

Agenda

1. Understanding Insurance
2. Life Insurance
3. Risk Assessment/Classification
4. Level of Insurability
5. Industry Position on Genetic Testing
6. Options for Individuals
7. Other Jurisdictions
8. Summary






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The Soda Pop Board of America
1515 W. Hart Ave. - Chicago, ILL.

1. Understanding Insurance

- Insurance: a contract to provide financial protection against **unanticipated** loss.
- Different forms of insurance.
 - Public sector
 - CPP/QPP, employment insurance, workers' compensation, provincial health insurance.
 - Private sector
 - life, pensions/annuities, disability, critical illness, long-term care, health care and dental care.

1. Understanding Insurance

Principles of Insurance

- Spreading of risk across large groups.
 - Law of large numbers.
- Premium charged reflects the applicant's risk.
- Pooling of similar risks.
- Consumer and insurer have equal access to information.

2. Life Insurance

Private Sector

- Individual Insurance.
- Group Insurance.
- Different underwriting process for individual and group insurance.
- Once in place, permanent life insurance remains in force until death of insured.
 - As long as premiums continue to be paid.
 - Even if adverse information subsequently becomes available.

3. Risk Assessment/Classification

- Underwriting = Risk Assessment = Differentiation.
- How is risk assessment determined?
 - Detailed assessment – age, gender, health, family history, occupation, lifestyle (e.g., smoking).
 - Assessment is objective and evidence based.
 - Treat equal risks equally.
 - Differentials must be valid.
- Premium relates to mortality/morbidity risk in any future year.

3. Risk Assessment/Classification

Risk assessment is necessary to:

- ensure sound operations;
- establish/adjust rates; and
- assess new entrants.

Limiting risk assessment would impact:

- pricing for individuals seeking insurance.
 - Other individuals would pay more for insurance, other things equal.
 - Some may self-insure as a result, lowering coverage.
- business operations of insurers.

4. Level of Insurability

- Over 95% of individuals are insurable.
- In a minority of cases, insurance cannot be offered at the time of application as the insurer cannot adequately price for the risk.
- Medical basis of underwriting analyses are continuously updated, over time.
 - Generally more liberal for most conditions.
 - More medical conditions covered than previously (e.g., kidney transplants, diabetes, cancer).
 - Pushing boundaries of risk for which insurers can price – competition.

5. Industry Position on Genetic Testing

- Insurers do not ask for genetic testing to be performed.
- Genetic test information, where available, is considered in the unique medical context of each client.
 - Can offset adverse information.
- Individual, customized analysis.
- Confidentiality of information, consistent with privacy laws.

6. Options for Individuals

- Competitive market.
- Different areas of expertise.
- Important to shop around.
- Insurers want to sell insurance.

7. Other Jurisdictions

- Various approaches to the use of genetic testing in underwriting in other jurisdictions.
 - Europe
 - U.S.
 - Australia.
- However, difficult to directly compare across countries on one element of insurance market.
 - Very different markets as a whole.

Insurance and Genetics

- Little has changed in 15 years at a practical level
- Our risk here isn't genetic testing results, but it's legislation
- The arguments become emotional and not factual

So where do we stand?

- CLHIA has a position statement
- Our companies- and most others- have a position statement
- Our underwriters and physicans sign off on this statement
- We educate our senior management on this issue

We do not require anyone applying for insurance to undergo genetic testing. With all health information we require complete and honest answers to all of our questions, both on medical examinations and on our application.

In some situations, we may request a physician's report and if genetic testing has been done and the information is available to the physician, we would request access to that information just as we would for other information about the individual's health history.

Our goal is to make life, disability, and critical illness insurance coverage available to as many people as possible, at a fair price based on the risk involved. To do that, it is essential that each individual accurately complete all of the questions on the application for insurance. The insurance contract is based on good faith and full disclosure.

We treat all personal information as strictly confidential in accordance with our privacy guidelines. We use it only for the purposes the individual has authorized us to use it, and we do not disclose it without the individual's consent, unless disclosure is required by law or otherwise authorized by privacy laws or industry-accepted privacy guidelines.

Our companies will continue to assess emerging information from genetic research (and other research) on an ongoing basis to ensure that our knowledge base is as complete and current as possible. Close attention is essential to ensure that industry practices remain sound.

8. Summary

Insurers' Views: CLHIA Position

- Do not initiate genetic testing.
- Ensure equal access to available information.
- Consider genetic information in the unique medical context of each client (customized evaluation).
- Protect confidentiality.
- Assess predictive value.
- Be informed.

QUESTIONS/DISCUSSION