Welcome to the second edition of the SCOR Global Life newsletter.

Many thanks to everyone who provided very useful comments and feedback with regards to the first edition of SCORacle in November 2014 and we hope this latest publication will be equally as useful and interesting to you. This issue includes a range of varied topics in connection with Underwriting and Claims topics from a number of our team members as shown below:

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**Introduction and current data**

Ebola virus disease (EVD), Ebola haemorrhagic fever (EHF) or simply Ebola as we have come to know it is a disease of humans and other primates caused by ebolaviruses. It spreads by direct contact with body fluids such as blood of an infected person or animals and remains transmissible for several days after death. It can also occur through contact with an item recently contaminated with bodily fluids. The first known outbreak of EVD was in 1976 in Zaire (DR Congo) with 318 reported cases and a fatality rate of 88%. In the same year an outbreak of the virus occurred in Sudan with 284 cases and a fatality rate of 53%.

The recent outbreak of the Ebola virus primarily affects 3 countries in West Africa: Guinea, Liberia and Sierra Leone. Over 21,600 cases and 8,600 deaths have been reported globally by the World Health Organisation (21 January 2015).

**Risk to the UK**

On 29 December 2014, the Scottish government reported a confirmed case of Ebola in a healthcare worker (HCW) who had recently returned from working in an Ebola treatment unit in Sierra Leone. Following confirmation of EVD, the patient was transferred from Glasgow to London. On 23 January the patient tested EVD negative for the second time and was discharged from hospital on 24 January.

Although Public Health England (PHE) confirmed on 25th February that another UK healthcare worker who has had potential contact with the Ebola virus while working in Sierra Leone has been transported to the UK for assessment and monitoring, the risk to the general UK public remains very low.

More recently, in March, a female Army medic who has caught Ebola while working in Sierra Leone was flown back to Britain by the RAF, along with two workers who have been in close contact with her.

You can see details of the latest epidemiological data at: https://www.gov.uk/government/publications/ebola-virus-disease-epidemiological-update
DEVELOPMENTS IN TREATMENT

In December 2014, two drug trials commenced; Brincidofovir sponsored by the University of Oxford and Favipiravir sponsored by The French National Institute of Health and Medical Research (INSERM). Early results indicate that Favipiravir has shown efficacy in reducing mortality in Ebola patients, while Brincidofovir trials have halted due to the reduced number of cases in Liberia. A new vaccine development has been announced in Australia on 12th February, by Novavax Inc and a clinical trial of two experimental Ebola vaccines was also recently launched. The vaccines are ChAd3, and VSV-EBOV, and the results of these trials will be eagerly awaited.

Underwriting and Claims considerations

While the threat to the UK remains low, insurers should be alert to the potential risk that the virus poses in terms of travel to high risk countries, particularly by those involved in providing medical assistance or volunteering in the effort to combat the disease in the worst affected areas.

Underwriting

For any policy taken out around the time of the current outbreak where travel to potentially high risk countries together with activities in connection with providing assistance to help with the Ebola crisis are disclosed, underwriters should be alert to the potential risks and consider such factors. In this situation there is the potential for anti-selection by applicants who are about to travel to an area of high risk and full details of past travel and any potential future travel should be obtained, including duration of stay. It should also be considered that such policies may also be prone to lapse after the policyholders have returned from the areas.

For cases where travel to these high risk areas is identified, a short term loading is appropriate to cover the risk and if collected as a single payment this would also address the potential of early lapse. For applicants returning from travel to Ebola risk areas, the underwriter should be alerted to the timing of the recent travel, noting the incubation period for the Ebola virus is roughly between 2 to 21 days.

Not much is known on the long term effects of surviving Ebola, where someone has made a full recovery and as for any serious viral infection, there may be some long term effects. Underwriters would need to consider factors such as post viral fatigue syndrome, arthralgia, uveitis and the potential for significant renal, liver and heart damage following treatment and survival of Ebola.

