



Society of Actuaries in Ireland

Right to be Forgotten for Cancer Survivors when applying for Life Insurance products

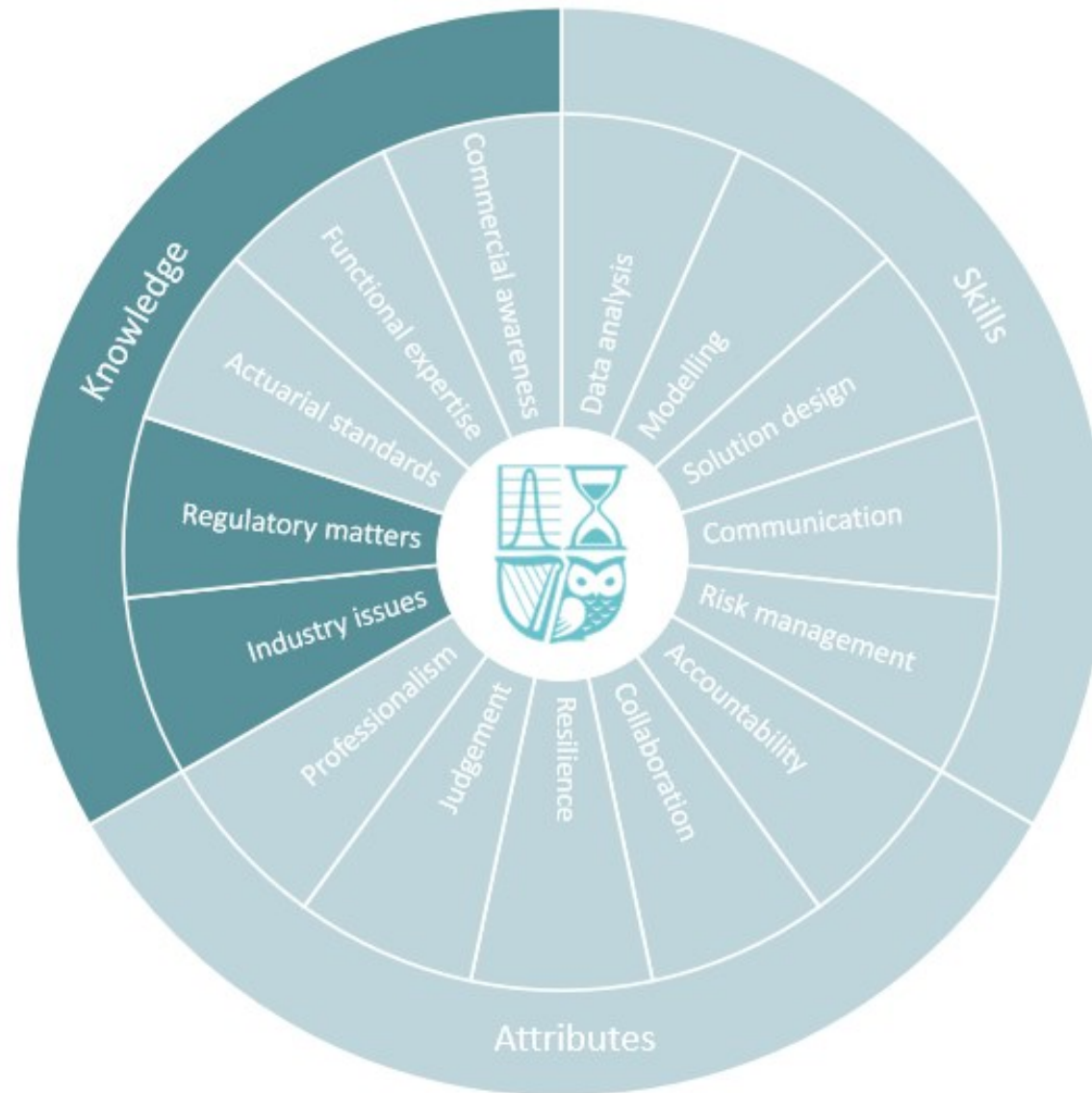
Monday, 3rd April, 2023

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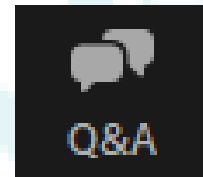
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Agenda

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1. Background – EU Commission Beating Cancer

- On the 3rd of February 2021 the European Commission presented its Europe’s Beating Cancer Plan¹.
- Section 6 of the Plan: IMPROVING THE QUALITY OF LIFE FOR CANCER PATIENTS, SURVIVORS, AND CARERS notes:

... because of their medical history, many cancer survivors in long-term remission often experience an unfair treatment in accessing to financial services. They often face prohibitively high premiums, although they have been cured for many years, even decades...

