anemia	Myelodysplastic Syndrome or Myelofibrosis	Chronic Aplastic Anemia
7	Coma	Coma for 48 hours	- Severe Epilepsy - Coma for 72 hours	Coma
Critical Illnesses with 2 Severity Levels				
26	Loss of Speech	N/A	Loss of Speech (other than injury or illness to the vocal cords)	Loss of Speech
27	Major Organ / Bone Marrow Transplant	- Small Bowel Transplant - Corneal Transplant	N/A	Major Organ / Bone Marrow Transplant
28	Multiple Sclerosis	Early Multiple Sclerosis	N/A	Multiple Sclerosis
29	Severe Cardiomyopathy	Hypertrophic Cardiomyopathy	N/A	Severe Cardiomyopathy
30	Stroke	N/A	Carotid Artery Surgery	Stroke
31	Systemic Lupus Erythematosus (SLE) with Lupus Nephritis	Systemic Lupus Erythematosus	N/A	Systemic Lupus Erythematosus with Lupus Nephritis
Critical Illnesses with 1 Severity Level				
32	Benign Brain Tumor	N/A	N/A	Benign Brain Tumor
33	HIV Due to Blood Transfusion	N/A	N/A	HIV Due To Blood Transfusion
34	Motor Neuron Disease	N/A	N/A	Motor Neuron Disease
35	Muscular Dystrophy	N/A	N/A	Muscular Dystrophy

Early detection



- **Early Stage Major Illness Benefit**

- 52 covered early stage major illnesses
- 100% of the sum insured of this Supplement will be paid.

- **Major Illness Benefit**

- 56 covered major illnesses
- 100% of the sum insured of this Supplement will be paid.

- Typically sold as Rider (50% of Basic SI)



AXA HK

Early stage major illnesses and major illnesses covered

	Early Stage Major Illnesses Covered	Major Illnesses Covered
Group 1 Cancer	Carcinoma-in-situ of Specific Organs Treated with Surgery	Cancer
Group 2 Illnesses related to organ failure	Adrenalectomy for Adrenal Adenoma	Chronic Adrenal Insufficiency (Addison's Disease)
	Early Renal Failure	Chronic and Irreversible Kidney Failure
	Liver Surgery	Chronic Liver Disease
	Coma for 48 Hours	Coma
	Surgical Removal of One Lung	End Stage Lung Disease
Group 3 Illnesses related to heart and blood vessels	Moderately Loss of Independent Existence *	Loss of Independent Existence *
	Major Organ Transplantation (on Waitlist)	Major Organ Transplantation
	Surgical Removal of One Kidney	Medullary Cystic Disease
	Early Cardiomyopathy	Cardiomyopathy
	Keyhole Coronary Bypass Surgery	Coronary Artery Disease Requiring Surgery
Group 3 Illnesses related to heart and blood vessels	Cerebral Aneurysm or Arteriovenous Malformation Requiring Surgery	Dissecting Aortic Aneurysm
	Insertion of a Veno-cava Filter	Eisenmenger's Syndrome
	Pericardectomy	Heart Attack
	Percutaneous Valve Surgery	Heart Valve Surgery
	Secondary Pulmonary Hypertension	Primary Pulmonary Arterial Hypertension
Group 4 Illnesses related to the nervous system	Moderately Severe Infective Endocarditis	Severe Infective Endocarditis
	Minimally Invasive Surgery to Aorta	Surgery to Aorta
	Early Amyotrophic Lateral Sclerosis	Amyotrophic Lateral Sclerosis
	Surgery for Subdural Haematoma	Apallic Syndrome
	Moderately Severe Bacterial Meningitis	Bacterial Meningitis
Group 4 Illnesses related to the nervous system	Surgical Removal of Pituitary Tumour	Benign Brain Tumour
	Optic Nerve Atrophy with Low Vision	Blindness
	Moderately Severe Brain Damage ^	Brain Damage ^
	Moderately Severe Encephalitis	Encephalitis
	Early Motor Neurone Disease	Motor Neurone Disease
Group 5 Illnesses related to blood	Early Multiple Sclerosis	Multiple Sclerosis
	Moderately Severe Muscular Dystrophy ^	Muscular Dystrophy ^
	Moderately Severe Paralysis	Paralysis
	Moderately Severe Poliomyelitis	Poliomyelitis
	Early Progressive Bulbar Palsy	Progressive Bulbar Palsy
Group 5 Illnesses related to blood	Early Progressive Supranuclear Palsy ^	Progressive Supranuclear Palsy ^
	Early Spinal Muscular Atrophy ^	Spinal Muscular Atrophy ^
	Carotid Artery Surgery	Stroke
	Tuberculous Myelitis	Tuberculosis Meningitis
	-	AIDS / HIV due to Blood Transfusion
Group 6 Illnesses related to the digestive system	Acute Aplastic Anaemia	Aplastic Anaemia
	-	Occupationally Acquired AIDS / HIV
	Acute Necrohemorrhagic Pancreatitis	Chronic Relapsing Pancreatitis
	Biliary Tract Reconstruction Surgery	Fulminant Hepatitis
	Moderately Severe Crohn's Disease	Severe Crohn's Disease
Group 7 Illnesses related to immunology and rheumatology	Moderately Severe Ulcerative Colitis	Severe Ulcerative Colitis
	Moderately Severe Rheumatoid Arthritis	Severe Rheumatoid Arthritis
	Moderately Severe Systemic Lupus Erythematosus (S.L.E.) with Lupus Nephritis	Systemic Lupus Erythematosus (S.L.E.) with Lupus Nephritis
	Early Systemic Scleroderma	Systemic Scleroderma
	Moderately Severe Alzheimer's Disease	Alzheimer's Disease
Group 8 Illnesses related to neurological degeneration	Moderately Severe Parkinson's Disease	Parkinson's Disease
	Moderately Severe Creutzfeldt-Jacob Disease (CJD)	Severe Creutzfeldt-Jacob Disease (CJD)
	-	Amputation of Feet due to Complication from Diabetes
	Amputation of One Foot due to Complication from Diabetes	Major Burns
	Moderately Severe Burns	Necrotising Fasciitis
Group 9 Illnesses related to the musculoskeletal system	-	Severance of Limbs
	Severance of One Limb	Severance of Limbs
	Cochlear Implant Surgery	Deafness (Loss of Hearing)
	Early Elephantiasis	Elephantiasis
	Loss of Speech due to Vocal Cord Paralysis	Loss of Speech
Group 10 Other major illnesses	-	Terminal Illness

