50 Years

Society of Actuaries in Ireland

Consideration of the potential impacts of the introduction of a Right to be Forgotten framework for Cancer Survivors in Ireland when applying for Life Insurance products

Prepared by the Right to be Forgotten Working Group

April 2023

Preface

The Society of Actuaries in Ireland ("Society") is the professional body representing the actuarial profession in Ireland. Members of the Society who work in the insurance area have a deep understanding of the life insurance market in Ireland, including regulatory structure, taxation, and market practice. The Society's Mission includes the following:

> ***[To] Serve the public interest by promoting thought leadership and contributing as an independent voice on matters where an actuarial perspective can add value.***

In this context, the Society is pleased to present this report.

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Executive Summary

In February 2021 the European Commission published "Europe's Beating Cancer Plan" which, along with setting out steps for the prevention and treatment of cancer, includes wider considerations of improving the quality of life of cancer patients, survivors, and carers.

With the aim of ensuring fair access for cancer survivors to financial services (including insurance), a proposal has been set out by the European Commission to introduce a right to be forgotten (RTBF) for cancer. The RTBF would mean that former cancer patients who have overcome their illness would not be required to disclose the prior diagnosis of cancer when applying for life insurance.

The Society of Actuaries in Ireland formed a working group in 2022 to consider the topic in more detail – the results of which are set out in this report.

Data obtained over an almost 8-year period from a large underwriting technology provider, who partners with three of the six insurers in the Irish market, shows that:

- **An estimated 17,000 cancer survivors have applied for life insurance over the almost 8-year period analysed[1](1.7% of circa 995,000 applications for Life Insurance in Ireland over the period).**

- **An estimated 10,000 cancer survivors who applied for life insurance cover in that same period disclosed that the cancer treatment ended more than 5 years ago[2] (approximately 1% of the total number of applicants).**

- **Data compiled on the automated underwriting decisions for these applications shows that customers with a previous cancer diagnosis do not get a point of application automatic acceptance decision.** Instead, **an estimated 8,500 or more of these applications are referred to an underwriter for individual consideration** with the remainder being postponed (meaning cover is not currently available but the application will be re-assessed in a certain timeframe; usually 6 months) or declined. **Further, this report shows that the reason for referring to an underwriter or to postpone may not be solely due to the cancer disclosure but may be also partly because the applicant disclosed a number of other risk factors.**

To understand likely final underwriting outcomes for cancer survivors, the working group asked the six life insurers offering life insurance cover to individual customers in the Irish retail market to assess a number of notional application case studies for life insurance cover and to provide their

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[1] Based on data from 3 insurers, who collectively have an estimated 50% share of the life insurance market in Ireland, we observed 8,517 applications for life insurance from cancer survivors out of total of 497,221 life insurance applications between 28th August 2014 and 24th June 2022.

[2] Note we do not have data for all applicants on whether treatment has ended, and as a result, the time period since treatment ended. We have full recovery data for c. 25% of all cancer disclosures which equates to roughly 2,500 applications. This data has been extrapolated to provide the estimate for all applicants. It is a relatively small dataset but the distribution of disclosures by years since treatment ended has also been benchmarked vs UK data and it is noted that the distribution is consistent.

likely underwriting outcomes post-completion of treatment for a number of different types of cancer, both 5 years and 10 years post the end of treatment. This showed that:

- **The severity of the cancer suffered (for which treatment has ended) is a factor in insurers' underwriting decisions.**
    - A number of insurers would accept applications for life insurance from cancer survivors with no extra premium payable both 5 years and 10 years post the completion of treatment – particularly where the cancer was early stage or a small tumour with no spread.
    - However, the majority of insurers (i.e., three or more) did indicate applications are likely to be declined for the most significantly advanced cases regardless of when treatment ended.

- **The duration since cancer treatment ended also is a factor in insurers' underwriting decision** as evidenced by broader availability of cover 10 years post end of treatment compared to 5 years. In all scenarios assessed, life insurance cover was noted as being currently available from one or more insurer 10 years post the end of treatment. Though cover is available 5 years post end of treatment, an extra premium is more likely to be applied than 10 years post the end of treatment.

It is important to note that information presented in this report is based on the current estimated market position based on the data collected. However, it would be reasonable to assume that some market dynamics could change following the introduction of an RTBF framework. Different groups of consumers are likely to be impacted by the introduction of an RTBF framework in different ways:

- Life Insurance products will likely become more affordable for some cancer survivors. This could be expected to lead to an increase in the number of cancer survivors buying Life Insurance products.

- 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. Depending on the scale of the increase in premiums, this could potentially lead to a reduction in the overall number of consumers purchasing life insurance products.

- Consumers that have recovered from other illnesses or diseases may feel unfairly treated as they would still be required to disclose their prior condition.

Life insurance in Ireland operates on the basis that consumers who represent a higher risk to the pool than the average consumer, pay a higher price commensurate to the higher risk they bring to the pool. The introduction of an RTBF framework would be step towards a community rating system for life insurance policies, similar to that in operation in the health insurance sector in Ireland, as the higher risk of some individuals would be spread equally across the premiums paid by all of those in the insurance pool.

This paper does not quantify the potential price implications for different groups of consumers due to the introduction of an RTBF framework. In a competitive market it would not be appropriate to set a baseline or comment on a specific range of pricing impacts. Each insurer would need to determine the price implications of any proposed RTBF framework considering for example:

- the breadth of the RTBF framework (e.g., the illnesses that no longer need to be disclosed, the products included, and the time period post cessation of treatment after which it would apply);
- their current customer mix;
- their views of how their customer risk profile might change following the introduction of an RTBF framework;
- their views of relative risks of different groups of customers; and
- any other factors relevant to their pricing (for example, expenses).

The considerations set out in this report are not exhaustive. The focus of this report and analysis is on life insurance. However, the implications may be more material for other products such as Serious Illness or Income Protection. In Section 8 we have set a number of additional topics that may be worthy of further consideration and research. Nonetheless, it is hoped that this report will be useful to all of those with an interest in this important topic – cancer survivors, consumer bodies, policymakers and those working in the insurance industry.

Background

On the 3rd of February 2021 the European Commission presented its Europe's Beating Cancer Plan[3].

According to the Commission[4]:

> *"[this is] a main priority in the area of health of the **von der Leyen** Commission and a key pillar of a strong European Health Union. With new technologies, research, and innovation as the starting point, the [Beating] Cancer Plan sets out a new EU approach to cancer prevention, treatment, and care. It will tackle the entire disease pathway, from prevention to quality of life of cancer patients and survivors, focusing on actions where the EU can add the most value.*
>
> *Europe's Beating Cancer Plan will be supported by actions spanning across policy areas from employment, education, social policy, and equality, through marketing, agriculture, energy, the environment, and climate, to transport, cohesion policy, and taxation."*

Section 6 of the Beating Cancer Plan: IMPROVING THE QUALITY OF LIFE FOR CANCER PATIENTS, SURVIVORS, AND CARERS notes the following:

> *"Thanks to advances in early detection, effective therapies and supportive care, survival rates have increased dramatically. The number of cancer survivors is growing every year and is now estimated at over 12 million in Europe. This figure includes around 300 000 childhood cancer survivors, a number which is also expected to rise substantially in the years to come. While this is a reason for optimism, survivors, their families, and carers can experience significant challenges…*
>
> *… 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."*

One of the committed initiatives from this part of the Plan is to:

> *"Address fair access for cancer survivors to financial services (including insurance), via a Code of Conduct and a reflection on long-term solutions – 2021-2023."*

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[3] Europe's Beating Cancer Plan
[4] Europe's Beating Cancer Plan Press Release

It is estimated that in Ireland there are 200,000 people living beyond a cancer diagnosis[5]. A survey from the Irish Cancer Society shows that people affected by cancer were more likely than the general population to feel they experienced difficulty when dealing with banks and insurance providers and when purchasing financial products. The study also shows only 1 in 4 people affected by cancer feel they have been treated fairly when buying financial products in Ireland, compared to half the general population.