...Through Europe’s Beating Cancer Plan, the Commission will closely examine practices in the area of financial services (including insurance) from the point of view of fairness towards cancer survivors in long term remission. In the short term, the Commission will work with relevant stakeholders to address access to financial products for cancer survivors. The Commission will also engage in dialogue with businesses to develop a Code of Conduct to ensure that developments in cancer treatments and their improved effectiveness are reflected in the business practices of financial service providers to ensure that only necessary and proportionate information is used when assessing the eligibility of applicants for financial products, notably credit and insurance linked to credit or loan agreements.”

^[1] Source: [Europe's Beating Cancer Plan](#)








1. Background – What is a Right to be Forgotten?

What is a Right to be Forgotten (RTBF) for Cancer Survivors?

- Typically an RTBF for Cancer Survivors means they no longer need to declare their previous cancer diagnosis to an insurer when applying for life insurance, provided their cancer treatment has ended more than 'x' years ago.
- Or if a cancer survivor does declare their cancer treatment that ended more than x years ago, then the insurer must underwrite that application ignoring the previous cancer disclosure.

1. Background – What has happened in other countries?

Country					
Year first introduced	2016	2019	2020	2021	2022
Products Covered	Mortgage Protection and cover for business loans.	Originally Mortgage Protection Insurance, though since extended to Income Insurance in 2022.	Mortgage Protection insurance on main residence or professional facilities. Does not apply to second home or rental investments.	Life Insurance & Funeral Insurance	Housing credit and consumer credit, and compulsory or voluntary insurance associated with such credit.
RTBF Timeperiod	5 years after the end date of treatment (reduced from 10 in 2022)	8 years after the end date of treatment (reduced from 10 in 2022), or 5 years where the cancer occurred in those aged under 21	10 years after the end date of treatment, or 5 years where the cancer occurred in those aged under 18	10 years after the end date of treatment, or 5 years where the cancer occurred in those aged under 21	10 years after the end date of treatment, or 5 years where the cancer occurred in those aged under 21
Conditions RTBF applies to.	All types of Cancer + Hepatitis C (added in 2022)	Cancer Only?	10 specific types of cancer or viral Hepatitis C	Cancer Only	Cancer or 'mitigated chronic diseases'
Age restrictions	None	None	None	Life Assurance before age 71 and funeral insurance entered into	None
Sum Assured restrictions	Insurance amount cannot exceed €420,000 Euro for a real estate loan	None	€1m Euro	None	None

France has removed the medical questionnaire completely for loan amounts below €200,000 and where the term expires before age 65.

For **France, Belgium and Luxemburg**, an exceptions list/reference table exists, where shorter exclusion terms apply for some specific cancers or illnesses, such as cystic fibrosis or hepatitis C.

In **France, the Netherlands and Luxemburg**, the onus is on applicant to determine whether they need to declare a diagnosis/ treatment to the insurer. In **Belgium**, the applicant makes a full declaration, and the onus is on the insurer to determine whether it can be used.

Other countries have adopted less formalised approaches. **Denmark** have introduced a voluntary code. In **UK and Sweden**, insurers have voluntarily agreed to explain to consumers if cover has been declined or terms varied due to medical reasons.

1. Background – Proposal in Ireland

- In Ireland on 18th October 2022 a new bill, the ‘Central Bank (Amendment) Bill 2022’ was brought forward by the Oireachtas Cross Party Group on Cancer¹.
- The bill outlines that a person seeking access to financial services will no longer have to declare a cancer diagnosis five years after finishing active treatment.

^[1] Source: [Central Bank \(Amendment\) Bill 2022 – No. 98 of 2022 – Houses of the Oireachtas](#)



2. About our working group

- The Life Reinsurance & Innovation Committee of the Society of Actuaries formed a working group in May 2022, following an open call for volunteers.
- Thank you to all the members of our group:

Ciara Russell Cillian Tierney Davy Hughes Gavin Maguire (co-chair) Gerry Tierney Gillian O’Keeffe	James Sims Jean Larkin Julie McCarthy (co-chair) Lorna O’Regan Michael Shelley Rachael Winters	Exec support: Philip Shier
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2. About our working group

Aims of the Group:

1. Explore the advantages and disadvantages to consumers or groups of consumers of implementing such a regime in Ireland.
2. Understand the current position and experience for survivors of cancer who apply for insurance products in Ireland today.
3. Summarise how legislation has already been implemented in other European countries and any observed or expected impacts.
4. Consider how any similar legislation may impact actuaries, underwriters and claims assessors working in Ireland including practical, operational and system issues.