• Pricing of ECSCI (HK/CN, SEA)

- Find Incidence rates of ix^{Ear} , ix^{int} as well as expanded ix^{Adv}
- Do you need transition probability among different stages or adjusted “ix”s after first/second CI claims? How can we find this correlated risk?
- How to price in?
 - Maximum cap per claim benefit scale(SGP)
 - No maximum cap per claim benefit scale(THA/IDN/MYS)
- What is underlying assumptions? Any inherent risk?
 - Independent among $ix(E/I/A)$?
 - Decrement(exit) from inforce?



Tiered

- 15 conditions list of Major CI
- Two-Staged definitions for Core 3 CI only
- Definitions of individual stage represent progression of each illness
→ **Pricing Implication (Premium ↘)**
- Medically & Clinically difficult to find clear cut-off line by different severity levels.
- No waiting period among 1st and 2nd CI as the purpose is providing coverage by progression of illness

		Severity A	Severity B
		50%	100%
1	Critical Cancer	Y	Y
2	Critical Acute Myocardial infraction	Y	Y
3	Critical Storke	Y	Y
4	End stage regnal disease		Y
5	Major Burns		Y
6	Chronic Liver Disease		Y
7	Chronic Lung Disease		Y
8	Severe Aplastic Anemia		Y
9	Lou Gehrig's Disease		Y
10	Mutiple Sclerosis		Y
11	Lupus nephritis		Y
12	CABG		Y
13	Aorta Graft Surgery		Y
14	Specific Heart Disease Surgery		Y
15	Major organ Transplant		Y