Claims

In view of the high mortality rate associated with Ebola, the highest potential impact will be for death claims. In the unlikely event of a claim due to death from Ebola, claims assessors should ensure that there was no evidence of failure to disclose frequent foreign travel and high risk activities. It is highly unlikely that there will be any potential for non-disclosure prior to 2014 when the outbreak started.

However, where there are concerns about early claims from Ebola, all cases should be discussed with a CMO and referred to SCOR Global Life.

For further information regarding Ebola - The current outbreak, threat to the UK and underwriting and claims considerations, please contact Ben De Kock or David Ferguson at SCOR Global Life.
The Presumption of Death Act 2013
What does it mean for claims assessors?

Dealing with death claims can be difficult and emotive at any time as families have to deal with the emotional loss of a loved one and this can be even more distressing when a person disappears and is presumed dead.

Did you know that?

• Someone is recorded as missing in the UK every two minutes according to figures released by the National Crime Agency’s UK Missing Persons Bureau.

• The statistics, which relate to all incidents recorded by police in England, Wales and Scotland for the year 2012-13, show that although the overall number fell slightly compared to the previous years, forces still dealt with 306,000 incidents – an average of 838 a day.

• Analysis of the figures shows that most cases are likely to be resolved quickly, with 89 percent of those recorded as missing being found within 48 hours.

Source National Crime Agency: November 2014

Additionally, the charity Missing Persons reported in 2010 that it had 346 open cases of people who had been missing for more than 7 years.

What has changed?
The Presumption of Death Act, which came into effect on 1st October 2014 makes it possible for the courts to issue a Certificate of Presumed Death, bringing the legal framework in line with Scotland and Northern Ireland. It applies when a person is missing and presumed dead; the court can now make a declaration if it is satisfied that the missing person has died, or has not been known to be alive for a period of at least 7 years.

Prior to The Act, families had to apply to the courts for leave to swear the death, supported by an affidavit. Subsequently, they had to obtain a grant of representation. This did not constitute proof of death and wasn’t binding on an insurer and any decision to pay a claim was based on the full facts of the case, though it is now well known that insurers have taken a more pragmatic approach and paid claims much more promptly when dealing with claims from disasters, e.g. 9/11 and the Asian Tsunami in 2004.

What does it mean for claims assessors?
When Certificate of a Presumed Death is presented as evidence for a death claim, all claims should continue to be assessed based on the full facts and if there is any concern, such as learning that the presumed deceased had a significant medical history or participated in a hazardous pursuit prior to taking out the policy, this should be investigated through the normal process. However, the Act provides a framework with which to assess claims in the knowledge that there is a legal presumption of death.

There is a small additional risk that someone is subsequently found to be alive, but this risk seems to be small, and the availability of a certificate now makes it possible for insurers to accept the evidence similar to a death certificate.

What issues might you have to deal with?
In most cases, it will be relatively straightforward to deal with a claim where a Certificate of Presumed Death has been presented. It is key to remember, that although a certificate cannot be issued until at least seven years have passed, the evidence in many cases will include a finding by the court that the date and time of death is much earlier.

So where it is clear from the evidence that the deceased had a policy that was in force at the time of the disappearance and at the subsequent finding by the court of the date and time of death, it is entirely reasonable to consider a claim.

However, there may be situations where the case is less straightforward such as when the policy lapses due to non-payment of premiums before a certificate is issued, the policy term ends before a certificate is issued, or the court cannot make a finding of the date and time of death so is obliged to make the finding at the end of the seven year period.

Clearly there will be different issues for different cases, including whether the policy was single or joint life. In all circumstances, there are likely to be legal and other considerations and SCOR Global Life will be happy to assist with any cases or queries that require further investigation.

For further information, you can see full details of the Act at:
http://www.legislation.gov.uk/ukpga/2013/13/contents/enacted

You can also read our guidance issued on 9th February 2015.
If you do not hold a copy and would like one please contact us.

For further information regarding ‘The Presumption of Death Act 2013, – what does it mean for claims assessors?’ please contact David Ferguson at SCOR Global Life.
Proton Beam Radiation Therapy (PBRT) has been a hot topic since the Aysha King story broke in August 2014. At the moment, PBRT is not available in the UK. However, there are plans to introduce 2 treatment centres to the UK at the University College Hospital London and The Christie Hospital in Manchester. Unfortunately, these are not expected to be in operation until at least 2018.