Consumer Credit Directive – what is being proposed / considered?

The ambition to address fair access for cancer survivors to financial services (including insurance) has been picked up as part of the review of the Consumer Credit Directive (CCD). A European Parliament's amendment to the CCD legislative proposal has been laid down that would require member states to draw up a list of communicable and non-communicable diseases in order to introduce a 10-year RTBF for cancer for adults (five years if diagnosed before the age of 18)[6]. The RTBF would mean they would not be required to disclose a prior diagnosis of any disease on that list to an insurer.

A number of European countries have already introduced RTBF frameworks (see Section 1 below). In Ireland on 18 October 2022 a new bill was brought before the Seanad. The Central Bank (Amendment) Bill 2022[7] will be brought forward on behalf of the Oireachtas Cross Party Group on Cancer[8]. 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.

Why has the Society set up this working group?

The implementation of an RTBF framework could have significant implications for Irish consumers of insurance products. This working group was formed to:

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 itself. Work has also been focused on individual life insurance products (i.e., Life Cover, Serious Illness, and Income Protection products) and the data obtained within this report has focused on Life Cover in particular. More detail on potential further work that could be considered in order to understand the impact of an RTBF framework is set out in Section 8.

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[5] https://www.cancer.ie/sites/default/files/2022-02/Access%20to%20Financial%20products%20report%202022.pdf
[6] REPORT on the proposal for a directive of the European Parliament and of the Council on consumer credits | A9-0212/2022 | European Parliament (europa.eu) (Amendment 22)
[7] Central Bank (Amendment) Bill 2022 – No. 98 of 2022 – Houses of the Oireachtas
[8] New Bill to ease access to mortgage and insurance for cancer survivors | Irish Cancer Society

1. Understanding what has already been introduced in other countries

A number of European countries have already introduced RTBF frameworks, either through legislation or through Codes of Conduct.

Below sets out our understanding of the current position in a number of these countries:

Country	France	Belgium	Luxemburg	The Netherlands	Portugal
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

Recently, for mortgage protection or 'Credit insurance' products, **France** has removed the medical questionnaire completely for loan amounts below €200,000 and where the term expires before age 65. For policies within these criteria in France, an insurer can no longer ask any medical underwriting questions.

For **France, Belgium** and **Luxembourg**, an exceptions list/reference table exists, where shorter exclusion terms apply for some specific cancers or illnesses, such as cystic fibrosis or hepatitis C. For example, in France, the period after which a consumer has an RTBF is 3 years for stage 1 testicular cancer and 1 year for breast cancers in situ.

In some of the markets (**France, the Netherlands** and **Luxembourg**), the onus is on the applicant to determine whether they need to declare a diagnosis and/or treatment to the insurer. The insurer is required to provide guidance to the applicant on what needs to be declared. In **Belgium**, the applicant makes a full declaration, and the onus is on the insurer to determine whether it can be used or disregarded.

Other countries have adopted less formalised approaches. **Denmark** has introduced a voluntary code. In **Sweden**, insurers have voluntarily agreed to explain to consumers if cover has been declined or terms varied due to medical reasons. A similar approach has been implemented in the **UK**[9].

[9] https://www.biba.org.uk/wp-content/uploads/2022/12/Explaining-underwriting-decisions-Updated-as-at-31-March-2021-for-web.pdf

2. How does Ireland's insurance market compare to these other markets?

While there are similarities between the insurance market in Ireland and these countries there are also differences. The differences often depend on health and social care systems in place, but also how market dynamics have evolved over time. In this section, we highlight some of the key features of the Irish market that may be different from the other markets, as we understand them, in which an RTBF framework has been introduced. This is not an exhaustive list of differences, and these features may not be unique to Ireland, but equally may not apply across all other European countries. To inform the discussion in Ireland we believe it would be worthwhile to carry out an impact assessment of the RTBF frameworks introduced in other jurisdictions and to take into account these features of the Irish market while analysing the results. The features of the Irish market highlighted may have a positive or negative impact on any RTBF framework in Ireland.

Mortgage protection requirement: In Ireland a lender is legally required to make sure that a borrower has mortgage protection life insurance in place before giving 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[10]. The requirement to take out mortgage protection and the exemptions to this are set out in Section 126 of the Consumer Credit Act 1995[11].

Guaranteed premiums: For the majority of individual Life Cover, Serious Illness and Income Protection sold to individual retail customers in Ireland, insurers offer 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.

In other jurisdictions, reviewable premiums may be more common. Under a reviewable premium structure, insurers could change premiums levels from year to year, or at pre-defined periods, on existing policies depending on changes in the underlying risk cost (e.g., where the claims experience is better or worse than expected, when there is a change in lapse experience or a change in economic assumptions).

In Ireland, because the majority of products are offered on the basis of guaranteed premiums, the insurers retain the longer-term claims experience risk, lapse risk and economic assumptions risk rather than maintaining the ability to pass deviations in longer term experience or emerging risks to the customer. This gives a customer much greater certainty of insurance costs over the long-term.

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[10] Insurance protection on mortgages (citizensinformation.ie)

[11] Section 126 of the Consumer Credit Act 1995

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. 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[12] [13] [14].

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.

3. Pooling of risk

The principle and origin of insurance is around the spreading of risk among the many to protect the few, those who will unfortunately suffer an event in their lives that results in a time of need. The terms offered (such as premiums) are determined not only from an individual consumer's perspective but also with regard to the larger group of consumers whose risks are pooled together.

To illustrate the pooling of risk principle, let us take a simple hypothetical example of a pool of 1,000 people each with €100,000 life insurance cover for a 1-year policy term and each with 1 in 1,000 risk of dying over the next year.

For this group of people, the expected outcome is that just 1 of them will die within the year and receive a €100,000 claim pay-out. To cover the risk cost (i.e., the expected claims costs), each person would be asked to pay a premium of €100 for the year to cover the expected risk of the pool. The 1,000 times €100 premium would be used to cover the €100,000 paid to the dependents of the person who died.

Say now instead of having 1,000 people with a 1 in 1,000 risk of dying, you have 950 people with a 1 in 1,000 risk of dying and 50 people with a 2 in 1,000 risk of dying.

Due to the increased risk in the pool the expected number of lives who will die over the year has increased from 1 to 1.05 people over the year with an expected pay-out increasing from €100,000 to €105,000.

If this increased risk cost is to be shared equally among the 1,000 members of the pool, then all members would see their premium rise from €100 per year to €105 per year to cover the total risk cost.

Alternatively, if customers are required to pay a premium commensurate to the risk they bring to the pool, then the 950 people with a 1 in 1000 risk of dying would continue to pay an annual

[12] http://togfinancialservices.ie/wp-content/uploads/2022/04/Irish-Life-Claims-Brochure-2021.pdf
[13] https://www.newireland.ie/view-document/302468-302468_Claim_Statistics_2021_v10.07.22.pdf
[14] €106.5 million paid to customers with protection policies 2021 - Aviva Ireland

premium of €100 to the pool and the 50 people with a 2 in 1,000 risk of dying would pay a premium of €200 per year to the pool to meet the expected claims cost.