Tiered



- Benefit of Stage Cancer

Additional Major CI Benefits rider

Tissue and Internal Organ Cancers					
Level	Prostate Cancer	Other Tissue and Internal Organ Cancers	Melanoma Skin Cancers	Leukaemia	Lymphoma and Hodgkin's Disease
Low	<ul style="list-style-type: none"> • Prostate cancer 	<ul style="list-style-type: none"> • Carcinoma in situ • Cancer 	<ul style="list-style-type: none"> • Melanoma 	<ul style="list-style-type: none"> • Leukaemia • Multiple myeloma 	<ul style="list-style-type: none"> • Non Hodgkin's lymphoma & Hodgkin's disease
Medium	<ul style="list-style-type: none"> • Prostate cancer T1N0M0 with organ removal • Prostate cancer T2N0M0 	<ul style="list-style-type: none"> • Carcinoma in situ with organ removal • Cancer stage 2 	<ul style="list-style-type: none"> • Melanoma 1.5mm or greater in thickness (Breslow) • Melanoma Clark Level 3 or greater 	<ul style="list-style-type: none"> • Chronic lymphocytic leukaemia RAI 2 • Chronic myeloid leukaemia • Multiple myeloma Durie-Salmon 2 	<ul style="list-style-type: none"> • Non Hodgkin's lymphoma & Hodgkin's disease Ann Arbor 2
High	<ul style="list-style-type: none"> • Prostate cancer T3N0M0 or greater 	<ul style="list-style-type: none"> • Cancer stages 3 or 4 	<ul style="list-style-type: none"> • Nil 	<ul style="list-style-type: none"> • Chronic lymphocytic leukaemia RAI 3 or greater • Acute myeloid leukaemia • Chronic myeloid leukaemia with bone marrow transplant • Acute lymphocytic leukaemia • Multiple myeloma Durie-Salmon 3 	<ul style="list-style-type: none"> • Non Hodgkin's lymphoma & Hodgkin's disease Ann Arbor 3 or greater



1. Benign brain tumour*
2. Heart attack*
3. Major head trauma*
4. Stroke*
5. Alzheimer's disease
6. Dementia*
7. Motor neurone disease
8. Multiple sclerosis
9. Muscular dystrophy
10. Parkinson's disease
11. Coronary artery bypass surgery
12. Open heart surgery*
13. Permanent loss of an entire hand or foot
14. Permanent loss of use of a limb (paralysis)
15. Third degree burns*

Having received or been placed on an approved Australian waiting list to receive one of the following organ transplants from another person:

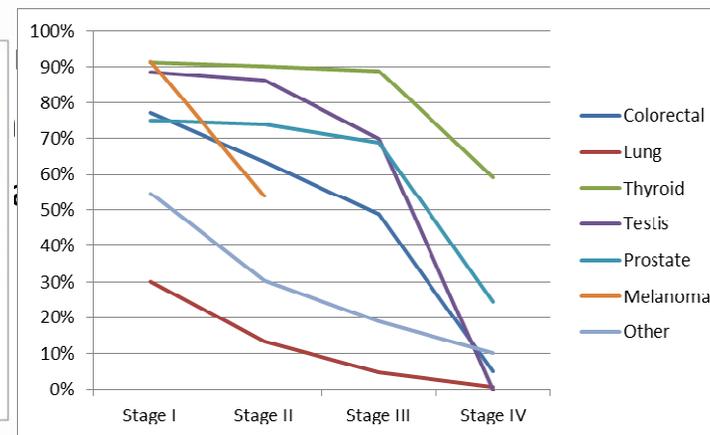
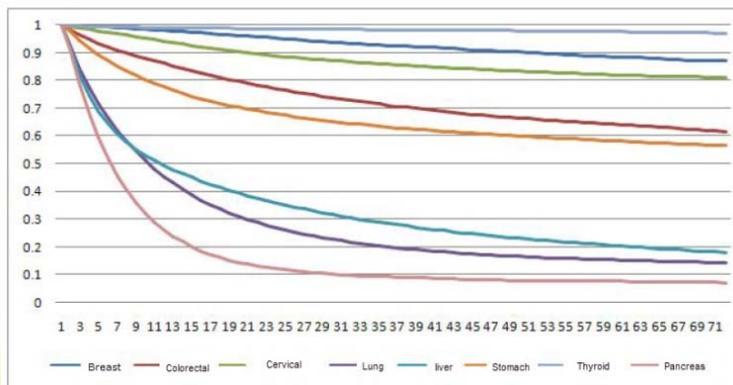
16. Bone marrow
17. Heart
18. Kidney
19. Liver
20. Lung
21. Pancreas
22. Small bowel

Staging is determined using the 7th Edition American Joint Committee on Cancer "AJCC Cancer Staging Manual". Staging of most types of cancer is determined overall on a scale of 1 to 4 except for specific types of cancer where the Ann Arbor or Durie-Salmon staging systems are used instead.