However, since 2010, the NHS have provided funding for selected paediatric patients to go the United States for treatment, where the treatment is available. Patients are sent to either Jacksonville, Florida or Oklahoma City.

What are the benefits of PBRT?
The major advantage of PBRT over conventional radiation, is that the energy distribution of protons can be directed and deposited in tissue volumes designated by the physicians in a three-dimensional pattern from each beam used. This capability provides greater control and precision and superior management of treatment. Radiation therapy requires that conventional x-rays be delivered into the body in total doses sufficient to assure that enough ionization events occur to damage all the cancer cells. X-rays and protons can be equally effective in destroying cancer tumours. The difference is that X-ray treatments damage more healthy tissue in the process and the dose administered is often less than desired as a consequence, to limit the damage to healthy tissue. X-rays release their maximum dose of radiation soon after penetrating the skin, potentially damaging healthy tissue and organs on their way to the tumour and again as they pass through the body beyond the tumour.

A proton is a positively charged particle that is part of an atom and they can be precisely directed to release much of their energy when they reach a tumour. Because there is much less exposure to healthy tissue with protons, a higher dose often can be delivered to the tumour itself, leading to more effective treatment. The graph below illustrates the difference in dose distribution between protons and x-Rays.

What cancers can be treated using PBRT?
Whilst PBRT can be used to treat the same cancers as traditional radiotherapy methods, it is particularly useful in paediatric brain tumours for children that have many years of growth and development ahead of them and also adult prostate cancers due to the close proximity of the bowel and bladder, which if radiated, can cause unwanted side effects such as gastrointestinal discomfort, urinary complications and/or sexual dysfunction.

What does it mean for us as insurers?
This new method of treatment may have implications for both underwriting and claims. Due to the effectiveness of the treatment, we may be able to offer terms after a patient has been diagnosed and treated for certain cancers at an earlier stage than we do currently, particularly if the ongoing symptoms caused by current treatment methods are reduced or do not manifest at all.

With regards to claims, treatment with protons may have a particular impact on Income Protection. If side effects are kept to a minimum or do not occur, the potential to continue working or limit the amount of time off work could be greatly improved.

Source: ProCure Training and Development Center
British and Irish Armed Forces - recommended updated approach

**British Armed Forces**

With the British operations in the war in Afghanistan “Operation Herrick” coming to an end culminating with the withdrawal of combat troops towards the end of 2014, we felt that this was an appropriate moment to produce an update on the current activities being undertaken by British Armed Forces.

The Armed Forces remain actively engaged in various operational duties across the globe and in addition to enforcing anti-terrorism measures these activities range from peacekeeping duties, to providing humanitarian aid, and helping combat international drug trafficking.

**Enforcing anti-terrorism measures**

The war against terrorism continues and is being coordinated under ‘Operation Shader’ which began on 9th August 2014. Currently, there are approximately 500 members of the Armed Forces who remain as mentors to the Afghan National Army and Police have 2nd Battalion, The Yorkshire Regiment (2 YORKS) and 2nd Battalion, The Princess of Wales Regiment (2 PWRR) stationed in Kurdistan to train Iraqi frontline troops and support from the Royal Air force and Royal Navy is also available, the latter being attached to HMS Dauntless and HMS Kent.

**Other activities**

The table below shows the involvement of British troops in peacekeeping and training roles.