Noting the range of underwriting outcomes observed in the previous section, it can be observed that the introduction of an RTBF framework would be expected to increase the risk cost to be shared equally among all those in the insurance pool.

This example is intended as an illustration to explain the principle of pooling of risk only. It is not intended as a suggestion of a potential price increase should an RTBF framework be introduced. Each insurer will need to consider the price implications of any proposed RTBF framework considering, for example, their own customer mix, their own view of relative risks of different groups of customers, as well as their own views of how their mix of customer profiles might change following the introduction of an RTBF framework.

In 2012 the EU Gender Directive[15] removed gender as a pricing factor for insurance products, while in 2004 a lifetime community rating system[16] relating to health insurance policies was first introduced in Ireland, both steps in reducing the differentiation insurers can make between different cohorts of customers that represent different levels of risk. The introduction of an RTBF framework would be another similar step towards a community rating system for life insurance policies.

4. Understanding the current application experience and underwriting outcomes for customers who have previously had cancer

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

Working with an underwriting technology provider and three Irish insurers who use the technology from that provider, we have been able to analyse anonymised disclosure data from the period 28th August 2014 to 24th June 2022.

This analysis included 657,230 individual applications, of which 10,282 included a disclosure of some type of cancer. The insurers participating in this analysis have an estimated life insurance market share of 50% in 2022[17] so we believe this is a representative data set for the life insurance market in Ireland overall.

We found the following percentage of customers disclose some form of previous cancer diagnosis by product.

Benefit Type	% of customers disclosing cancer
Life Insurance	1.7%
Serious Illness	1.0%
Income Protection	1.4%

1.7% of Life Insurance applications in Ireland over this time period are from people who have previously had some form of cancer diagnosis. This is 8,517 applications out of total of 497,221 life

[15] https://ec.europa.eu/commission/presscorner/detail/en/IP_12_1430
[16] Community Rating | The Health Insurance Authority (hia.ie)
[17] Source: Milliman Ireland market share monitor – share of protection product sales only (i.e., Life insurance, Serious Illness, and Income Protection)

insurance applications, over this circa 8-year period, from the 3 insurers who work with this underwriting technology provider. This has been benchmarked against a larger dataset in the United Kingdom. In the UK the disclosure rates observed were slightly lower than in Ireland, which is consistent with cancer diagnoses rates in Ireland vs the UK.

Breaking the above down by age groups, we see the disclosure rate increases by age:

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%		

Analysing the disclosure data in more detail, we see that the most common types of cancers disclosed are below:

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%

In the following table, where data is available, we have broken down the disclosure rates by the number of years since treatment ended[18]:

Years Since Treatment	Ireland		
	Life Insurance	Serious Illness	Income Protection
Less than 5 Years	38%	33%	36%
5-9 Years	28%	25%	36%
10+ Years	35%	43%	28%

[18] Note we do not have data for all applicants on whether treatment has ended, and as a result, the time period since this ended. As such, we only have full recovery data for c. 25% of all cancer disclosures which equates to roughly 2,500 applications. It is therefore a relatively small dataset but the distribution of disclosures by years since treatment ended has also been benchmarked vs UK data and it is noted that the distribution is consistent.

This implies that c.62% (i.e., 28% + 35%) of applicants for Life Insurance cover who disclose cancer could be impacted by the introduction of a 5-year RTBF framework or 35% of applications with a cancer disclosure should a 10-year RTBF framework be introduced.

Comments on this data from the Working Group

The 1.7% of total applications for Life Cover (or 8,517 applications to the 3 providers included in the analysis) over a c.8-year period being from cancer survivors may seem low, relative to Irish Cancer Society research showing that there are 200,000 in Ireland living beyond a cancer diagnosis[19]. This may be seen as further evidence that cancer survivors feel they will not be treated fairly when applying for insurance products and so choose not to apply.

However, there are potentially other factors driving these numbers such as:

- This analysis covers c.50% of the life insurance market in Ireland. Assuming the other insurers not included in this analysis see a similar level of applications from cancer survivors then we would expect the absolute number of applications from cancer survivors to be double the 8,517 figure we have shown over the 8-year period.

- The analysis shows that proportion of customers who apply with a previous cancer diagnosis increases significantly with age. Of the life insurance applications from those aged 70+, 7.5% included a cancer disclosure. Typically, insurance buying customers are more weighted to younger age applicants with dependents, and/or those with new or outstanding mortgage balances. When we look at all cancer incidence rates in Ireland according to the National Cancer Registry of Ireland[20], cancer diagnosis occurred before age 50 in 14% of cases and before age 65 in 43% of cases (total diagnoses as a proportion of total new cases). Due to the age profile of insurance applicants overall we would expect a lower level of cancer survivor incidence within the group of people who apply for life insurance products than the overall level of cancer survivors within the Irish population.

  As noted by the Irish Cancer Society only 1 in 4 people affected by cancer feel they have been treated fairly when buying financial products in Ireland, compared to half the general population. This may result in customers self-selecting out of applying for life insurance products as they believe they will be declined for cover, or they believe the process of obtaining cover will be difficult for them.

- There is a possibility that Financial Advisers may not encourage their customers to apply for life insurance products if they believe the customer will be declined for cover, or they have a perception that the process of obtaining cover will be difficult. Later in this report we have included two different views on this point from brokers we have spoken to as part of our work.

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[19] https://www.cancer.ie/sites/default/files/2022-02/Access%20to%20Financial%20products%20report%202022.pdf
[20] https://www.ncri.ie/sites/ncri/files/factsheets/Factsheet%20all%20cancers.pdf

What questions do people get asked when they apply for Life Insurance?

To understand these disclosures in detail we have carried out a review of the publicly available Life Insurance application forms used by the 6 insurers offering Life Insurance products to individual retail customers in Ireland today.

The key observations from this piece of analysis were as follows:

- All 6 insurers currently ask about previous cancer diagnoses on a "no time limit basis" (i.e., have you ever had cancer?) rather than restricting to a specific time period.
- Some companies do not ask specific questions about lower grade cancers (e.g., a specific tumour or cancer in situ question). It is likely, however, that some customers will answer the main cancer question positively if they have been diagnosed with one of these.
- For previous diagnoses which may lead to an increased cancer risk (e.g., cysts, breast lumps, polyps[21], 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.

This review is summarised in the following table:

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

[21] A polyp is a projecting growth of tissue from a surface in the body. Most polyps are benign, which means they are harmless. But because polyps are caused by abnormal cell growth and, like cancer, grow through rapidly dividing cells, they can become malignant. [source: What is a polyp? | Cancer Council]

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
Do you have any symptoms or complaints for which you have not sought medical advice?	-	-	-	-	5 out of 6	1 out of 6
Unexplained weight loss of 7lbs or more in the last 3 months	-	-	-	3 out of 6	-	3 out of 6
Bleeding from bowels / change in bowel habit	-	-	-	-	4 out of 6	2 out of 6
Breathing problems / SOB	-	-	-	-	1 out of 6	5 out of 6
Breast or testicular changes	-	-	-	-	2 out of 6	4 out of 6
Cough lasting > 3 weeks	-	-	-	-	4 out of 6	2 out of 6
The following questions relate to family history of cancer						
Family history - Any cancer	3 out of 6	-	-	-	-	3 out of 6
Family history - Cancer of bowel	6 out of 6	-	-	-	-	-
Family history - Cancer of breast	6 out of 6	-	-	-	-	-
Family history - Cancer of ovary	6 out of 6	-	-	-	-	-
Family history - Any other inherited condition	3 out of 6	-	-	-	-	3 out of 6

What are the underwriting outcomes that insurers in Ireland offer these customers?

