LIA Singapore introduces updated Critical Illnesses benefit guidelines to meet changing needs of policyholders

1 August 2014 – Following a one-year review, the Life Insurance Association Singapore (LIA Singapore) today announced changes to the Critical Illnesses (CI) benefit framework aimed at providing consumers in Singapore with more varied CI products. The revised guidelines encourage life insurers to innovate products and services to better meet the evolving needs of Singaporeans.

Effective immediately, CI benefits offered under new individual or group insurance policies may be launched with two changes. They are:

- Revised standard definitions for the severe stage of 37 common CIs
- Flexibility for more medical conditions to be covered

The framework is adopted by all member companies of the LIA Singapore and the General Insurance Association of Singapore (GIA).

“The Life Insurance Association is pro-actively introducing changes to provide for current and anticipated needs of individuals in Singapore. This is especially important given the changing demographics of our community, medical advancements and expectations of today’s society. Making refinements to the critical illness benefit framework is one of numerous initiatives undertaken by the life insurance industry aimed at providing protection for the well-being of individuals over their lifetime,” said Dr. Khoo Kah Siang, President of LIA Singapore.

Today, Singapore has a greying population with 300,000 people aged 65 or above, and that will triple by 2030¹. The incidence of chronic diseases among both the young and old is also increasing and will escalate the nation’s overall healthcare expenditure by an additional 11 per cent each year until 2018².

Revised standard definitions for the severe stage of 37 common CIs

Standard definitions for the severe stage of some of the 37 common CIs have been updated to reflect advances in clinical practices, medical science and technology which have impacted certain illnesses in their diagnosis and treatment.

CI products using preceding definitions will no longer be sold from 1 February 2015.

¹ A Sustainable Population for a Dynamic Singapore – Population White Paper 2013
² Healthcare bills here seen rising 11% a year, The Business Times, 8 February 2013
First introduced in 2003, the rationale for LIA Singapore’s standardisation of CI definitions remains unchanged, which is that standardisation provides greater transparency for customers to easily assess and compare the different plans available. Policyholders will also be given greater assurance in claims results with a reduced incidence of one insurer paying a claim and another rejecting it due to differences in definition applied for severe stage of the 37 common CIs.

Research findings from Gen Re’s “2012 Dread Disease Survey” shows that over 90 per cent of all severe stage claims received by life insurers are for five critical illnesses namely:

- Major Cancers
- Heart Attack of Specified Severity
- Coronary Artery By-pass Surgery
- Stroke
- Kidney Failure

The markets covered by Gen Re’s survey included Hong Kong, Malaysia, Australia, United Kingdom and Singapore, and these five important or core CIs are found within the standard 37 CIs.

As some standard definitions have been updated so as to reflect advances in clinical practices, medical science and technology, and with the rationale for standardisation remaining unchanged (for transparency and more consistent claims results), premiums are not expected to increase due to this revision of definitions.

**Flexibility for more medical conditions to be covered under CI plans**

LIA Singapore has revised the framework so that insurers can provide CI coverage for more medical conditions. Following this, Singaporeans will benefit from the introduction of more innovative products catering to varied and more specific needs.

Current plans cover up to a maximum of 30 CIs. The Competition Commission of Singapore (CCS) has been consulted and hence under the new framework, any number of medical conditions can now be covered under a CI plan, and insurers can also offer single-illness CI plans.

To provide consistency for policyholders, all insurers in Singapore will adopt the standard definition for severe stage of the 37 common CIs set by LIA Singapore. Definitions of additional CIs will be set by individual insurers.

**About Critical Illness insurance**

Critical illness insurance pays out a lump sum in the event that the life insured is diagnosed to be suffering from one of the critical illnesses or has undergone a surgical procedure covered by the policy. CI plans can be sold as a stand-alone policy or as an optional rider attached to a main policy. Each CI condition or surgery covered by the policy is precisely defined in the policy contract and benefits will be paid only if the policyholder suffers from a condition that meets the standard definition.
Please refer to the LIA Singapore website at www.lia.org.sg for more details on the CI benefit framework and the standard definitions for the severe stage of 37 Critical Illnesses.

-End-

Life Insurance Association, Singapore (LIA)

Established in 1962, the Life Insurance Association, Singapore (LIA) is the not-for-profit trade body of life insurance product providers and life reinsurance providers based in Singapore and licensed by the Monetary Authority of Singapore (MAS).

Vision and Mission
The vision of member companies is to provide individuals with peace of mind and to promote a society where every person is prepared for life’s changing cycles and for those situations unforeseen. They are committed to being a progressive life insurance industry by collectively enhancing consumer understanding, promoting industry best practices, and through the association fostering a spirit of collaboration and mutual respect with government and business leaders.

Values underpinning the association and its members

Unified in our resolve to deliver innovative solutions where every individual’s needs are best met.

Professional in the way we conduct ourselves and in the counsel we give.

Ethical in ensuring our policyholders’ interests are managed with utmost integrity.

Fair in how we strive to provide favourable outcomes to both our policyholders and shareholders.

Open & honest in all that we do to build an environment of trust and transparency.

Proactive in the steps we take to give our people the skills and knowledge to provide sound solutions at all times.

For further media enquiries, please contact:

Pauline Lim (Ms.)
Executive Director, LIA, Singapore
Tel: +65 6438 8900 / +65 9648 6407
Email: pauline.lim@lia.org.sg

Kerri Tan (Ms.)
Ogilvy Public Relations
Tel: +65 6417 3907 / +65 9018 0566
Email: kerri.tan@ogilvy.com

Q Akashah (Ms.)
Ogilvy Public Relations
Tel: +65 6213 7881 / +65 9825 1944
Email: akashah.q@ogilvy.com