

16 November 2022

REF: MU 58/22 – AMENDMENT TO LIA CRITICAL ILLNESS (CI) FRAMEWORK 2019

The MU 58/22 sets out the framework to govern the provision of critical illness benefits by member companies of the Life Insurance Association.

The MU 58/22 replaces MU 58/19 in its entirety.

Four files belonging to MU 58/22 are:

1. MU 5822 (Part 1 of 4)_LIA CI Framework 2019.pdf
2. MU 5822 (Part 2 of 4)_LIA CI Framework 2019_LIA Definitions for 37 CIs.pdf
3. MU 5822 (Part 3 of 4)_LIA CI Framework_Comparison of LIA Definitions_2014 and 2019.pdf
4. MU 5822 (Part 4 of 4)_LIA CI Framework 2019_Summary of changes.pdf

Changes to MU 5819

Under MU 58/19, the section named “90-Day Waiting Period” at Paras 36, 37, and 38 had required member insurers to adopt a 90-day waiting period for the severe stage of five prescribed critical illnesses. This 90-day waiting period was intended to combat anti-selection. The MU 58/22 deletes the said section.

Member insurers can independently determine the suitable waiting periods in all of their insurance policies.

Separately, the MU 58/22 also reflects the removal of the \$25,000 cap on sum payable in respect of “Angioplasty & Other Invasive Treatment for Coronary Artery” under MC 48/22, which was effective 9 March 2022.

Effective date

The MU 58/22 takes effect immediately as of 16 November 2022.

LIA Secretariat

MU 5822 (Part 1 of 4) - LIA CRITICAL ILLNESS (CI) FRAMEWORK 2019

The MU 58/22 sets out the framework to govern the provision of critical illness benefits by member companies of the Life Insurance Association.

It has been consulted with MAS.

Effective Dates

- On and after 26 August 2020, CI products using Version 2014 definitions may no longer be sold in Singapore. This is the case even if an insurer has not launched its Version 2019 products as yet.

For Individual Policies

- New CI products introduced before 26 August 2020 may adopt either Version 2014 or Version 2019 definitions. If the insurer chooses Version 2014, the CI product must be withdrawn by 26 August 2020.
- The application of Version 2019 definitions will be based on the Proposal Signed Date.
- For proposals that are signed by 25 August 2020, insurers must ensure that the policies are issued by 25 November 2020. This gives insurers a grace period of three months to issue all such policies under Version 2014 definitions.

For Group Policies

- The application of Version 2019 definitions will be based on the CI Policy Effective Date.
- Any group policy that is **newly-effected or renewed** on or after 26 August 2020 must carry the Version 2019 definitions.
- Insurers may adopt Version 2019 definitions before 26 August 2020.

In-Scope

1. New individual policies or benefits
2. New group policies or renewals, including any new CI cover during the policy year
3. CI benefits issued as a standalone policy or a rider
4. CI benefits issued on an individual basis or a group basis
5. CI benefits issued as a rider to an H&S policy or a PA policy
6. For cases of top-up to existing CI policies, insurers are given the discretion to decide to either apply the existing definitions to the top-up amount or apply the prevailing current definitions to the top-up amount. Where it is the latter, **it is for the insurer to decide on the date of implementation of such a practice. Further, the insurer should disclose this practice to the policyholder in order to avoid any misunderstanding or difficulties in the future.**

Hypothetical Example

In 2016

CI policy purchased for Sum Insured of \$100,000.

In 2021

Top-up made to CI policy of Sum Insured of \$50,000, based on current prevailing definitions (in this case Version 2019).

Disclosure is made.

In 2025

A claim is submitted.

Claim is assessed based on:

Applying Version 2014 to \$100,000

Applying Version 2019 to \$50,000

7. Where an existing individual CI term policy (yearly renewable type) is auto-renewed or has to be cancelled and re-issued due to administrative reasons, for example: change of payment mode or credit cards, **the same approach applies as under (6) above.**
8. Where an existing CI benefit attached to a health policy (including Integrated Shield Plan) is auto-renewed, **the same approach applies as under (6) above.**

Abolition

- Since November 2014, the previous maximum limit of 30 medical conditions per CI plan is abolished.