Medical underwriting is a process of assessing how much risk is involved in insuring someone on the basis of how likely they are to make a claim. During medical underwriting, insurers look at an applicant's medical history, including illnesses and injuries they have suffered in the past, to decide whether to offer cover and how much it will cost – the premium. Together these make up the underwriting outcome we will consider in this section.

In order to assess their underwriting outcome, insurers in Ireland use an underwriting manual. Typically, these underwriting manuals are created and maintained by global reinsurance companies. These reinsurance companies employ teams of medical experts, researchers, actuaries, and data scientists to ensure the recommended outcomes within their underwriting manual are justifiable, evidence-based and reflect the latest available medical data and opinion.

Most insurers also use an automated underwriting rules engine system to streamline the application journey for their customers and advisers. Where possible this system aims to give applicants an immediate underwriting decision at point of application.

Using the data referenced in the previous section we have investigated the decisions applied at point of application for applicants with a cancer disclosure. The summarised results of this can be found below:

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%

From this, we can see at point of application, for all durations since treatment ended, the most common decision is to 'Refer to Underwriter' i.e., the application is referred to a human underwriter for individual consideration. Most automated rules engines recognise that cancer is a highly varied disease, with many risk factors, and as such they tend to default to a manual assessment to best take into account the individual aspects of each customer's history. A proportion of these cases 'Referred to Underwriter' will be offered cover at either standard terms or with an extra premium payable following the completion of the manual underwriting process which will give individual consideration to the circumstances of the application.

For applications where treatment ended within the last 5 years, a significant number of cases are 'Postponed' i.e., they are advised that cover is not available at this time. Usually, these cases will be postponed for a defined period of time and the decision will be reconsidered following this period of postponement.

However, the reason for the decision to 'Refer to Underwriter' for individual consideration or to 'Postpone' may not be solely due to the cancer disclosure but may be because the applicant disclosed a number of other risk factors (e.g., high BMI). Given the proportion of people who disclose a previous cancer diagnosis increases with age, there is an increasing likelihood of an applicant having additional risk factors.

Focussing on those who recovered from cancer more than 5 years ago, we have recalibrated the data to ignore the cancer disclosure at point of application. This to identify whether there are other risk factors (i.e., other disclosures) that are influencing the automated underwriting decision.

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%

As we can see, ignoring the cancer disclosure, 25% of applicants, whose cancer treatment ended between 5-9 years ago would be offered standard terms or no extra premium at point of application. A further 7% would be offered terms at point of application but with an extra premium being payable. When you look at applications with cancer disclosure where the cancer treatment ended 10 or more years ago, this increases to 35% being offered cover at standard terms, and 8% being offered cover with an extra premium payable automatically at point of application.

As shown above, the majority of these applicants would continue to be referred to an underwriter for individual consideration rather than being automatically offered terms or declined or postponed at point of application, even where cancer disclosure is being ignored. As noted above a proportion of these cases 'Referred to Underwriter' will be offered cover at either standard terms or with an extra premium payable.

This data shows that even when the cancer disclosure is ignored, 50% of applicants who have not had treatment for cancer in the last 10 years would continue to be referred to an underwriter because of other risk factors disclosed. This might imply that a right to be forgotten for cancer in isolation may not change the customer experience for people with cancer as much as might be expected. This data shows that 7% of these applications will still be unable to obtain cover.

It is important to note that it is not possible to say that, in all cases, the other non-cancer disclosures are totally unrelated to the original cancer diagnosis. For example, the customer may use free text boxes or answer other non-cancer questions to provide further detail about their cancer or ongoing monitoring post the end of treatment triggering a refer to manual underwriting decision.

Unfortunately, it was not possible to collect reliable data on the terms offered for all cases that are 'Referred to Underwriter' due to the bespoke nature and individual consideration applied as part of the manual underwriting process.

As an alternative we carried out a survey of all 6 insurers offering life insurance to retail customers in the Irish market. Through this exercise we reviewed likely underwriting outcomes for notional application case studies for life insurance for the following cancer types:

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

We chose these cancer conditions as they have the highest recorded incidence rates in Ireland according to the National Cancer Registry of Ireland[22].

We sought indicative underwriting opinions from the six life insurers offering Life Insurance to individual retail customers in the Irish market. To collect these underwriting opinions in a consistent form we created a number of test applications for people with the above cancer types. The assessment considered the acceptance terms available for Life Cover at 5 years and 10 years post-completion of treatment for the seven cancer types listed above.

The assessment considered if an applicant would be accepted with:

- No Extra Premium
- Extra Premium
- No Terms Available (i.e., it would result in a postpone or decline)

For each cancer type, different stages of the condition were considered as part of the underwriting assessment, however this was not an exhaustive list. Given the complexity of cancer and the uniqueness of each cancer survivor's experience, the test application referring to "more advanced" stages of the cancers was potentially open to interpretation by respondents since, for example, breast cancer has stages IIIB, IIIC and IV, all being 'more advanced' than stage IIIA. For colorectal cancer, stages IIIB and IV qualify as 'more advanced'. One respondent might provide the stage IIIB outcome and another the stage IV outcome, which might or might not differ, dependent upon the underwriting manual being used. Had the question sought responses for 'fully advanced' stages, a higher proportion of decline outcomes would be expected. Despite this, we believe the outcomes shown illustrate the range of outcomes available within the market.

The following tables set out the results of this analysis. For context, we have included the number of new diagnoses of these cancer types each year in Ireland and the number diagnosed under age 50 and under age 65 as most applicants purchasing insurance are under age 65. These statistics are taken from the National Cancer Registry of Ireland (2005-2015).

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[22] www.ncri.ie/factsheets

Life Cover Underwriting Outcomes – Breast Cancer, Prostate Cancer & Colorectal Cancer

Condition	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		
						No Extra Premium	**Extra Premium**	**No Terms Available**	**No Extra Premium**	**Extra Premium**	**No Terms Available**
Breast cancer	3,906	23% (898)	61% (2,382)	IA	Small tumour, no spread	4/6 insurers (67%)	2/6 insurers (33%)		6/6 insurers (100%)		
				IIA	Slightly larger tumour / early nodal spread		6/6 insurers (100%)		2/6 insurers (33%)	4/6 insurers (67%)	
				IIIA	Slightly larger tumour still, slightly wider nodal spread		5/6 insurers (83%)	1/6 insurers (17%)	1/6 insurers (17%)	5/6 insurers (83%)	
				More advanced	Large tumour / wider spread			6/6 insurers (100%)		3/6 insurers (50%)	3/6 insurers (50%)
Prostate cancer	3,474	3% (104)	41% (1,424)	I	Small tumour, no spread	6/6 insurers (100%)			6/6 insurers (100%)		
				IIA	Small tumour, no spread, higher pre-treatment PSA	2/6 insurers (33%)	4/6 insurers (67%)		3/6 insurers (50%)	3/6 insurers (50%)	
				IIB	Small tumour, no spread, higher pre-treatment PSA, raised Gleason	1/6 insurers (17%)	5/6 insurers (83%)		3/6 insurers (50%)	3/6 insurers (50%)	
				More advanced	Larger tumour / nodal spread / high pre-treatment PSA / Gleason further raised		3/6 insurers (50%)	3/6 insurers (50%)	3/6 insurers (50%)		3/6 insurers (50%)
Colorectal cancer	2,775	8% (222)	33% (915)	I	Small tumour, no spread	5/6 insurers (83%)	1/6 insurers (17%)		6/6 insurers (100%)		
				IIA	Larger tumour, no spread		6/6 insurers (100%)		6/6 insurers (100%)		
				IIIA	Smaller tumour, limited nodal spread		6/6 insurers (100%)		4/6 insurers (67%)	2/6 insurers (33%)	
				More advanced	Large tumour / wider spread		1/6 insurers (17%)	5/6 insurers (83%)		1/6 insurers (17%)	5/6 insurers (83%)