Given the original focus of the Europe's Beating Cancer plan we have focused our analysis on cancer and individual life cover in particular.

3. Understanding current application experience for cancer survivors

How many people who have previously suffered from cancer apply for Life Insurance?

Considering anonymised Irish market application data for an almost 8-year period showed the following disclosure of previous cancer diagnosis for life insurance:

Benefit Type	No. of customer applications within our data set	No. of customer applications from a cancer survivor	% of customer applications with a cancer disclosure	Estimated no. of customer applications from cancer survivors in total market over this period
Life Insurance	497,221	8,517	1.7%	17,000
Serious Illness	114,610	1,109	1.0%	2,200
Income Protection	45,399	656	1.4%	1,300

Insurers included in the analysis have an estimated life insurance market share of 50% in 2022^[1]

^[1] Source: Milliman Ireland market share monitor – share of protection product sales only (i.e., Life insurance, Serious Illness, and Income Protection)



3. Understanding current application experience for cancer survivors

Analysing the cancer declarations by age and type of cancer

The percentage of applications from cancer survivors increases with the age of the customer applying.

Age Band	Life Insurance	Serious Illness	Income Protection
18-29	0.6%	0.4%	0.5%
30-39	1.1%	0.7%	1.1%
40-49	1.6%	1.2%	1.8%
50-59	2.8%	1.6%	2.7%
60-69	5.2%	2.2%	3.4%
70+	7.5%		

The main cancers being disclosed are:

Type	%
Breast	19.3%
Skin	14.8%
Prostate	7.8%
Cervical	5.9%
Thyroid	5.0%
Hodgkin's Disease	5.4%
Teratoma	3.9%
Leukaemia	3.7%
Colorectal	3.0%
Testicular	2.8%
Lymphoma	2.9%
Ovarian	2.2%
Seminoma	1.9%



3. Understanding current application experience for cancer survivors

For people who have disclosed cancer, how long ago did they complete their treatment?

Limited data available on when treatment had ended but for the c. 2,500 applications where it was available it showed the following:

Years since treatment completed	Product		
	Life Insurance	Serious Illness	Income Protection
Less than 5 Years	38%	33%	36%
5-9 Years	28%	25%	36%
10+ Years	35%	43%	28%

35% of c. 17,000 applicants for life insurance cover who disclose cancer could be impacted by the introduction of a 10-yr RTBF framework

3. Understanding current application experience for cancer survivors

What questions do people get asked when they apply for life insurance?

Question / Time period over which it is asked for Life Insurance & Serious Illness Products	No time limit	Last 5yrs	Last 3yrs	Last 3mths	Current	Not asked
Cancer	6 out of 6	-	-	-	-	-
Tumour	4 out of 6	-	-	-	-	2 out of 6
Leukaemia	6 out of 6	-	-	-	-	-
Lymphoma	6 out of 6	-	-	-	-	-
Hodgkin's disease	6 out of 6	-	-	-	-	-
Brain tumour	6 out of 6	-	-	-	-	-
Spinal tumour	6 out of 6	-	-	-	-	-
Cancer in situ	3 out of 6	-	-	-	-	3 out of 6
The following questions relate to symptoms or diagnoses that may indicate an elevated risk of cancer						
Cyst	2 out of 6	3 out of 6	-	-	-	1 out of 6
Lump	-	6 out of 6	-	-	-	-
Growth	-	6 out of 6	-	-	-	-
Polyp	-	4 out of 6	-	-	-	2 out of 6
Mole	-	5 out of 6	-	1 out of 6	-	-
Freckle	-	5 out of 6	-	1 out of 6	-	-
Abnormal smear test	-	4 out of 6	1 out of 6	-	-	1 out of 6
Abnormal mammogram	-	4 out of 6	1 out of 6	-	-	1 out of 6
Any gynaecological disorders	-	4 out of 6	-	-	-	2 out of 6
Do you have any symptoms or complaints for which you have not sought medical advice?	-	-	-	-	5 out of 6	1 out of 6

- All 6 insurers ask about previous cancer diagnoses on a “no time limit basis”.
- Some companies do not ask specific questions about lower grade cancers.
- For previous diagnoses which may lead to an increased cancer risk (e.g., cysts, breast lumps, polyps, changes in moles or freckles, abnormal smear tests etc.) most insurers restrict the time period over which customers need to tell them about these problems to within the last 5 years.
- For some diagnoses which may lead to an increased cancer risk, such as unexplained weight loss or persistent cough, the time period is typically restricted to within the last 3 months or limited to asking about current issues.