Out-of-Scope

1. CI products for Male or Female or Children which do not cover any of the CI conditions in its entire scope. Example, a Female CI product which covers only Female Organs Cancer does not need to apply the Major Cancer definition.
2. Terminal Illness issued under the general benefits of a basic plan.

OBJECTIVES

1. Overall, the framework seeks to balance the interests of both consumers and product providers.
2. For consumers, the core value of the critical illness benefit, which is the “severe” stage of cover, is standardised for 37 medical conditions by way of common definitions. Offering clear and consistent coverage across the industry promotes consumer confidence in the CI product. Furthermore, the adoption of common definitions facilitates product comparison by consumers.
3. Claims assessment based on the same definition regardless of insurer helps to achieve more consistent outcomes. Incidences of one insurer paying a claim and another rejecting due to differences in definition are reduced.
4. Since November 2014, the previous industry maximum limit of 30 medical conditions per CI plan is abolished. The Competition Commission of Singapore was consulted. For insurers, the flexibilities accorded under the framework are intended to facilitate product innovation and provision of good value to consumers.

SCOPE OF COVERAGE

5. There are two aspects to be considered - the medical condition, and the stages of illness progression of the medical condition.

Common Definitions “Version 2019”

6. LIA defines and maintains a list of 37 medical conditions. For their common definitions, please refer to “LIA CI Framework 2019_LIA Definitions for 37 CIs.docx”
7. **The LIA’s common definitions describe the respective medical conditions at the “severe” stage.**

Other CI Products

8. With reference to the LIA framework, other than the “severe” stage for 37 medical conditions, all other medical conditions and their stages of illness progression are **not** defined by LIA. They have been loosely/variously categorised by individual insurers under terms such as “mildly-moderately severe”, “severe” (referring to LIA’s common definitions) or “extremely severe”.

INDUSTRY REVIEW 2019

9. The objective of the review exercise was to bring LIA’s 2014 common definitions up to date and aligned with advances made in medical technology and medical practice as well as to address areas of ambiguity based on insights gained from the past five years of experience.
10. The definitions of 21 CIs were revised whilst 16 definitions remained unchanged. The names of 14 CIs were enhanced to better reflect the intent of coverage.

11. For the specific revisions and reasons, please refer to “LIA CI Framework 2019_Comparison of LIA Definitions_2014 and 2019. For a summary, please refer to “LIA CI Framework 2019_Summary of changes.docx”.
12. Additionally, for a streamlined presentation of the CI definitions, the meanings of the following two terms have been removed from the applicable CI definitions, and included under the General Clauses of the CI contract:
 - Permanent neurological deficit
 - Activities of Daily Living (ADLs)

Regular Review

13. The industry will review the LIA’s common definitions for continued relevance once every three years.

LIA CRITICAL ILLNESS (CI) FRAMEWORK 2019

Medical Condition is found in the LIA’s List	Stages of Illness Progression		
	Mildly-Moderately (Company’s own definition)	Severe (LIA’s common definition)	Extremely Severe (Company’s own definition)
Scenario 1	√	√	√
Scenario 2	√	√	
Scenario 3		√	√
Scenario 4		√	
Scenario 5: Not allowed if issued on standalone basis	√		
Scenario 6: Allowed if issued on standalone basis			√
Scenario 7: Not allowed if issued on standalone basis	√		√

Number of Medical Conditions and Stages of Illness Progression under One Plan

14. An insurer may choose to cover **any number** of medical conditions under a CI plan, including a single illness type of plan.
15. For each medical condition, subject to “Adoption of LIA’s Common Definitions”, there are no restrictions on how many stages and what the stages of illness progression are, which may be covered.

Adoption of LIA's Common Definitions

16. The LIA's common definitions describe the respective medical conditions at the "severe" stage.
17. If an insurer decides to choose a medical condition that is found in the LIA's list for inclusion in a CI plan or any plan that offers the benefit at severe stage, e.g. Special Benefits plan, the insurer in such a case must adopt the LIA's common definition for the medical condition.
18. An insurer may offer a CI product that cover one or more conditions, and for each covered condition, a range of severity levels (that is, early to severe or extremely severe) is covered. In this circumstance:
 - If the product pays the same level of benefit regardless of severity of the condition, LIA's common definition for the severe stage does not apply.
 - If the product pays a different levels of benefit, depending on the stages of severity of the condition, LIA's common definition for the severe stage applies.
19. For example: A Cancer product that covers all stages of severity, and pays the same benefits if the policyholder is diagnosed with any form of Cancer at any stage. LIA common definition for Major Cancer does not apply as it pays the same benefits regardless of the severity level.
20. The insurer may choose to also cover the medical condition in question under other stages of illness progression.
21. Scenarios 5 and 7 in the above Table are not allowed. Acceleration riders that are attached to the basic CI plan are allowed, as taken together the requirement for the severe stage to be covered is met.

