

For immediate release

## *Media Release*

# **Life insurance industry refines Critical Illness definitions for clarity on intended scope of coverage in light of medical advances in recent years**

**Singapore, 29 August 2019** - The Life Insurance Association Singapore (LIA Singapore) today announced changes to the Critical Illnesses (CI) definitions and names (i.e. headers to the definitions), which have been revised for clarity and continued relevance<sup>1</sup>.

Standard definitions of 21 severe stage CIs and names of 14 CIs have been refined to clearly reflect the intent of coverage. The LIA CI Framework includes standardised definitions of 37 severe stage CIs in total.

Some examples of these changes include:

- For “Heart Attack of Specified Severity”, the preceding reference to “Death of heart muscle due to **obstruction of blood flow**” revised to “Death of heart muscle due to **ischaemia**”, to make it clear that both Type 1 Myocardial Infarction and Type 2 Myocardial Infarction are covered.
- “Deafness (Loss of Hearing)” amended to “Deafness (**Irreversible** Loss of Hearing)” and the term “irreversible” defined, to recognise the possibility of future medical treatments that can restore hearing to some level as medical advances are made. Before this amendment, the definition does not cover reversible hearing loss.

All member companies of the Life Insurance Association (LIA) Singapore and the General Insurance Association of Singapore (GIA) will adopt the set of revised definitions.

Effective from 26 August 2020, all CI products based on definitions of 2014 may no longer be sold in Singapore.

Policyholders with existing CI policies are not impacted by the new CI definitions. Claims assessment and benefits will follow the definitions, and the terms and conditions stated in their existing policy contracts.

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<sup>1</sup> Please refer to the LIA Singapore website at [www.lia.org.sg](http://www.lia.org.sg) for MU 58/19 - LIA Critical Illness (CI) Framework 2019.

“This round of review addresses ambiguities that have arisen due to medical advancements and health trends in the past five years. Especially with the rapidly ageing population and rising incidences of chronic illnesses here, regular reviews of the CI definitions will ensure that CI products stay relevant with changing times, and that the intended scope of coverage is clear to consumers,” said Mr. Khor Hock Seng, President of LIA Singapore.

Today, Singapore has an ageing population with nearly 548,000 people aged 65 or above, and that will rise to more than triple by 2030<sup>2</sup>. The incidence of chronic diseases among both the young and old is also increasing, with the government’s overall national healthcare spending almost doubling since 2010, to reach S\$21 billion in 2016<sup>3</sup>.

The rationale for LIA Singapore’s standardisation of CI definitions remains unchanged:

- Standardisation provides greater transparency for customers to easily assess and compare the different plans available.
- Policyholders have 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.

The last update was made in 2014, where some of the 37 *severe* stage CIs definitions were revised; and the maximum limit of 30 medical conditions per CI plan was abolished to allow for more medical conditions to be covered.

Standard CI insurance plans are designed to provide financial support when the insured person develops a severe or debilitating condition that requires a major surgery, or results in severe disability over an extended period. The latest round of changes remain consistent with this principle.

Standardisation of CI definitions was first introduced by LIA Singapore in 2003, and the industry remains committed to reviewing LIA’s common definitions once every three years.

Research findings<sup>4</sup> have shown that over 90 per cent of all severe stage claims received by life insurers are for five CIs, namely:

- Major Cancer
- Heart Attack of Specified Severity
- Stroke with Permanent Neurological Deficit
- Coronary Artery By-pass Surgery
- End Stage Kidney Failure

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<sup>2</sup> *Elderly to make up almost half of S’pore population by 2050: United Nations*, Today Online, 6 December 2017

<sup>3</sup> *Parliament: Rate of growth in healthcare spending unsustainable, says Gan Kim Yong*, The Straits Times, 7 March 2019

<sup>4</sup> See Gen Re’s “Dread Disease Survey 2012-2015,” published 2019.

### **About CI insurance**

CI 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](http://www.lia.org.sg) for more details on the CI benefit framework and the standard definitions for the severe stage of 37 Critical Illnesses.

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## Life Insurance Association, Singapore (LIA Singapore)

Established in 1962, the Life Insurance Association, Singapore (LIA Singapore) 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

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|--------------------------|---|
| <b>Unified</b>           | in our resolve to deliver innovative solutions where every individual's needs are best met.               |
| <b>Professional</b>      | in the way we conduct ourselves and in the counsel we give.   |
| <b>Ethical</b>           | in ensuring our policyholders' interests are managed with utmost integrity.                               |
| <b>Fair</b>              | in how we strive to provide favourable outcomes to both our policyholders and shareholders.               |
| <b>Open &amp; honest</b> | in all that we do to build an environment of trust and transparency.                                      |
| <b>Proactive</b>         | in the steps we take to give our people the skills and knowledge to provide sound solutions at all times. |

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