3. Understanding current application experience for cancer survivors

What is the underwriting journey that insurers in Ireland offer cancer survivors?

For the previously referenced dataset (i.e. applications with a cancer declaration and details of the time period since treatment ended), the automated underwriting engine decisions were as follows:

Years Since Treatment	Standard or No Extra Premium	Extra Premium	Refer to Underwriter	Postpone	Decline
Less than 5 Years	0%	0%	50%	45%	5%
5-9 Years	0%	0%	85%	10%	5%
10+ Years	0%	0%	90%	5%	5%

The majority of these applications are referred to a human underwriter for individual consideration.

3. Understanding current application experience for cancer survivors

What is the underwriting journey that insurers in Ireland offer cancer survivors (continued)?

To get a better understanding of how an RTBF framework may impact cancer survivors, the available data was recalibrated to ignore the cancer disclosure and provide the revised underwriting engine decisions which were as follows:

Years Since Treatment	Standard or No Extra Premium	Extra Premium	Refer to underwriter	Postpone	Decline
5-9 Years	25%	7%	60%	4%	3%
10+ Years	35%	8%	50%	4%	3%

- Between 5-9 years post completion of treatment 25% of cancer survivors would now be automatically accepted at a standard premium, with a further 7% automatically accepted with an additional premium payable.
- 10+ year post completion of treatment this increases to 35% and 8% of cancer survivors.
- However, more than half of cancer survivors would continue to be referred to a human underwriter or postponed / declined because the applicant declared a number of other risk factors.

3. Understanding current application experience for cancer survivors

What are the underwriting decisions that insurers in Ireland offer cancer survivors?

It was not possible to collect reliable data on the final underwriting terms offered for all cases that are 'Referred to Underwriter'.

As an alternative, we carried out a survey of notional application case studies with all 6 insurers offering life insurance to retail customers in Ireland for the following cancer types:

- Breast Cancer
- Prostate Cancer
- Colorectal Cancer
- Lung Cancer
- Melanoma Skin Cancer
- Non-Hodgkin's Lymphoma
- Chronic Lymphocytic Leukaemia

For each test case each insurer was asked if they would offer terms (both 5 years post completion of treatment and 10 years post completion of treatment) with:

- No Extra Premium
- Extra Premium
- No Terms Available (i.e., the case would be postponed or declined)

3. Understanding current application experience for cancer survivors

What are the underwriting decisions that insurers in Ireland offer cancer survivors (continued)?

Breast Cancer

	Average number of new cases per year	Proportion diagnosed <50	Proportion diagnosed <65	Stage / Description	Outcome 5 years post-completion of treatment			Outcome 10 years post-completion of treatment		
					<u>No Extra Premium</u>	<u>Extra Premium</u>	<u>No Terms Available</u>	<u>No Extra Premium</u>	<u>Extra Premium</u>	<u>No Terms Available</u>
Breast cancer	3,906	23% (898)	61% (2,382)	IA Small tumour, no spread	4/6 insurers	2/6 insurers		6/6 insurers		
				IIA Slightly larger tumour / early nodal spread		6/6 insurers		2/6 insurers	4/6 insurers	
				IIIA Slightly larger tumour still, slightly wider nodal spread		5/6 insurers	1/6 insurers	1/6 insurers	5/6 insurers	
				More advanced Large tumour / wider spread			6/6 insurers		3/6 insurers	3/6 insurers

3. Understanding current application experience for cancer survivors

What are the underwriting decisions that insurers in Ireland offer cancer survivors (continued)?

