



INSURANCE

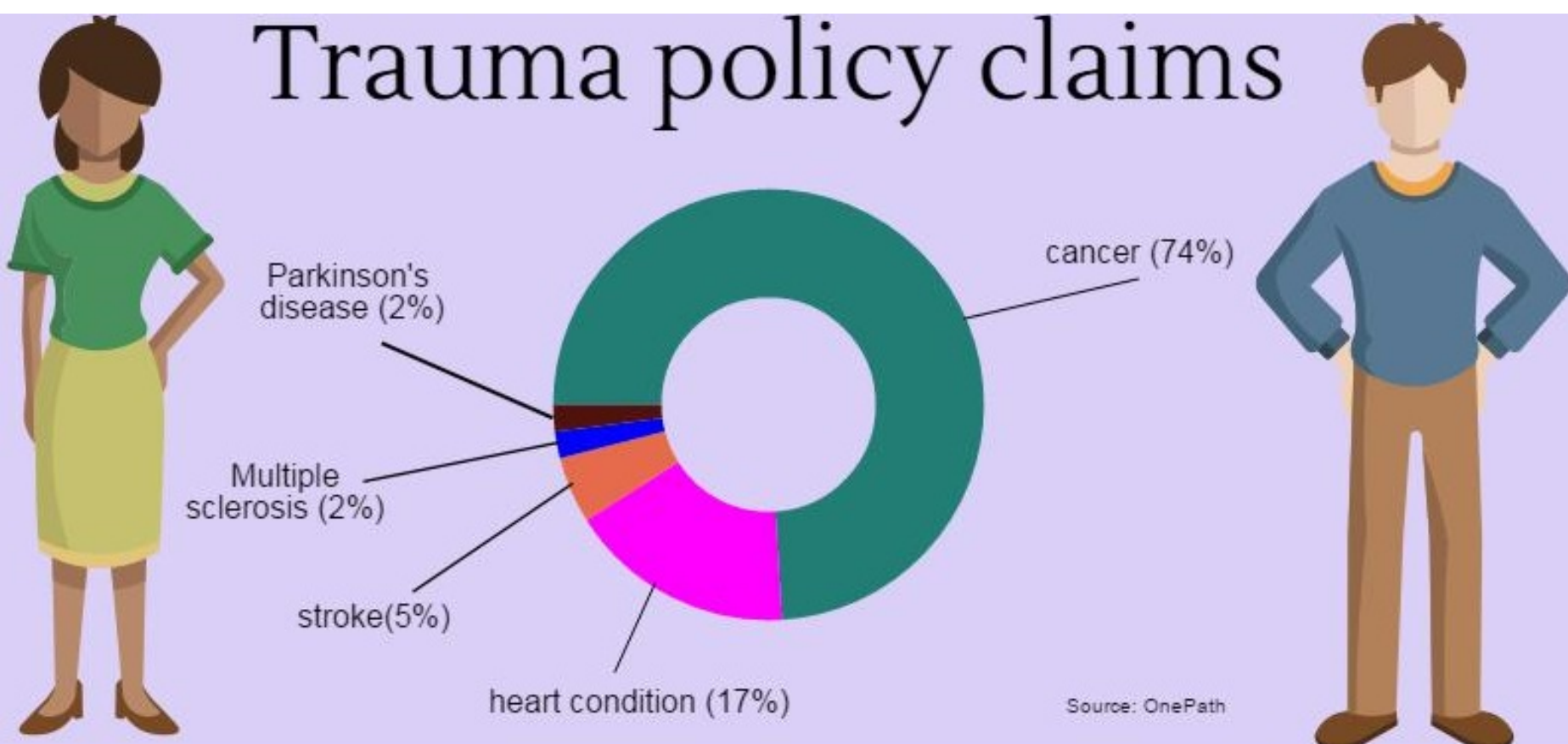
Cancer tops most claimed-for conditions

It is clear which diseases dominate medical trauma insurance claims, reports Nigel Bowen.

Trauma policies aren't cheap and they are on track to get even more expensive. So if you're seeking to convince a potential customer to invest in a trauma policy, or an existing one to retain one, it's helpful to be across the most common claims.

Here are the figures for the trauma policy claims OnePath paid out in 2015:

- 74 per cent were for cancer
- 17 per cent were for a heart attack/heart condition
- 5 per cent were for stroke
- 2 per cent were for Parkinson's disease
- 2 per cent were for multiple sclerosis.



“Cancer is by far the most claimed condition. If you want to break that down further, obviously breast cancer is the big danger for women and prostate cancer for men.”

Joanne Faglioni, ANZ

Breaking down the data

“Those numbers are what would be expected and have remained static over time,” says ANZ Wealth national claims manager Joanne Faglioni.

“Cancer is by far the most claimed condition. If you want to break that down further, obviously breast cancer is the big danger for women and prostate cancer for men. Men are disproportionately likely to get lymphoma or leukaemia in their 20s and melanoma in their 30s.”

A third of Australian women and a quarter of Australian men will be diagnosed with cancer by age 75¹. Yet even though men get cancer more often than women, they make less cancer claims. That’s because they’re at greater risk than women of encountering heart problems before reaching old age.

“With white-collar males and females, cancer is the big worry. Men in blue-collar occupations get cancer too but they’ve also got a higher risk of heart attacks or heart conditions. That’s not so much a result of their occupation as the lifestyle that goes with it” notes Faglioni.

The remaining conditions under a trauma policy that fall outside of the top five make up a very small proportion of the claims paid but “they’re significant if you’re the one-in-a-thousand individual who has to deal with them” adds Alex Threlfall, senior research propositions specialist at Munich Re.

Most people will know a family member or friend who has had one of the top five conditions “so advisers are going to be more engaging talking about cancer and heart attacks than talking about encephalitis or motor neurone disease,” she adds.

“It’s also necessary to keep information relevant to the policy and the insured population. Stroke is a significant threat to those over 70 but most cover ceases by age 70. Likewise, mental-health awareness and claims under income protection have gone up in recent years but they aren’t covered by trauma policies. That’s despite the link between illness and mental health issues.”

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“Trauma policies are typically more expensive than other types of cover because they are the type most likely to pay out” observes Threlfall.

“The downside is that many people cancel their cover due to affordability just as they reach an age when their chance of needing to make a claim rapidly starts to increase.”

Claims under trauma policies are usually more straightforward as they are paid on meeting the policy definition and do not include work assessments. “You can go straight back to work after a heart attack and still get the full payout, as long as it meets the policy definition.”

“Whether you’re diagnosed with stage 1 or stage 4 cancer your claim is approved if it meets the criteria. That’s becoming an issue given the progress being made in early detection, as we’re seeing an increase in the number of claims for early stages of conditions that don’t necessarily have a serious medical or financial impact.”

“Policies that match the payment to the medical and financial impact are likely to have greater relevance in the market over coming years and will help address affordability issues.”

Faglioni agrees. “Instead of covering around 30 conditions, future trauma policies will allow customers to pick and choose. Until then advisers will need to target their sales pitch to the person in front of them, taking into account their age, gender and occupation.”

1. <http://www.aihw.gov.au/media-release-detail/>

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