For prostate cancer the schedule of benefits is according to the TNM classification system as defined in the current edition of the AJCC Cancer Staging Manual by the American Joint Committee on Cancer.

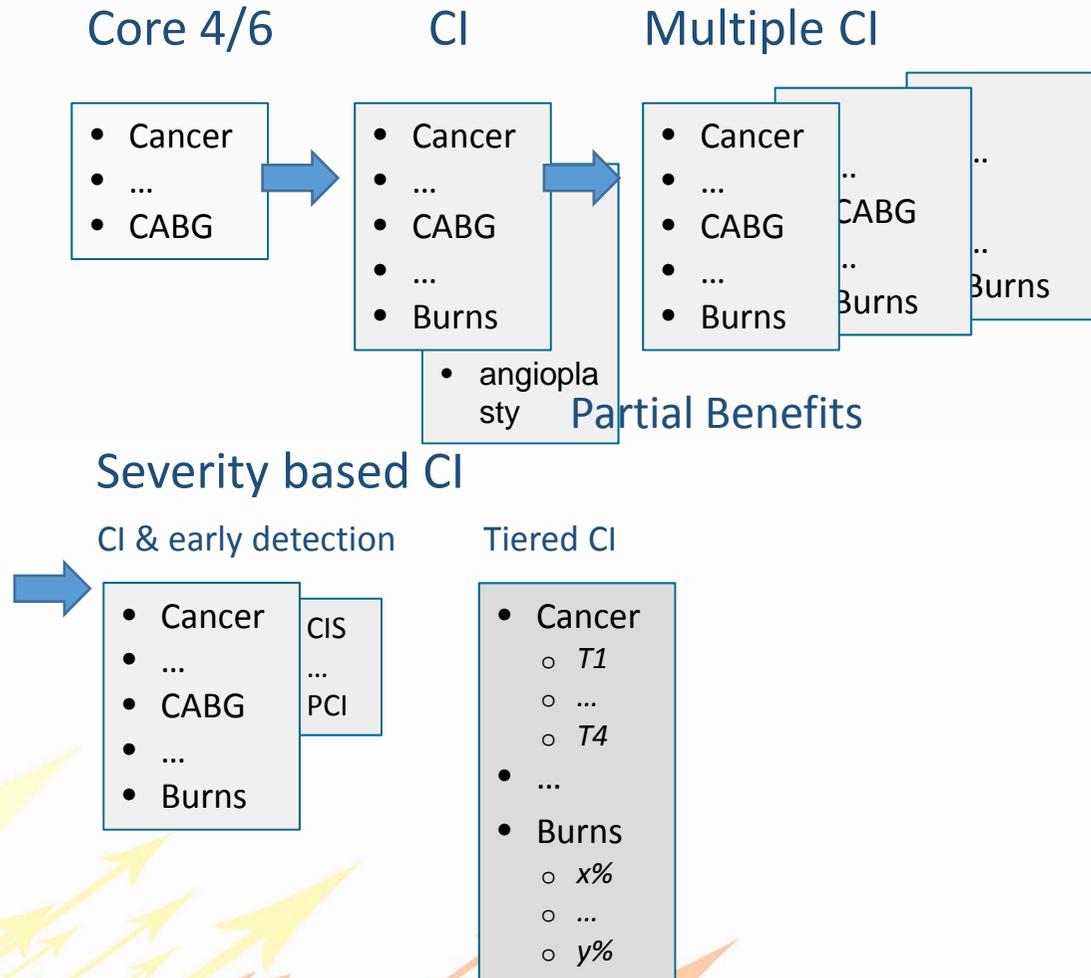
- Pricing of ECSCI (AU)

- Similar design as Korea. But only focus on Cancer staging
- More split for severity; **3 level** (low/medium/high)
- Going to be More complicated
- Approximation approach
- One Idea would be to estimate discount % by paying lower benefit for low/medium level cancer due to early detection and we compare this with 100% flat pay-out structure.



Summary

- Enhanced covers
 - More conditions
 - Second/Multiple CI
 - Severity based CI
 - Hybrid / combo products
- Special target groups
 - Children/Juvenile
 - Female CI
 - Substandard CI (HIV, Diabetes,...)
- Focused products
 - Cancer insurance
 - Cardio insurance



Thank You