*Source: National Cancer Registry of Ireland (2005–2015)

Life Cover Underwriting Outcomes – Lung Cancer, Melanoma Skin Cancer, Non-Hodgkin's Lymphoma & Chronic Lymphocytic Leukaemia

Condition	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		
						No Extra Premium	Extra Premium	No Terms Available	No Extra Premium	Extra Premium	No Terms Available
Lung cancer	2,564	3% (76)	28% (717)	IA	Small tumour, no spread	2/6 insurers (33%)	4/6 insurers (67%)		4/6 insurers (67%)	2/6 insurers (33%)	
				More advanced	Larger tumour and/or any spread		2/6 insurers (33%)	4/6 insurers (67%)	1/6 insurers (17%)	1/6 insurers (17%)	4/6 insurers (67%)
Melanoma skin cancer	1, 092	26% (283)	52% (567)	T1a	Small tumour, no spread	6/6 insurers (100%)			6/6 insurers (100%)		
				T2a	Slightly larger tumour, no spread	1/6 insurers (17%)	5/6 insurers (83%)		5/6 insurers (83%)	1/6 insurers (17%)	
				T3a	Slightly larger tumour still, no spread		6/6 insurers (100%)		3/6 insurers (50%)	3/6 insurers (50%)	
				More advanced	Larger tumour and/or any spread		2/6 insurers (33%)	4/6 insurers (67%)		2/6 insurers (33%)	4/6 insurers (67%)
Non-Hodgkin's lymphoma	814	16% (130)	44% (358)	I or II	Early stage		6/6 insurers (100%)			6/6 insurers (100%)	
				More advanced	More advanced stage (spread)		3/6 insurers (50%)	3/6 insurers (50%)		3/6 insurers (50%)	3/6 insurers (50%)
Chronic lymphocytic leukaemia	527	23% (121)	46% (242)		Successful bone marrow transplant		5/6 insurers (83%)	1/6 insurers (17%)		5/6 insurers (83%)	1/6 insurers (17%)

*Source: National Cancer Registry of Ireland (2005–2015)

Having reviewed the underwriting outcomes at 5 years and 10 years post-completion of treatment, a selection of key findings are as follows:

5 years post-completion of treatment	10 years post-completion of treatment
• A number of insurers would offer No Extra Premium (i.e., standard terms) in many of the scenarios assessed, particularly where the cancer was early stage or a small tumour with no spread.	• No Extra Premium offers are much more widely available where an applicant is 10 years post completion of treatment compared to 5 years. Offers with No Extra Premium are available in roughly half as many scenarios assessed after 5 years as after 10 years.
• Extra premium offers of cover would be available in the Non-Hodgkin's Lymphoma and Leukaemia scenarios assessed.	• Offers of cover would be available in some of the more advance cancer scenarios assessed from some insurers, though not all, and they are likely to be 'Extra Premium' terms.
• Given the complexity of cancer and the uniqueness of each cancer survivors' experience, the test application referring to "more advanced" stages was potentially open to interpretation by respondents since, for example, breast cancer has stages IIIB, IIIC and IV, all being 'more advanced' than stage IIIA. For colorectal cancer, stages IIIB and IV qualify as 'more advanced'. One respondent might provide the stage IIIB outcome and another the stage IV outcome, which might or might not differ, dependent upon the underwriting manual being used. Had the question sought responses for 'fully advanced' stages, a higher proportion of decline outcomes would be expected. Despite this, we believe the outcomes shown illustrate the range of outcomes available within the market.	

Childhood Cancers

From our discussions with underwriters, in the case of adult applications for Life Insurance where they have suffered a childhood cancer, general practice is to assess on an individual basis. The applicant being in long-term remission might be common in such circumstances, such that either no extra premium or a smaller (e.g., an additional 25% or 50% of the standard premium) extra premium may be applied.

The reasons for the extra premium might include a known predisposition to disease, or the extent of treatment undergone at an early age which might have long-term mortality implications, or where long-term follow-up has been recommended, thus indicating a persistently increased risk. Adherence to follow-up would be important. In cases where complete remission has been achieved and maintained during the interim period, and where the above risk factors are absent, the expectation would be that no extra premium would apply.

Comments on this analysis from the Working Group

- Given the range of outcomes and variation by insurer observed, it is apparent that there are a range of underwriting philosophies being applied in the market.

- Insurers are applying cancer type specific underwriting philosophies rather than a more general cancer philosophy.

- The duration since cancer treatment ended is a factor in the underwriting assessments that are being undertaken (as evidenced by broader availability of cover 10 years post end of treatment compared to 5 years).

- In all scenarios assessed, Life Cover is available in the market 10 years post the end of treatment – in most cases this is with no extra premium (i.e., standard terms are available).

- In most scenarios assessed, Life Cover is available in the market 5 years post the end of treatment – though this is more likely to be with an extra premium payable.

- Had the survey question sought responses for 'fully advanced' stages, a higher proportion of decline outcomes would be expected. Despite this, we believe the outcomes shown illustrate the range of outcomes available within the market.

- The potential impact of an RTBF framework for childhood cancers is particularly difficult to assess due to small volumes of data available and the case-by-case nature of the underwriting assessments. However, it is expected that improvements in medical care over time has led to more cases being accepted at standard terms.

How does the application process feel from a customer perspective?

To provide some qualitative insights (in addition to the data driven insights above) we spoke with two brokers from two separate relatively large brokerage firms, in order to try and get a first-hand view of their experience of the application process for customers who have previously had a cancer diagnosis. Given the very small sample size, these insights should not be considered as being representative of the broader adviser market but instead have been included in this report as extra viewpoints to feed into the discussion. We would strongly recommend that a broader piece of adviser research is carried out if a more representative view is required rather than relying on the points presented in this section in isolation.

Both firms surveyed are well known within the market as 'Life Insurance specialists' and have a level of online presence and as a result they may naturally attract a higher proportion of customers who have researched applying for cover with certain conditions.

This may go some way to explaining the feedback that one broker provided that the majority of people they advise are not surprised that a previous cancer diagnosis impacts their application journey for insurance. Hence, when they do receive terms that include an extra premium or an exclusion, the majority of customers their firm deals with are not overly surprised and will have discussed beforehand reducing cover to fit within their budgets if necessary. This was not the case with the other broker, as they noted that customers generally are surprised if they receive a loading due to cancer.

In both cases what does surprise people is the length of time after which they consider themselves “cancer free” that can impact the terms they receive. The majority of consumers expect if it has been 5 years since their recovery, they will be able to obtain cover on standard rates. It appears as though people equate being given the “all-clear” by their GP after 5 years without a relapse (and this may not be 5 years after completion of treatment) to no longer having any increased risk of relapse or suffering from a related condition.

From our very small sample size, it appears that customers do not understand extra premiums (typically referred to as “loadings”) and the terms in which they are presented and how it may equate to their medical history. Someone receiving a loading of 100% for example does not usually believe they are twice as likely to die as the average customer.

