
FINANCIAL POST

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Life insurers re-evaluating improved odds for cancer victims

By Garry Marr

There's been a sea change in the insurance business as cancer survivors find early detection and better prognoses have lowered rates and made them...

It says something about what was once a death sentence for many diagnosed with it. Cancer survivors are finding it cheaper to get insurance coverage.

Can you really get a life insurance policy if you're dying?¹

A "no medical" policy may sound like the perfect elixir for somebody with a critical medical condition looking for life insurance.

Not so fast. No medical, where you don't have to submit to an extensive health questionnaire and perhaps submit some blood and urine samples, still has some caveats.

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Joan Tolan, recently retired as vice-president underwriting at Munich Reinsurance after 37 years in the business, says the industry has always been selective on its risks but there's been a change.

"Every year there is better and better results with the types and treatment and survival," said Ms. Tolan.

Another key has been early detection which has lowered rates and led to better survival odds - ultimately making people more insurable.

Generally, what happens to cancer survivors when they apply for insurance is they are "rated," meaning they are assessed as a higher risk than a typical person, and forced to pay a premium for the years they are rated.

Better prognoses from some cancers has shortened the period people are paying that premium. One broker suggested it could be five times the standard rate initially.

"You might pay \$15 per \$1,000 for three years, as an example and then it's paid off," she said. "Those rates have improved based on the type of tumors with better mortality experience," she said. "It's a bit tough to quantify because every case is different."

The prostate, colon and melanoma cancers she saw every day in underwriting have become cheaper to insure, in

general.

"Every individual is going to be treated differently and assessed on their individual risk factors," said Ms. Tolan. "But almost every disease out there, if it's under control, there will be some type of coverage."

Take a 55-year-old male diagnosed with prostate cancer in the early stages applying for 10-year \$100,000 term policy. He could be subject to a very mild rating even one year out based on the state of his tumors.

Ms. Tolan said consumers need to compare their premiums from a risk perspective, to other forms of insurance like flooding, even though obviously it does have a much more emotional aspect and is serious health issue.

"Everybody who was flooded in Toronto [recently], if you live in those zones you are going to pay higher premiums. If your house has a leaky basement, you are going to pay a higher premium," she says. "It's the same with car insurance, more driving while intoxicated and speeding tickets mean you pay a higher premium."

Eventually, you get healthy enough and you work your way back to standard rates, says Mark Halpern, a certified financial planner with illnessprotection.com who sells insurance.

He says a 49-year-old female diagnosed with early stage breast cancer and applying for that same \$100,000 policy would be back to standard rates eight to nine years after treatment with surgery, chemotherapy, radiation and no recurrence. By 61, she would be the same as anyone else.

Ms. Tolan says the greatest improvements in cancer rates have probably come from prostate cancer. "It all really depends, some prostate cancers could be insured [at standard rates] in less than a year but they have to be early stage," she says.

Some things haven't changed. The further your cancer spreads, the harder you become to insure. A spread to lymph nodes makes insurance tougher and when cancer spreads to other organs it becomes almost impossible.

Even once you are declined in Canada, Mr. Halpern said there are carriers who take more risks with restrictions while some Canadians turn to the United States where there is a broader range of products.

Chris Fievoli, the resident actuary at the Canadian Institute of Actuaries, said data can be a little harder to compile on cancer survival rates than the general population.

"It's ultimately an underwriting decision based on an assessment of the individual," said Mr. Fievoli. "I do know that at one point cancer was the thing you didn't want to insure people for if they had a history."

He's not surprised to see a "more progressive" view on cancer resulting in rates coming down. Mr. Fievoli said the underwriting will focus on the increased risk.

Caroline Keyes, director and chief underwriter at Empire Life, said she's noticed over her 28 years of underwriting that clients have become a lot more involved in their health which has led to better long-term survival.

"In underwriting, we look at your type of cancer, the staging of the cancer and how far advanced it is," said Ms. Keyes. "The earlier you get it, the more likely it can be treated and you survive."

Treatment options you choose can make a difference too. "You have a thyroid cancer and they remove your thyroid, then it's totally out of your system, we would use that in our risk evaluation," said Ms. Keyes. "The more time that goes by, your rating goes down because you are proving [you are surviving longer]."

At the end of the day, underwriting is about understanding the risk somebody filling out an insurance application might face.

"Could the person die sooner than expected for their age? We review many different risk factors. Medical is not the only thing. We look at lifestyle, occupation," said Ms. Keyes.

More and more, those people are finding themselves "cured" and ultimately paying less for their insurance.

"People aren't as aware as they should be about this. I think it's important for people to try and apply and then we can do a proper evaluation," said Ms. Keyes.

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