

Comparative analysis of incident rates and premiums for Individual and Group LTC insurances

Gabriele Hollmann
CEO SGL Zürich
SCOR Global Life, Zürich

Laure de Montesquieu
Head of the R&D Center for LTCI
SCOR Global Life, Paris

5-8th September 2012

Agenda

- I. Introduction
- II. SCOR Global Life LTC Markets information
 1. Overview of Individual covers
 2. Overview of Group schemes
- III. Results
 1. Mortality of autonomous
 2. LTC Incidence
- IV. Comparative analysis : Group vs Individual
- V. Impacts on pricing
- VI. Discussion

I. Introduction

Common Idea:



GROUP INSURANCE IS CHEAPER THAN INDIVIDUAL INSURANCE

Accepted facts:

The medical selection reduces the insurance risk by reducing notably the adverse selection. Therefore, the medical selection leads to a reduction of the price, in particular regarding contingency insurances.

By creating a pool of individuals whose purpose is not only insurance coverage, group schemes reduce the risk of adverse selection.

No:

Cheaper for bad risks due to mutualisation

Be aware:

Compare same guarantees

I. Introduction

- ❑ Since 1986 SGL has world-wide experience in LTCI
- ❑ More than 50 reinsurance treaties in LTCI in various countries
- ❑ Countries include France, Israel, Korea, Italy, Germany
- ❑ More than 3 million people covered
- ❑ 25 million exposure years
- ❑ More than 30'000 claims based on homogeneous data
- ❑ Various research partnerships
 - Paquid
 - IFRAD
 - ...

II. SCOR Global Life LTC Markets information

1. Overview of Group schemes

Our analysis for today focuses on:

- A French Group scheme
 - Obligatory
 - Covering about 470'000 insured
- Several Israeli Group schemes
 - Facultative / Obligatory
 - Covering about 1'000'000 insured

These Groups have been observed on a 10-year period.

A significant number of LTC claims occurred within this period.

II. SCOR Global Life LTC Markets information

2. Overview of Individual covers

Our analysis for today focuses on:

- Several French Individual covers
 - Facultative
 - Covering about 1'000'000 insured
- Several Israeli Individual covers
 - Facultative
 - Covering more than 100'000 insured

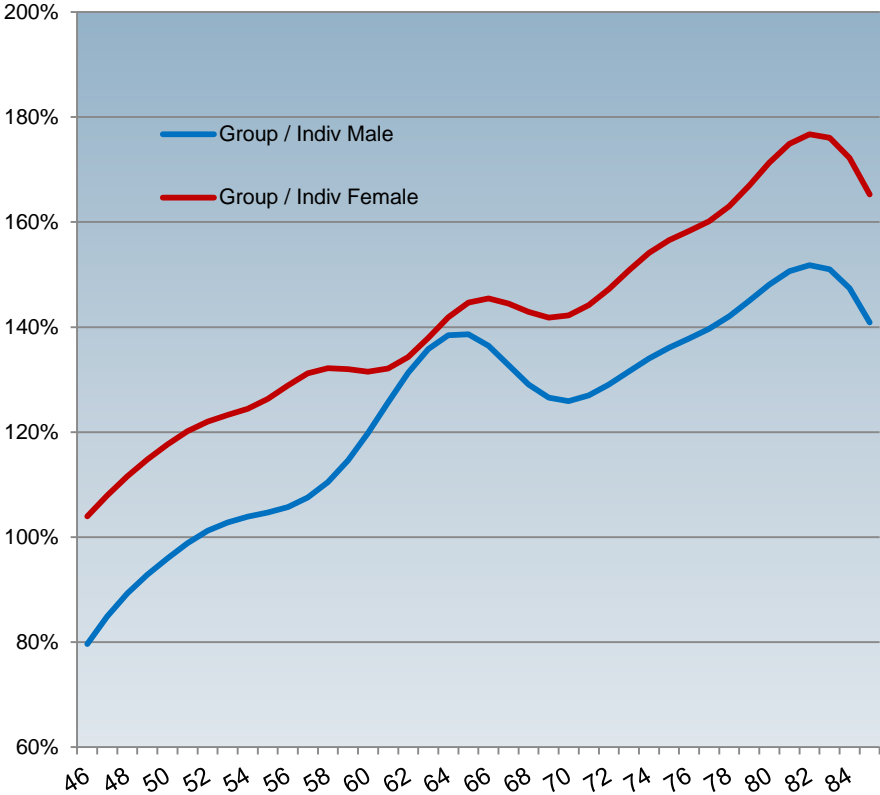
These products have been observed on a 10-year period.