Prostate Cancer

	Average number of new cases per year	Proportion diagnosed <50	Proportion diagnosed <65	Stage / Description	Outcome 5 years post-completion of treatment			Outcome 10 years post-completion of treatment		
					<u>No Extra Premium</u>	<u>Extra Premium</u>	<u>No Terms Available</u>	<u>No Extra Premium</u>	<u>Extra Premium</u>	<u>No Terms Available</u>
Prostate cancer	3,474	3% (104)	41% (1,424)	I Small tumour, no spread	6/6 insurers			6/6 insurers		
				IIA Small tumour, no spread Higher pre-treatment PSA	2/6 insurers	4/6 insurers		3/6 insurers	3/6 insurers	
				IIB Small tumour, no spread Higher pre-treatment PSA, Raised Gleason	1/6 insurers	5/6 insurers		3/6 insurers	3/6 insurers	
				More advanced Large tumour / nodal spread / High pre-treatment PSA / Gleason further raised		3/6 insurers	3/6 insurers	3/6 insurers		3/6 insurers



3. Understanding current application experience for cancer survivors

Understanding the purchasing journey for cancer survivors from a financial adviser perspective

As part of our work we spoke to two financial advisers from two separate relatively large brokerage firms, to explore their experience of the life insurance application process for cancer survivors.

It's important to note it's a very small sample size and it may be worthwhile undertaking a broader piece of adviser and customer research to understand the challenges and potential solutions more widely.

The points noted during the discussions included:

- The impact of extra premiums
- Understanding of loadings
- Sensitivities
- The importance of people having life cover and a desire to offer this to as many people as possible

3. Understanding current application experience for cancer survivors

Summary

- An estimated 17,000 (1.7% of total estimated applications) cancer survivors have applied for life insurance in Ireland over the almost 8-year period analysed.
- An estimated 10,000 (62% of the 17,000 cancer survivors applying for life insurance cover) of these applicants declared they ended cancer treatment 5 or more years ago.
- Cancer survivors do not get an automatic decision at point of sale, but instead are primarily referred to a manual underwriting process.
- The reason for being referred for manual underwriting might not be solely due to the cancer declaration.
- It does appear from the case studies carried out, offers of cover are available in the market for many cancer survivors but it does depend on the type and severity of the cancer and the duration since treatment ended.

4. How might an RTBF framework impact consumers?

Different groups of consumers will be impacted in different ways by a Right to be Forgotten Framework for cancer survivors

- **Cancer survivors:** Life Insurance products will likely become more affordable for some cancer survivors. For some cancer survivors the cost of their life insurance may not change (as they are currently being offered standard premiums). However, the application process may be improved for some through the introduction of an RTBF framework. It may help to change perceptions of accessibility of life insurance, leading to more cancer survivors applying for cover.
- **Other consumers who have never been diagnosed with cancer:** are likely to see an increase in premiums if an RTBF framework is introduced (i.e., cross-subsidising for consumers who meet the RTBF criteria). Some consumers may consider this to be unfair.
- **Consumers that have recovered from other illnesses or diseases:** may feel unfairly treated as they would still be required to declare their prior condition.

5. Other practical and operational implications

Features of the Irish market that may differ from other markets where an RTBF framework has been introduced

Mortgage protection requirement: In Ireland a lender is legally required to make sure that a borrower has mortgage protection life insurance in place before granting them a mortgage. However, mortgage protection life insurance is not legally required in any of the following circumstances:

- The borrower is over 50 years old
- The mortgage is not in respect of their principal private residence
- The borrower cannot get this insurance, for example, because of a serious illness, or they can only obtain insurance at a “premium significantly higher than that payable by borrowers generally”
- The borrower already has enough Life Insurance to pay off the home loan if they were to die

However, some lenders may insist that the borrower take out mortgage protection life insurance as a condition of approving a mortgage, even if there is no legal requirement. The requirement to take out mortgage protection and the exemptions to this are set out in Section 126 of the Consumer Credit Act 1995.

5. Other practical and operational implications

Features of the Irish market that may differ from other markets where an RTBF framework has been introduced (continued)

Guaranteed premiums: the majority of individual Life Cover, Serious Illness and Income Protection sold to individual retail customers in Ireland are on the basis of guaranteed premiums i.e., the insurer and customer agree the premium payable at the start of the policy for the duration of the policy and the insurer is not allowed to change the premium during the term of the policy. For mortgage protection policies the term of the policy is typically set to match the term of the mortgage.

Product mix: Depending on the social care system in each country, different products have different levels of popularity. It is our understanding that Serious Illness products are more prevalent in Ireland than in other European countries. Serious Illness products pay out a lump sum benefit on diagnosis of one of a list of specific conditions (i.e., the pre-defined 'Specified Serious Illnesses') including cancer.

Individual vs Group Risk Benefits: Group Risk Benefits are typically provided by an employer to their employees (such a Death-In-Service Life Cover, Sick Pay or Long-term disability pay). Due to the almost compulsory nature of these benefits these are not generally underwritten except for individuals with exceptionally high levels of cover. In Ireland, employer-provided Life Cover plans with a benefit of less than €1m per individual life assured are not typically underwritten. The expectation is that an RTBF framework would have a limited impact on Group Risk products.