Both advisers noted that discussing a customer’s history of cancer or a family history of cancer is particularly difficult. Relative to other conditions discussed, it has an element of being “beyond their control” that makes the conversations more difficult. When discussing family heart conditions, for example, customers may point to lifestyle factors that they believe impacted the onset of such conditions and which they, therefore, feel they can control.

Overall, this can equate to some applicants being surprised by the loading received following disclosure of either a personal or family history of cancer. These advisors suggested that there is an understanding or acceptance that having a BMI (Body Mass Index) outside of the recommended range, or a history of heart disease, will increase the cost of your insurance but a number of customers do not expect a history of cancer to have the same impact.

In general, some customers that have gone through the process of applying for cover while disclosing a history of cancer would not wish to do so again. They apply for Life Insurance due to requiring it for mortgage purposes but will not wish to try to apply for additional Serious Illness Cover for example.

On discussing what current challenges, if any, the advisors felt could be addressed through changes in this area, one noted that the Consumer Credit Act does allow banks to grant waivers to the requirement to obtain Life Insurance cover when taking out a mortgage. However, they noted that some customers would prefer to have cover in place, even if this meant paying a large premium. It was suggested that one insurer, on rotation say or through the establishment of a specialist firm, should have to offer cover for cases like this and that there should be a mechanism in place to offer “insurance of last resort” for life cover as is offered for car insurance.

Again, noting the very small sample size of our research, it may be worthwhile considering a broader piece of broker and customer research being undertaken to understand the challenges and potential solutions more widely. Even in this small sample (of two) it is clear there are different views.

Summary

	Current Position	With 5 Year RTBF period (for adults)	With 10 Year RTBF period (for adults)	Comments / Observations
1. Proportion of customers with a previous diagnosis of cancer who apply for Life Insurance:	1.7%	At least 1.7%. If an RTBF framework achieves its aim (i.e., make it easier for cancer survivors to access insurance), it is reasonable to expect that there would be a greater proportion of applications from cancer survivors in future. It may also be reasonable to assume that a 5-year period instead of 10-year RTBF period would lead to a greater increase in a proportion of applications from cancer survivors.	At least 1.7% If an RTBF framework achieves its aim (i.e., make it easier for cancer survivors to access insurance), it is reasonable to expect that there would be a greater proportion of applications from cancer survivors in future.	With the introduction of an RTBF framework, insurers might reasonably expect to see an increasing proportion of applications from customers who have previously had a diagnosis of cancer. An RTBF framework might streamline underwriting and increase perception of availability and/or accessibility of cover for these applicants. The period selected would affect this differential. The proportion of applications from customers who have had a cancer diagnosis might differ more in the short-term following the introduction of an RTBF framework than over the long-term as 1. some existing customers with extra premiums applied may opt to lapse existing policies and re-apply 2. cancer survivors who were previously declined for cover re-apply if they now will be accepted 3. cancers survivors who didn't apply because of perceived difficulty of obtaining cover may now apply if the RTBF framework results in a change in their perception (even if it hasn't changed their actual underwriting outcome).
2. Proportion of applicants with a previous cancer diagnosis who would be impacted by RTBF	-	62% of applications from cancer survivors over past c.8 years (i.e., 1% of applications overall - 62% x 1.7%)	35% of applications from cancer survivors over past c.8 years (i.e., 0.6% of applications overall - 35% x 1.7%)	This is based on current proportions of disclosures which could change following an RTBF framework being introduced (i.e., as above, more applications may be received with a higher proportion of cancer disclosures with the time period depending on the framework introduced).

	Current Position	With 5 Year RTBF period (for adults)	With 10 Year RTBF period (for adults)	Comments / Observations
3. Impact on application questions	All customers get asked about all historic cancer diagnosis	Insurers would need to update medical questionnaires to only ask about cancer treatment in the last 5 years (or develop processes to ignore the information from an underwriting perspective).	Insurers would need to update medical questionnaires to only ask about cancer treatment in the last 10 years (or develop processed to ignore the information from an underwriting perspective).	Regardless of the approach set out in any framework it is possible insurers would still receive information about historic cancers due to over disclosure by applicants. Insurers would need to develop processes to ensure these disclosures are ignored in getting to a final underwriting decision.
4. Impact on point of applications underwriting decision	No customers with a previous cancer diagnosis get a point of application automatic acceptance decision. Predominantly these applications are referred to a human underwriter for individual consideration.	32% of applications disclosing cancer over past c.8 years would get an automatic acceptance at point of application (25% no extra premium, 7% extra premium) (i.e., 0.5% of applications overall - 32% x 1.7%)	43% of applications disclosing cancer over past c.8 years would get an automatic acceptance at point of application (35% no extra premium, 8% extra premium) (i.e., 0.7% of applications overall - 43% x 1.7%)	Even with an RTBF framework a significant proportion of applications from customers with a previous cancer diagnosis would still be referred to a human underwriter for individual consideration because of the disclosure of other risk factors. Insurers would also need to consider if the mix of severity and types of previous cancer diagnosis observed in the applications would change following an RTBF framework being introduced.
5. Final Underwriting Decision	Offers of cover are available in the market for many customers depending on the type and severity of their previous cancer and the duration since treatment ended.	For less severe and early cancer diagnoses (e.g., small tumours with no spread), depending on the cancer site, there would be no change as they are currently provided cover at standard rates. For applications with severe cancers (e.g., larger tumours with significant spread) which are currently declined 5 years post treatment, terms would be offered at standard rates.	For less severe and early cancer diagnoses (e.g., small tumours with no spread) and moderately severe cancer diagnoses (i.e., with spread), depending on the cancer site, there would be no change as they are currently provided cover at standard rates. For applications with severe cancers (e.g., larger tumours with significant spread) which are currently given extra premium offers (or declined) 10 years post treatment, terms would be offered at standard rates.	Insurers would need to calculate the impact of these underwriting outcome changes on their overall level of pricing for all customers.

	Current Position	With 5 Year RTBF period (for adults)	With 10 Year RTBF period (for adults)	Comments / Observations
6. Experience of customers with a previous cancer diagnosis.	The mixed experiences of customers today are highlighted by our conversations with the two advisers.	32% of applications disclosing cancer over last 8 years would now get a point of application acceptance so their underwriting would be streamlined. However, 68% might not see a material change in underwriting experience as they will be referred for manual underwriting. However, a proportion of this 68% would see a change in underwriting outcome as they would be accepted on standard terms (ignoring other risk factor disclosures) and where not already receiving no extra premium terms.	43% of applications disclosing cancer would now get a point of application acceptance so their underwriting would be streamlined. 57% might not see a material change in underwriting experience as they will be referred for manual underwriting. However, a proportion (i.e., the proportion not receiving standard terms) of this 57% would see a change in underwriting outcome as they would be accepted on standard premium terms (ignoring other risk factor disclosures).	Overall, an RTBF might lead to an increased perception among cancer survivors of availability of cover and lead to more of these customers taking out Life Cover. Depending on the framework adopted, customers may be unclear about the extent of any cancer disclosures required as part of the application process and the experience of completing the application form may not be noticeably improved. The impact of non-cancer related disclosures and risk factors will still lead to applications that are declined and postponed.

5. How might an RTBF framework, if introduced in Ireland, impact consumers?

Given the Society's mission statement, one of our primary considerations in drafting this report is the impact on the consumer. In the section that follows we set out some of the potential implications of the introduction of an RTBF framework for consumers who have previously had cancer (i.e., those who meet the criteria to have their cancer status 'forgotten') and also the potential implications for other consumers. One of the key themes we'll seek to explore throughout is treating customers fairly.