A significant number of LTC claims occurred within this period.

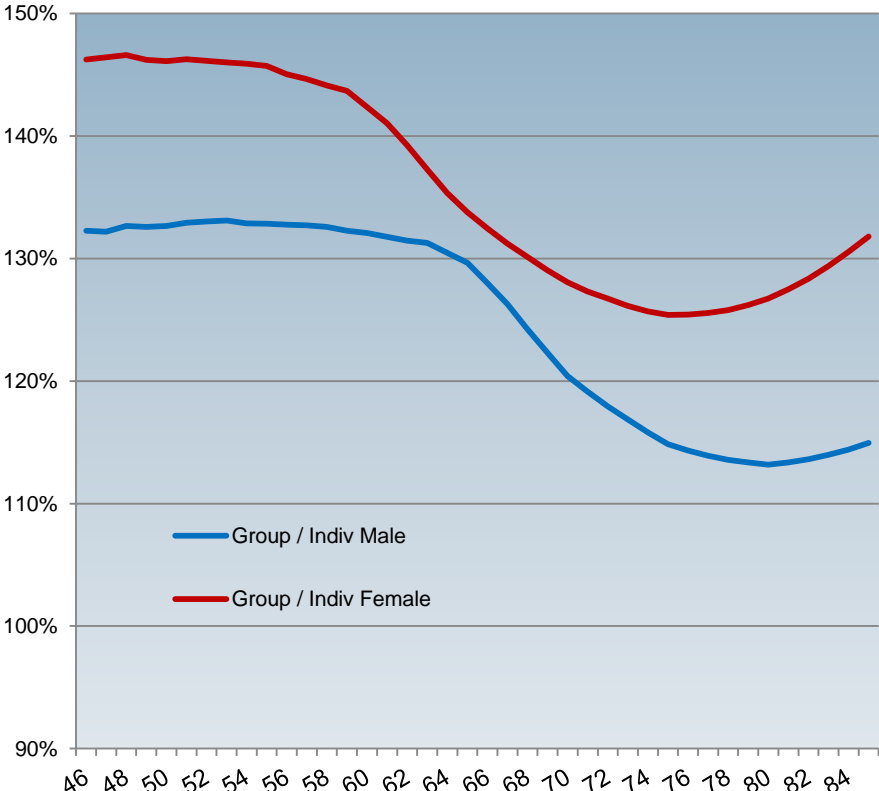
III. Results

1. Mortality of autonomous

Mortality of autonomous for the French Group Scheme



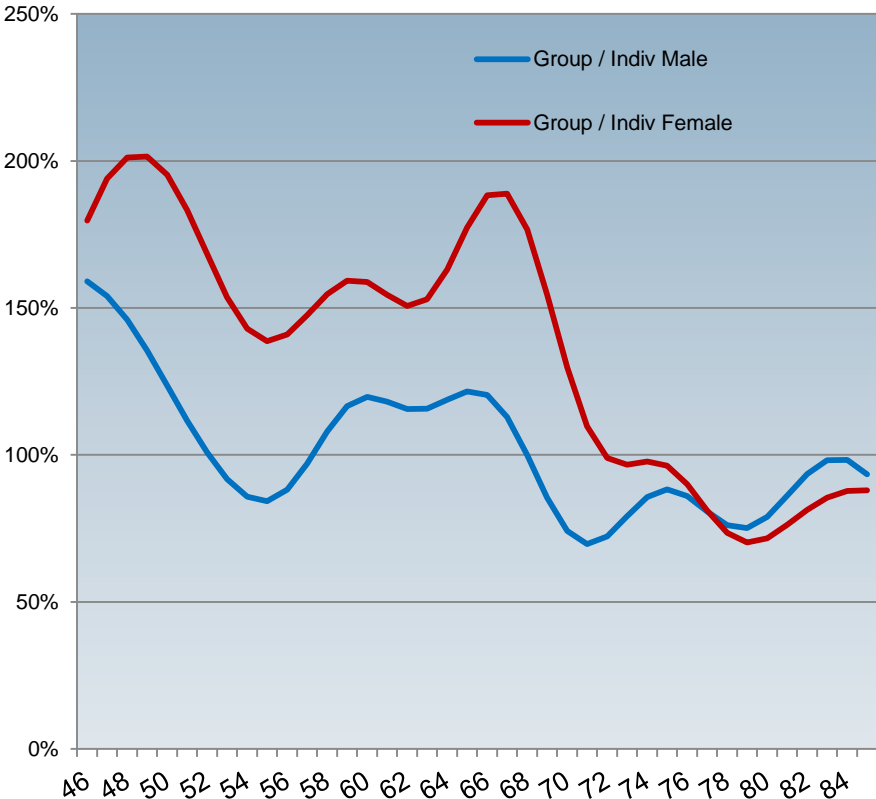
Mortality of autonomous for the Israeli Group Scheme



