

Cancer a leading cause of life-insurance claims, report shows

As the world recedes to normalcy post the Covid- 19 pandemic, cancer has re-emerged as the leading cause for claims, according to Liberty's 2022 claim statistics.



Source: [Pexels](#)

Last year Liberty paid out R6.98bn in claims, primarily from its flagship Lifestyle Protector cover as well as other retail life insurance policies. These claim pay-outs were made to some 31,808 individuals and their beneficiaries. This represents a 31% decrease from 2021 when the insurer paid out R10.12bn in claims.

The reason for the decrease can be attributed to the reduction in claims arising from the Covid-19 pandemic. Claims related to the death of a client decreased by R3.14bn, highlighting the severity of the pandemic during 2021. More specifically, there were only 191 Covid-19 related claims identified in 2022, compared to 1058 in 2021.

"The significant reduction in Covid-19 related claims signals that the worst of the pandemic is over, however secondary effects of the pandemic have emerged in the form of chronic illnesses. The long-term effects of Covid-19 will take many years to work their way through claims experience fully," says David Jewell, executive for retail solutions at Liberty.



Mental health is critical when facing a dread disease diagnosis, treatment, or bereavement

Tony Singleton 17 Apr 2023



Cancer leads top five medical claims

Cancer was the leading cause of claims for both males and females. Cancer made up 28.8% of claims attributed to a claim cause. This was followed by cardiovascular diseases and disorders at 22.4%, respiratory disorders at 11.9%, strokes at 6.5%, and renal disorders at 5.9%.

When breaking down cancer as the primary cause of claim, breast cancer accounted for 49% of cancer-related claims for females. This highlights the need for regular preventative check-ups and the need for women to have adequate cover, specifically for the diagnosis of a critical illness. In men, prostate cancer accounts for 31.5% of all approved cancer claims.

"Cancer and cardiovascular diseases remain significant and give us an indication of the challenges that continue to face society. This is a reality for all of us and the importance of being insured against these risks cannot be understated," says Dominique Stott, Liberty's chief medical officer.

Mental health

The ever-increasing mental-health impact of the pandemic continues to be reflected through the mental-health claims seen. Suicide claims make up half of the claims attributed to mental health while depression and anxiety are at 16% of total mental health-related claims.

However, the 2022 suicide claims represent a reduction in the proportion of total claims compared to the previous year. This reduction in life-protection claims is not the full story. While the proportion of suicide claims have decreased, the insurer notes that it has seen an increase in the proportion of claims related to mental illness on their income-protection category. These relate to claims made by individuals who were unable to work for a short period due to mental illness and needed to claim from their income cover.

"While we are seeing a considerable reduction in Covid-19 cases, the long-term effects of the pandemic will remain with us for a while and this inevitably includes mental health issues," says Stott.

Retrenchment

The number of retrenchment claims in 2022 were down from 2021 during the peak of the pandemic. Retrenchment claims made up 4% of all claims. With the majority of policies being taken out in the major economic hubs of the country, Gauteng made up for 52.1 percent of all retrenchment claims. KZN and the Western Cape also accounted for a sizeable proportion of the total claims related to retrenchment.

"Significantly, a high proportion of retrenchment claims were in the 35 to 44 age bracket, essentially among mid-life professionals. The impact of the subdued economy combined with the further economic stress brought on by load shedding, is affecting businesses across the country. This reflects the effects of a subdued economy on this cohort," says Tom Crotty, lead specialist, technical marketing: risk proposition management, Liberty.



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Education

During 2022, some 732 EduCator claims were paid out so that Liberty's clients' children could continue their schooling in the face of family upheaval.

Liberty's EduCator helps to cover the various costs of a child's education up to university level, both locally and overseas. The vast majority of these claims were for children in primary and secondary stages of education, where the tuition costs are paid directly to the educational institution, easing the burden on the surviving parent or guardian.

The total value of education-based claims paid out came to R33,747,000 during 2022.

Women remain under-insured

In line with the worrying yet pervasive trend of women being under-insured, the latest claims' gender split also reflects The Association for Savings and Investment South Africa's (Asisa) findings, indicating that women are marginally less covered than men for both death and disability events.

In terms of gender, 68 percent of claims for death, disability and critical illness were from men. This is a function of a historic gender skew towards men being breadwinners and financial decision makers in the household, but also highlights the current insurance gap for females, particularly at older ages.

The claim numbers reflect a more balanced ratio of females to males at younger ages. Societal shifts towards females becoming breadwinners and the heads of single-parent households mean the need for cover in women is always increasing. Claims paid to men above 65 years old were particularly high.

"While this may be the case, changing societal norms signal a pressing need for women to prioritise life insurance, in order to help protect themselves and their children," says Kedibone Chuene, chief specialist risk proposition management, Liberty.



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Corporate claims

In 2022 Liberty paid out corporate claims to the value of R2.58bn. This was 25% lower than the 2021 figure. The main cause of this was the easing of the Covid-19 pandemic.

Over 40% of claims were related to clients aged over 55 years old. The distribution of claim amounts paid by age has not changed since 2020.

Natural causes made up for the majority of claims, though cancer claims are now in the top three claim causes for females up to the age of 44.

In terms of demographics, unnatural causes affected mostly males under 44 and females younger than 35.

"Notably there was a large increase in critical-illness claims. This is mainly due to individuals now being able to go for screening following the strict lockdown conditions in 2021. This is to be expected because in 2021 hospitals were focused on Covid-19 and not many individuals were being diagnosed," says Stott.

Full disclosure builds trust

Overall, 94.8% of claims submitted were paid in 2022, marking an increase in payments from the previous year (93.6%). Claims that were not paid were a result of factors such as claims being submitted for disease conditions that were not covered in the critical-illness policy, or where the claims did not meet the benefit criteria.

“Over the last year, we’ve seen the positive impact of more claims that were paid out because of full disclosure and transparency in the application process. With the assistance of their financial advisers, we’re encouraged to see that the vast majority of clients make full and complete disclosures, which shows their increase in understanding of its benefit to their peace of mind in knowing that the claim will be paid,” Jewell adds.

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