Adoption of Company's Own Definitions

22. For any medical condition found in the LIA's list, insurers are to use their own definitions in respect of the mildly-moderately severe stage or the extremely severe stage of illness progression.
23. For any medical condition not found in the LIA's list, insurers are to use their own definitions in respect of all stages of illness progression.

Use of Terminology

24. For mildly-moderately stages of CIs, insurers can give their own "names" to them. For the severe stage of CIs that are defined by LIA, the names as stated in the LIA list are to be adopted.

Example of what is acceptable

"Stroke with Permanent Neurological Deficit [the LIA name] and other Serious Cerebrovascular Conditions [company's own name]"

25. Insurers can make minor modification to the LIA's CI definitions for consistency with the company's overall use of terminology. In no instance should any modification change the coverage as defined by LIA.

Examples of what are acceptable

LIA's CI definition uses "Life Assured"; "Life Insured" can be used instead.

LIA refers to "Critical Illness"; "Dread Disease" can be used instead.

LIA refers to "Mildly Stage", "Moderately Stage"; "Early Stage Medical Conditions", "Intermediate Stage Medical Conditions" can be used instead.

DISCLOSURES IN THE PRODUCT SUMMARY

26. In their Product Summary, insurers are required to state the Critical Illnesses that are covered.
27. For group business, disclosures are to be stated in the Quotation Sheet issued to prospective corporate clients.
28. There is no standardisation of the presentation format/layout. For example, the CIs can be organised as a listing(s), table(s) or block(s).
29. **The explanatory statement is mandatory and the wordings are to be adopted verbatim, including the words to be underlined.** However, insurers may modify the terminology to be consistent with their company's overall terminology whilst still ensuring that clarity is achieved in terms of the disclosure of which of the definitions are defined by LIA and which are defined by the company.

Example of what is acceptable

LIA refers to "Critical Illness"; "Dread Disease" can be used instead.

30. If a **single CI product or all** of the CIs is/are required under the MU 58/22 to adopt the LIA definition(s), the CI or CIs must be denoted, for example by an asterisk (*), to draw attention to an explanatory statement.
31. The statement is as follows:

The Life Insurance Association Singapore (LIA) has standard Definitions for 37 severe-stage Critical Illnesses (Version 2019). This Critical Illness falls / These Critical Illnesses fall – delete one as appropriate under Version 2019. You may refer to www.lia.org.sg for the standard Definitions (Version 2019).

32. If **one or more** of the CIs is/are required under the MU 58/22 to adopt the LIA definition(s), the CI or CIs must be denoted, for example by an asterisk (*), to draw attention to an explanatory statement.

33. The statement is as follows:

The Life Insurance Association Singapore (LIA) has standard Definitions for 37 severe-stage Critical Illnesses (Version 2019). **This Critical Illness falls / These Critical Illnesses fall – delete one as appropriate** under Version 2019. You may refer to www.lia.org.sg for the standard Definitions (Version 2019). For Critical Illnesses that do not fall under Version 2019, the definitions are determined by the insurance company.

34. If **none (including a single CI product)** of the CIs is required under the MU 58/22 to adopt the LIA definition(s), the CI or CIs must be denoted, for example by an asterisk (*), to draw attention to an explanatory statement.

35. The statement is as follows:

The Life Insurance Association Singapore (LIA) has standard Definitions for 37 severe-stage Critical Illnesses (Version 2019). **This Critical Illness does not / These Critical Illnesses do not – delete one as appropriate** fall under Version 2019. For Critical Illnesses that do not fall under Version 2019, the definitions are determined by the insurance company. You may refer to www.lia.org.sg for the standard Definitions (Version 2019).

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