Consumers that are cancer survivors (meeting the RTBF criteria)

A consumer group that is expected to be materially impacted if an RTBF framework is introduced is cancer survivors who meet the criteria to have their cancer history 'forgotten' (i.e., those consumers who meet the required period of time criteria after completion of active treatment). Generally, as people get older their average level of income rises so paying more for Life Insurance products (due to the increased level of mortality risk with age) is broadly considered to be fair. Separately, cancer survivors typically pay more for Life Insurance products than consumers who have never received a cancer diagnosis (but who otherwise have similar risk characteristics). An RTBF framework would mean insurers would pool together these two groups, likely lowering premiums on average for cancer survivors and increasing premiums for other consumers. Some considerations in relation to this for cancer survivors meeting the RTBF criteria are:

- Life Insurance products will likely become more affordable for some cancer survivors. This will likely lead to an uptake in the number of cancer survivors buying Life Insurance products.
- While the above disclosure analysis shows 1.7% of current applicants are from people with a previous cancer diagnosis, this likely understates the true picture for demand for Life Insurance as some customers with a previous cancer diagnosis may not apply for Life Insurance cover because they believe they are unlikely to be accepted, or they might have been discouraged by a financial adviser from applying because of the financial adviser's perception of availability of cover.
- The National Cancer Registry Ireland estimated in 2020 that 1 in 2 people will be diagnosed with cancer at some point in their lifetime[23]. An RTBF framework as such has the potential to have a direct benefit on a significant and growing proportion of the population in the coming years.
- Our sample case exercise shows that many cancer survivors do currently get accepted for Life Insurance, so for a cohort of customers actual outcomes may not change as a result of an RTBF framework. However, RTBF may nonetheless change the perception of accessibility for consumers and improve perception of the insurance industry.
- As illustrated by the data above, many cancer survivors have other risk factors which means that the underwriting process or outcomes might not change significantly for a proportion of cancer survivors who meet the RTBF criteria.

[23] https://www.drugsandalcohol.ie/33527/1/NCRI_Annual%20Report_2020.pdf

Other consumers

The introduction of an RTBF framework would not only impact cancer survivors who meet the RTBF criteria, but indeed it would likely impact a wide range of other consumers. Some considerations include:

- Increases in the level of premiums for consumers who have never been diagnosed with cancer are likely if an RTBF framework is introduced (i.e., cross-subsidising for consumers who meet the RTBF criteria). The extent of these increases is difficult to predict. Some consumers may consider this to be unfair. This may lead to a reduction in the number of consumers purchasing Life Insurance products and/or a pronounced shift in the proportion of customers buying insurance with and without a prior cancer diagnosis. Different forms and stages of cancer have different probabilities of recurrence, so using the same framework for all cancers may also be considered unfair.
- If the incidence of cancer increases in the coming years, this may lead to an increase in the level of cross subsidisation between cancer survivors and those who have not had cancer.
- The Irish Cancer Society published the results of its Access to Financial Products and Services survey in February 2022[24]. 70% of respondents (representative of the general population) stated that they do not believe a cancer diagnosis should mean an additional premium on insurance costs in the Republic of Ireland. Note this was structured as a yes/no question - varying levels of additional premium were not defined in the survey.
- Applicants who do not meet the RTBF criteria (e.g., a consumer who had cancer in the last 3 years) may feel unfairly treated. It may also be difficult for these consumers to understand why a particular cut-off point (e.g., 5 or 10 years) has been chosen.
- Consumers who have other illnesses or diseases may feel unfairly treated.
- An RTBF framework could generally provide consumers with peace of mind that dependants and family members will be able to afford Life Insurance to ensure financial stability, even after a cancer diagnosis.
- A framework of this nature is not a new phenomenon in Ireland. In 2012 we had the EU Gender Directive[25] which removed gender as a pricing factor for insurance products, while in 2004 a lifetime community rating system[26] relating to health insurance policies was first introduced in Ireland. This may mean that consumers are more likely to understand and accept a change of this nature.

Potential other unintended consequences

- There is a possibility of an increase in the level of selection, where lives deemed riskier become more likely to purchase Life Insurance products. At the extreme, this could result in insurers being unable to provide products at competitive prices and force insurers out of the

[24] https://www.cancer.ie/sites/default/files/2022-02/Access%20to%20Financial%20products%20report%202022.pdf
[25] https://ec.europa.eu/commission/presscorner/detail/en/IP_12_1430
[26] Community Rating | The Health Insurance Authority (hia.ie)

market. The public could be left with fewer options in terms of Life Insurance products and providers, which in turn could lead to an increase in prices. This would impact all consumers.

- Our work feeding into this report has primarily focused on Life Insurance products. If Serious Illness or Income Protection products were to be included in scope, the impacts on pricing for these products could be more material which could affect the product viability, and/or wider consumer take-up of these products, leading to lower level of resilience in the general population (the number one cause of claim on these products is cancer). If these products are to be considered as part of any RTBF framework, then we would recommend a more detailed analysis of potential impacts is carried out.
- As noted above, survivors of other communicable or non-communicable diseases may request similar RTBF frameworks – which if successful could further increase the levels of cross subsidies within the insurance market.

6. What other practical and operational issues would actuaries, underwriters and claims assessors need to consider should an RTBF framework be introduced?

There are many considerations that actuaries, medical underwriters, and claims assessors will need to take into account should an RTBF framework be introduced in Ireland. In this section we set out some key issues that we have identified through our work. It is not intended to be an exhaustive list. Each of the items will need to be considered from both the insurer perspective and the customer perspective. When changes could result in increased expenses or uncertainty then the costs of these will ultimately need to be borne by the insurer or the end consumer.

Pricing	**Premium impacts:** What will the pricing impact be for products included within the scope of the RTBF framework?
	Selection impact: Could the impact in the short-term and long-term be different if people who have previously been declined for insurance apply in the period following the introduction of an RTBF framework?
	Long-term cross-subsidy / trends: If the incidence of cancer increases in the coming years, this may lead to an increase in the level of cross subsidisation between cancer survivors and those who have not had cancer.
	Persistency: Will there be an impact on persistency rates and assumptions if some existing policies are lapsed and re-written as new business to secure better terms? What would this selective lapsing mean for the claims experience and expected profitability of the remaining portfolio?
	Affordability and business mix: Will some healthier lives no longer take out insurance (or the same level of insurance) because it is less affordable? This would reduce the number of lives within the pool that could cross-subsidise the lives who benefit from RTBF.
	Understanding the change in Underwriting Philosophy: As we have attempted to do in this paper at an aggregate level, actuaries in each insurer will need to work closely with their Underwriting and Claims Assessment colleagues to understand the potential impact on underwriting and claims outcomes and new business mix as a result of the RTBF framework.
	Guaranteed premiums: The majority of Life Insurance products in Ireland are sold on a guaranteed premium basis. This is where the premium is fixed at the outset of the policy and the insurer has no right to change the premium again during the term of the policy. Consumers benefit from increased certainty of guaranteed premiums. Insurers will need to consider if RTBF has any impact on the ability to guarantee premium rates in this way.
Products	**Products included:** Which products are within scope of the RTBF framework? For example: Life Insurance mortgage cover only or are other