British troops will also often become involved in humanitarian aid following natural disasters.

| KENYA - NAIROBI | The British Peace Support Team (BPST) | Coordinating UK military assistance to armed forces in Eastern Africa in order to contribute to Security Sector Reform and to increase peacekeeping capacity. |
| SIERRA LEONE | British Army Training Unit Kenya (BATUK) | International Mine (Land mines) Action Training Centre (IMATC). Team consists of 56 permanent staff and reinforcing short tour cohort of another 110 personnel. |
| SOUTH AFRICA - PRETORIA | International Military Assistance Training Team (IMATT) | Helping to develop the Sierra Leone Armed forces into a democratically accountable, effective and sustainable force, capable of fulfilling security tasks required by the Government of Sierra Leone. |
| | The British Peace Support Team (BPST) | This team is mandated by the South African Department of Defence to advise on aspects of democratic defence management and peace support operations. Team comprises nine military officers and one civilian support staff. |
Irish Armed Forces

The Armed forces in Ireland, known as ‘The Defence Forces’ consists of roughly 10,400 personnel with a further 14,400 reservists and is divided into three service branches. The split of personnel is, Army - 8,500 (with about 14,000 reservists), Naval Service - 1,100 (with about 300 reservists), Air Corps - 800 (with about 100 reservists).

Ireland has a long-standing policy of non-involvement in armed conflicts, but similar to the UK Forces has a long history of participation in Peacekeeping, crisis management and humanitarian relief operations in support of United Nations operations and NATO. Other Functions of the Defence Forces include preparation for the defence of the state against armed attack, assisting the Garda Síochána (police force), including the protection of the internal security of the state, policing the fisheries, in accordance with the state’s obligations under European Union agreements. Miscellaneous civil contingency activities such as air ambulance provision and search & rescue also form part of their duties.

Current areas of deployment for peacekeeping duties are:

<table>
<thead>
<tr>
<th>Country</th>
<th>Mission Details</th>
<th>Personnel</th>
</tr>
</thead>
<tbody>
<tr>
<td>AFGHANISTAN</td>
<td>International Security Assistance Force (ISAF) - NATO</td>
<td>7 Personnel</td>
</tr>
<tr>
<td>DEMOCRATIC REPUBLIC CONGO</td>
<td>United Nations Stabilization Mission in the Congo (MONUSCO) - UN</td>
<td>4 Personnel</td>
</tr>
<tr>
<td>EUROPE - BOSNIA</td>
<td>European Union Force (EUFOR) - EU</td>
<td>7 Personnel</td>
</tr>
<tr>
<td>ISRAËL</td>
<td>United Nations Truce Supervision Organisation (UNTSO)</td>
<td>12 Personnel</td>
</tr>
<tr>
<td>IVORY COAST</td>
<td>Opération des Nations Unies en Côte d’Ivoire (ONUCI) - UN</td>
<td>2 Personnel</td>
</tr>
<tr>
<td>KOSOVO</td>
<td>The Kosovo Force (KFOR) - NATO</td>
<td>12 Personnel</td>
</tr>
<tr>
<td>LEBANON</td>
<td>United Nations Interim Force in Lebanon (UNIFIL) - UN</td>
<td>190 Personnel</td>
</tr>
<tr>
<td>SYRIA</td>
<td>United Nations Disengagement Observer Force - UN</td>
<td>138 Personnel</td>
</tr>
<tr>
<td>WESTERN SAHARA</td>
<td>Mission for the Referendum in Western Sahara (MINURSO) - UN</td>
<td>3 Personnel</td>
</tr>
</tbody>
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Although, the risks to Armed Forces is lower than it has been for several years, it is important that we continue to establish details of any proposed/ future postings and exact duties undertaken during the underwriting assessment process for members of the Armed Forces applying for insurance.
Sanctions and embargoes are laws or regulations taken by a country to ban the trade of certain goods with a foreign country. Essentially, four categories of sanctions exist involving international organisations and the governments of individual countries as follows:

- United Nations sanctions
- European Union sanctions
- United States sanctions (OFAC)
- Other Nation/Local sanctions (i.e. United Kingdom, HM Treasury).

After recent developments, such as the crisis in Syria and Ukraine, new sanctions have increased substantially in the past twelve months and have been subject to frequent changes in an attempt to achieve political stability by putting financial pressure on governments and regimes as an incentive to end their peace-threatening activities.