5. Other practical and operational implications

What other practical and operational issues need to be considered should an RTBF framework be introduced?

- **Pricing:** What will the premium impact (if any) be for products in scope? How might the business mix for life insurance change? How might the outlook for the incidence of cancer in the future impact pricing views?
- **Products:** What products are in scope? Could offering certain products become unsustainable in certain circumstances and/or need to be redesigned? What might the impact be on reinsurance?
- **Underwriting:** Changes will be required to application forms and underwriting systems. How will cessation of treatment be defined? How will any information inadvertently disclosed be treated?
- **Claims:** Will it be necessary to get additional evidence to establish the cessation date of a treatment? Could this increase claims turnaround times or result in claims being declined, or being paid proportionately, due to non-disclosure as a result of customers not telling the insurer about their previous cancer diagnosis when they were still required to?
- **Reserving and financial impacts for insurers:** How might assumptions need to change? Could any framework that is introduced be retrospective? How would existing policies be impacted? What costs could be involved in making changes and maintaining them?

6. Other products

How might an RBTF framework impact insurance products other than individual life insurance cover?

- **Serious Illness (and Income Protection):** Based on claims statistics published by 3 insurers operating in the Irish market, the average Serious Illness claim amount paid out in 2021 in Ireland was over €66,000 and the number 1 cause of claims is cancer. The impacts of an RTBF framework on pricing for these products could be more material.
- **Group risk:** these benefits are typically provided by an employer to their employees (such as death-in-service life cover). They are not typically underwritten and the expectation is that an RTBF framework would have a limited impact on group risk products.
- **Travel insurance:** Travel insurance premiums are typically set based on destination and age, and then add-ons for specific cover e.g., skiing, extreme sports etc. There is then usually an additional premium for medical conditions which go through a separate underwriting process. The “trigger” for whether the applicant is required to declare a condition or not varies by insurer but is typically 2 to 5 years and as such travel insurance appears unlikely to be materially impacted by the RTBF frameworks under consideration.
- **Health insurance:** Given the lifetime community rating system in operation in Ireland, an RTBF framework is not anticipated to have a material impact on Health Insurance products.

7. Alternatives that could be explored

Are there any alternatives to an RTBF framework that could be considered which might achieve similar aims?

- **Awareness campaign:** Are cancer survivors (and their financial advisers) aware of the extent to which Life Cover is available to them in the market?
- **Specialist advisers:** Create or identify specialist financial advisers that already exist within the market, who can best support customers with more complex medical histories to access the best cover available.
- **Signposting services:** Support the creation of a signposting service for financial advisers where, if an insurer or adviser is unable to provide or find cover, they refer the customer to a specialist adviser or make the customer aware that while they cannot provide cover, others in the market may be able to.
- **Cross-sector taskforce:** Increasing awareness of availability and increasing access to financial products, and subsequently changing consumer perception, is a complex problem. Potentially a cross-sector taskforce could be created to solve these challenges.
- **Review Section 126 of the Consumer Credit Act 1995:** Is the exemption to the requirement to have mortgage protection insurance operating as intended?
- **Insurer of last resort:** If no insurers are able to provide an offer of cover to an applicant due to medical history, could an 'insurer of last resort' model work?

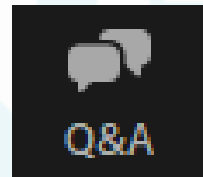
8. Further work that could be undertaken

What further work could be considered to understand the impact of an RBTF framework?

- **Impact assessment in other countries:** A right to be forgotten has been a feature of other European insurance markets for a number of years. Working with counterparts in these markets it may be possible to carry out an impact assessment for both consumers and insurers, and then taking any lessons learned, forward into proposals for Ireland.
- **Other conditions:** The focus of our analysis has been on cancer. Further work would be needed if other illnesses are to be considered within the RTBF proposals.
- **Other products:** The focus of our analysis has been on life insurance. Further work would be needed if RTBF were to be applied to other products.
- **Adviser (and/or customer) research:** Our adviser research has been very limited. Further research could be worthwhile to better understand challenges facing life insurance customers who have survived cancer.
- **Price elasticity modelling:** Some price elasticity modelling could be undertaken to understand what the impact of any increases in life insurance premiums may have.

Q&A

Use the **Q&A function** to ask a question



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