	products included? Would the cancer disclosure have to be disregarded in all instances e.g., customers who disclose cancer when applying for a medically underwritten annuity product would likely get better annuity terms as a result of the cancer disclosure. If insurers cannot use a history of cancer for underwriting assessment, does it mean that it cannot be used for pricing medically underwritten annuities?
	Product sustainability: Depending on the products included within the RTBF framework, and the nature of the framework, would continuing to offer them become unsustainable for insurers? Insurers in Ireland pay out hundreds of millions each year in claims for cancer on Life Insurance, Serious Illness, and Income Protection. It is the main cause of claim on all products. If RTBF restricts questions they can ask and creates uncertainty about claims cost, insurers may consider whether they want to continue offering these products. Additional capital may need to be held to manage the additional uncertainty.
	Product design: Would insurers need to reconsider product design to manage risk / mitigate costs for consumers? For example, introduction of moratorium periods for all customers or removing cancer or terminal illness benefits from some products?
	Availability of reinsurance: Insurers in Ireland are typically reliant on international reinsurers to help them manage their claims exposure. Reinsurers may revise their appetite for and cost of reinsurance if an RTBF framework was introduced. Insurers will need to engage with their reinsurers to understand their views on RTBF.
Underwriting	**Application forms and underwriting rules:** Actuaries and Underwriters will need to work together to review their application forms and underwriting systems and make changes to bring them in line with any new framework introduced.
	Additional controls: Controls will need to be implemented to ensure that inadvertent disclosure – either by a customer or a medical professional when providing information – is disregarded or deleted.
	Family history: If Insurers cannot use a personal history of cancer, can they continue to ask for family history and, if not, what implication does it have for risk assessment and pricing?
	Years since treatment ended / cessation of treatment: How will this term be defined? At what point does treatment end? How will Insurers distinguish between ‘cessation of treatment’ and ‘routine reviews’ and ensure consistent treatment is applied across the industry in defining and applying these considerations?
	Products included: Depending on the products included in the framework Insurers may need to develop different processes for different products. For example, if the framework is restricted to mortgage cover does the

	Insurer need to request formal proof of a mortgage offer at application, and is it practical to get this from a lender prior to issuing a policy?
	Extra premiums: Within the RTBF framework will it be possible to apply permanent extra premiums for cancer or will extra premiums need to cease when the RTBF time limit is passed? If convertible term policies are included, and are rated at outset, does the rating expire on subsequent conversion? Will customers who previously had a permanent rating for cancer, lapse and reapply to avail of (potentially) improved terms?
Claims	**Additional controls:** Similar to Underwriting, additional controls will need to be implemented, at claims stage, to ensure that inadvertent disclosure either by a customer or a medical professional when sending in evidence is disregarded or deleted.
	Additional facts that might need to be verified: Additional work may be required to establish additional facts at claims stage e.g., will it be necessary to get additional evidence to establish the cessation date of a treatment? Could this increase claims turnaround times for some customers or even 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?
	Claims philosophy review: Insurers will need to review their claims philosophies to bring them in line with any RTBF framework that is introduced.
	Mix and volume of claims: Depending on the products included within the RTBF will Insurers see an increase in the number of claims that need to be processed e.g., terminal illness, hospital cash or surgical cash? What would this mean for claims processing times and number of claims assessors that are needed?
Reserving and financial impacts for insurers	**Assumptions review:** Each of the pricing assumption considerations listed above may need to be reviewed for quarterly reserving processes. If an RTBF framework introduces additional uncertainty, what would that mean for reserves that need to be held?
	Retrospective or prospective: Could any framework that is introduced be retrospective? How would existing policies be impacted?
	Costs: There will be a cost to be borne to implement changes to brochures, systems, medical forms etc., but also in maintaining additional processes on a long-term basis.

7. Impacts on other products

The focus of our work so far has been on Life Insurance products. However, we did consult our colleagues working in general insurance who gave us the following comments:

Travel Insurance

Travel insurance premiums are typically set based on destination (usually Europe / Rest of World) 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 goes through a separate underwriting process – see below.

<u>Medical screening</u>

In the policy terms and conditions, there may be some specific clauses relating to health. There are a number of medical conditions for which additional screening is not required, which varies by insurer, but cancer typically requires screening. The “trigger” for whether the applicant is required to declare the condition or not varies by insurer and will usually depend on:

A. Whether you have had treatment in the last X years (X is usually 2 to 5 years);
B. Whether you are waiting to receive treatment;
C. Whether you have taken prescribed medication in the last X years (X is usually 2 to 5 years); and,
D. Whether you are currently taking prescribed medication.

It is important to note that the additional premium payable following the medical screening can be several multiples of the base premium. Some customers may also find the screening calls quite intrusive.

Given the typical time period for the medical screening trigger is 2 to 5 years, travel insurance is unlikely to be materially impacted by the RTBF frameworks under consideration.

Private Health Insurance

Given the lifetime community rating system[27] in operation in Ireland, an RTBF framework is not anticipated to have a material impact on Health Insurance products.

However, for both Travel Insurance and Health Insurance, further analysis might be worthwhile to make sure there are no unintended consequences as a result of an RTBF framework being introduced.

[27] Community Rating | The Health Insurance Authority (hia.ie)

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

If the aims are to improve the experience and outcomes for cancer survivors when they are accessing insurance cover and interact with insurance companies, then potentially there are alternative solutions that could be considered, or which could be considered in addition to an RTBF framework.

Awareness campaign:

Are cancer survivors (and their financial advisers) aware of the extent to which Life Cover is available to them in the market already? From our investigation, cover is available within the market for cancer survivors in many scenarios. Could the industry do more to increase awareness among cancer survivors, their financial advisers, and the general public to make them aware that this is the case?

Support the creation of specialist advisers:

Support the creation of, or identify, specialist financial advisers that already exist within the market who can best support customers with more complex medical histories and help them access the best cover available to them in the market.

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. A similar service exists within the UK.

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 including Charities, Insurers, Reinsurers, Distributors, Banks, Regulators and Government, to identify and co-design solutions to solve these challenges.

Review Section 126 of the Consumer Credit Act 1995:

Section 126 of the Consumer Credit Act 1995[28] sets out the requirement for the mortgage lender to ensure that a life insurance policy is in place to cover the outstanding balance of the mortgage in the event of the death of the borrower. However, the Act contains an exemption, which means this is not a legal requirement, if 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”. A review of this section of the Consumer Credit Act may be beneficial to understand if, in practice, it is 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? A similar insurer has been created in the UK for uninsurable flood risks[29]. This is done in partnership between government and insurers.

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[28] Section 126 of the Consumer Credit Act 1995

[29] Flood Re - A flood re-insurance scheme

9. Further work that could be considered to understand the impact of an RTBF framework

We hope this report is useful as a contribution to the discussion around the potential impacts of the introduction of an RTBF framework in Ireland. There are other pieces of work that might also be worth considering undertaking:

Impact assessment in other countries:

A right to be forgotten has been a feature of other European insurance markets for a number of years (particularly France which introduced their framework first in 2016). It could be worth working with counterparts in these markets 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. Consideration of the how introduction of a cancer-only RTBF framework would impact on and be perceived by consumers with a history of other conditions that result in similar life assurance outcomes may also be worthwhile.

Other products:

The focus of our analysis has been on Life Insurance. Further work would be need if RTBF were to be applied to other products; in particular, Serious Illness or Income Protection products where the impact might be more material.

Further adviser research:

Our adviser research has been very limited. Further adviser research could be worthwhile to better understand challenges for advisers when sourcing Life Insurance cover for their customers who have survived cancer.

Price elasticity modelling:

It might be worth undertaking some price elasticity modelling to understand what the impact of increases in Life Insurance premiums for some customers, might mean for the proportion of these lives who purchase cover, and hence financial resilience in Ireland overall.

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