The European Union’s sanctions are applicable to all its member states and not only target certain goods & services, vessels, ports and aircrafts but also private businesses and individuals. Financial sanctions seek to prevent the targeted individuals or entities from dealing with their funds and accessing financial services, and are backed by civil and criminal penalties. The enforcement of such measures was evidenced last year with the well-publicised record fine of almost $9 billion imposed against the French Bank BNP Paribas after pleading guilty in federal court to violating U.S. sanctions involving Sudan, Iran and Cuba endorsed by the Office of Foreign Assets Control (OFAC).

The insurance and reinsurance industries are being targeted by sanction regimes of the European Union and United Kingdom more than ever before which, in turn, requires increased focus on ALL of the industry’s business activities to ensure compliance with applicable sanctions and embargoes regulations. Careful attention is required at every stage of the life cycle of the business with the scope of due diligence extending to underwriting and claims handling in order that coverage is not provided or claims payments made in connection with:

- Any individuals/companies (and companies owned/controlled by sanctioned persons / governments).
- And watch out for sanctioned countries, sanctioned entities or restricted goods/equipment/services.

Looking forward it is anticipated that the Russia and Ukraine sanctions position will remain at the forefront of political agendas. However, with regard to the EU, sanctions in this area are due to expire in mid-2015 and unanimity amongst the 28 member states is required in order for the Council Decisions to maintain or amend these sanctions.

SOLEM – Residency & Travel

The number and widespread nature of new sanctions over the past twelve months goes hand-in-hand with increased level of socio-political and terrorism risk being encountered across the globe. With this in mind SCOR will be conducting a robust and comprehensive review of the rating structure within the residence section of SOLEM, as well as issuing an updated paper version which has served as a very useful reference guide and underwriting tool for applicable risk enquiries. The review will better reflect the current level of risk according to exposure in any given Country/Region and we will again be utilising the expertise of a specialist Lloyd’s Syndicate working within the Personal Accident, War & Terrorism arena.
What will change?

Clearly the ongoing conflict in Ukraine (referred to above) is a valuable example whereby terms will not be considered under any circumstances for lives travelling to the Ukraine, Crimea and neighbouring Russian provinces. In contrast, a stabilisation in the situation in certain gulf states in the Middle East (UAE, Bahrain, Oman in particular) will see improved terms across the board. Similarly, we will be looking to reduce ratings in certain African & South-East Asian states where levels of volatility have reduced in recent times.

For further information regarding SOLEM, please contact Neil Parsons at SCOR Global Life.

In recent years Russian wealth has flooded into the UK with the oligarchs and super-rich buying up homes and investment properties in prime London locations such as Mayfair, Belgravia and Kensington. On the back of such financial transactions SCOR Global Life has seen a consequential increase in requests for reassurance support, from offices with a high net worth (HNW) distribution, relating to life policies for Russian and Ukrainian lives with a potential UK inheritance tax liability and/or newly established UK loan.

Writing Russian or Ukrainian lives with an address in the UK/Ireland requires careful assessment on a case by case basis by giving consideration to not only UK and EU sanctions, but also US sanctions such as those imposed by The Office of Foreign Assets Control (OFAC).

SCOR Global Life is, fully committed to comply with applicable sanctions regulations and in order to assist with this process we have acquired, and implemented, a sanctions tool which provides a comprehensive screening platform enabling the efficient monitoring of clients and third parties against applicable worldwide watch lists. Only when robust KYC (Know Your Customer) screening has taken place on the individual and/or company, and sanction exposure excluded, should the application be progressed to full underwriting. SCOR Global Life would also recommend that a ‘Sanction Limitation and Exclusion Clause’ is applied to applicable contracts in order to address unknown or future exposure to sanctioned territories, activities or persons.

Compliance is not always straightforward, particularly where different sanction regimes collide, and failure to comply can have wide-ranging implications both in terms of financial penalty as well considerable reputational damage. If you are in any doubt regarding the legitimacy of such enquiries we would strongly recommended that you speak to your own legal and compliance representatives as well as a member of the underwriting team at SCOR Global Life.
SCOR Global Life conducted a survey so that we could get a better understanding of how providers are monitoring misrepresentation / non-disclosure, focusing on the processes, analysis, actions as well as what rates companies are experiencing in the market. We followed this up by having in-depth discussions with all the survey participants and based on all the findings, produced two documents. Namely a detailed ‘Survey Report’ detailing the results and a ‘Best Practice Guide’ for monitoring misrepresentation / non-disclosure’.