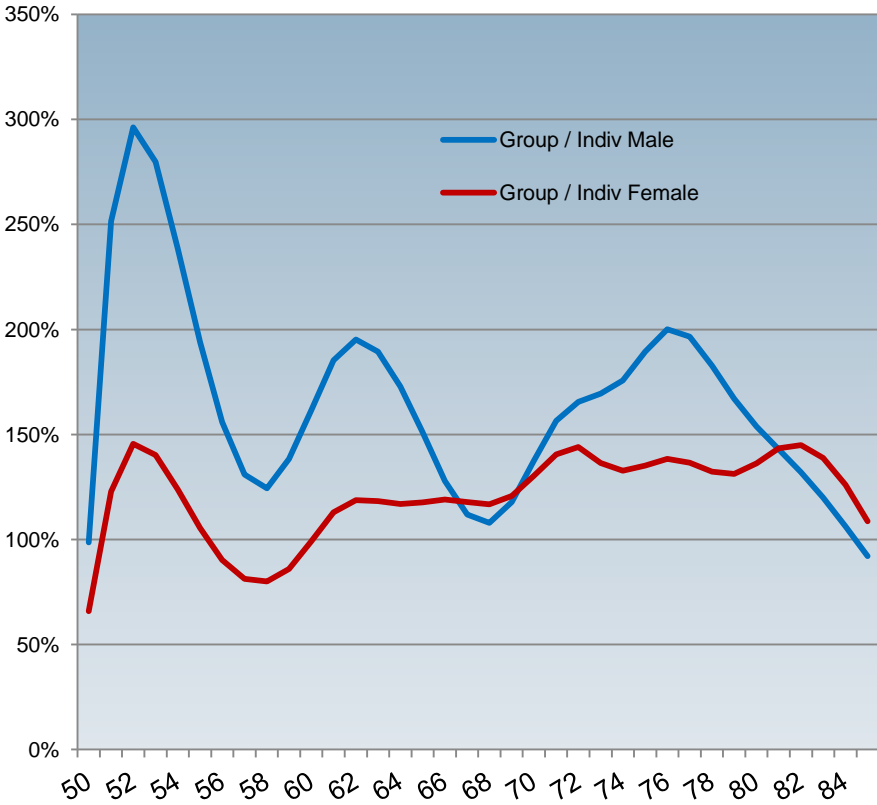
III. Results

2. LTC Incidence

Incidence for the French Group scheme



Incidence for the Israeli Group scheme



IV. Comparative analysis : Group vs Individual

Remark regarding French and Israeli markets

- Definition of the cover
- Incidence rates
- Recovery rates

Have been observed:

- A higher mortality of autonomous in Group schemes
- Lower incident rates for Individual covers
- No significant difference regarding the dependants' longevity between Group and Individual covers

Expected impact on the Tariff

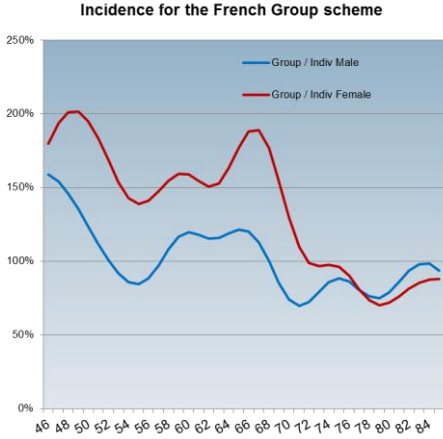
V. Impacts on pricing

Risk premium for the French group scheme compared to the French Individual schemes

- € 6.02 Group
- € 5.93 Individual

Risk premium for the Israeli group scheme compared to the Israeli Individual schemes

- € 7.64 Group
- € 6.12 Individual



VI. Discussion

Thank you for your attention!



Questions?