Here are some high level findings from our survey:

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<th></th>
<th>UK</th>
<th>IRELAND</th>
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<tbody>
<tr>
<td>Number of companies monitoring misrepresentation / non-disclosure for Life and Critical Illness products</td>
<td>11 out of 13 companies</td>
<td>5 out of 7 companies</td>
</tr>
<tr>
<td>Credible misrepresentation / non-disclosure rate</td>
<td>9.1%</td>
<td>11.8%</td>
</tr>
<tr>
<td>Top misrepresented / non-disclosed conditions</td>
<td>Mental Health, Musculoskeletal, BMI, Alcohol, Cardiovascular, Smoking, Hypertension, Family history, Neurological, Outstanding investigations</td>
<td>Cardiovascular, Mental health, Outstanding investigations, Musculoskeletal, Alcohol, Hypertension, Gastrointestinal, Gynaecological, Neurological, Respiratory</td>
</tr>
<tr>
<td>Providers carrying out post issue sampling</td>
<td>8</td>
<td>4</td>
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</table>

When providers advised us of their misrepresentation / non-disclosure rates we applied some basic assumptions to find the average result on a comparable basis. After standardising the data and removing ‘non-credible’ results we finally arrived at a misrepresentation / non-disclosure rate of 9.1% in the UK and 11.8% in Ireland for life and critical illness benefits. Interestingly, the individual provider misrepresentation / non-disclosure rates range from 4% up to 19%.

We found that the providers with lower misrepresentation / non-disclosure rates have robust monitoring processes in place with a clear focus to improve customer disclosures. A key part of this is around transparency of the process, ensuring that all stakeholders, including all those involved in the new business process and intermediaries are aware of the monitoring process and the actions taken once misrepresentation / non-disclosure is discovered. This includes what happens with individual policies, the analysis that’s carried out and how the findings/results are used to improve disclosure.
Here are the key elements of one provider’s misrepresentation processes. They have credible results with consistently low misrepresentation rates.

### IFA PROVIDER

**Post issue sampling over a number of years using credible volumes**

Ensure that the salesforce are made aware that post issue sampling is part of their practices and are also advised of the findings / results and the follow up actions.

**Hard-line approach where AMRA / signature authorising GP report, is not received – policy cancelled after reasonable time period**

Perform systems generated monitoring as part of their ‘Distribution Management’ processes

### The most common misrepresented / non-disclosed conditions

Although providers ask clear questions on their application forms regarding mental illness, it is the highest misrepresented condition in the UK and second most in Ireland. Is this because mental illness is still a taboo subject? Why are musculoskeletal conditions misrepresented? Maybe sales teams and applicants alike don’t understand the significance of these disclosures. On our survey SCOR Global Life found that just three of the providers actually provide training to sales and intermediaries on application form completion. Therefore, we feel more education for sales would be beneficial in encouraging better disclosure in these areas.

### Conclusion

There are clear benefits for improving disclosure: Less claims declined for misrepresentation / non-disclosure; premiums can be maintained at a competitive level with more affordable premiums and therefore more business can be sold.

As an industry we cannot rely on finding misrepresentation at claim stage and therefore we need to do more to ensure that applicants have every opportunity to make a full and accurate disclosure. This can be achieved if providers take a proactive approach to how they monitor and act on misrepresentation / non-disclosure. This will encourage better quality of business and ensure that only valid claims are paid.

It will lead to a better experience for the customer and a better perception of the industry in general. Customers want more certainty that in the event of a claim their policy will pay out. And rightly so!!!

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Please contact SCOR Global Life for a copy of the following:

- ‘Survey Report’ where you can find full details and results of our survey
- ‘Best Practice Guide’, which includes the best methods of monitoring misrepresentation / non-disclosure and what steps companies can take to improve disclosure.

For further information regarding ‘SCOR Misrepresentation / Non-disclosure Survey’, please contact Catherine Lyons at SCOR Global Life.