

Child insurance in the Finnish market

Helsinki 18th Sep 2014



SCOR is the 5th largest reinsurer in the world.



Reactions
GLOBAL
AWARDS
2013

SCOR:
"Best
Reinsurance
Company for
US Life"

SCOR:
"Best Reinsurance
Company for
International (Non-US)
Life"

€ 5.0 billion
Shareholders' equity

**A leading global
reinsurer**

A +
Positive Outlook



Denis Kessler elected to
join the Insurance Hall of
Fame in 2014

A multi-cultural Group
with **39 offices**
across 5 continents

€ 23 billion
Assets under management

€ 10.9 billion
Gross written premiums in 2013

€ 4.5 billion
2013 Life embedded value



2013

SCOR:
"Reinsurance
Company
CEO of the
Year"

Strong global franchise
with more than **4 000**
clients

2 150 employees with
very high level of expertise

SCOR:
"Risk Carrier of
the Year"



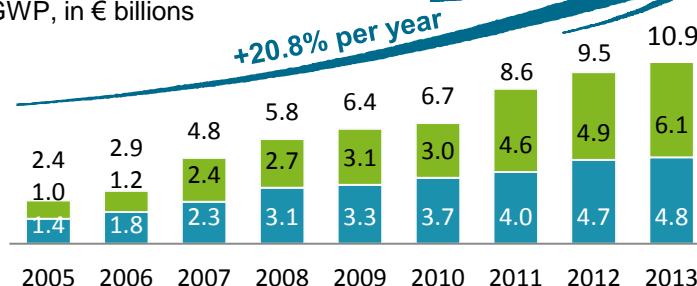
SCOR

SCOR
Global P&C

SCOR
Global Life

SCOR
Global Investments

GWP, in € billions

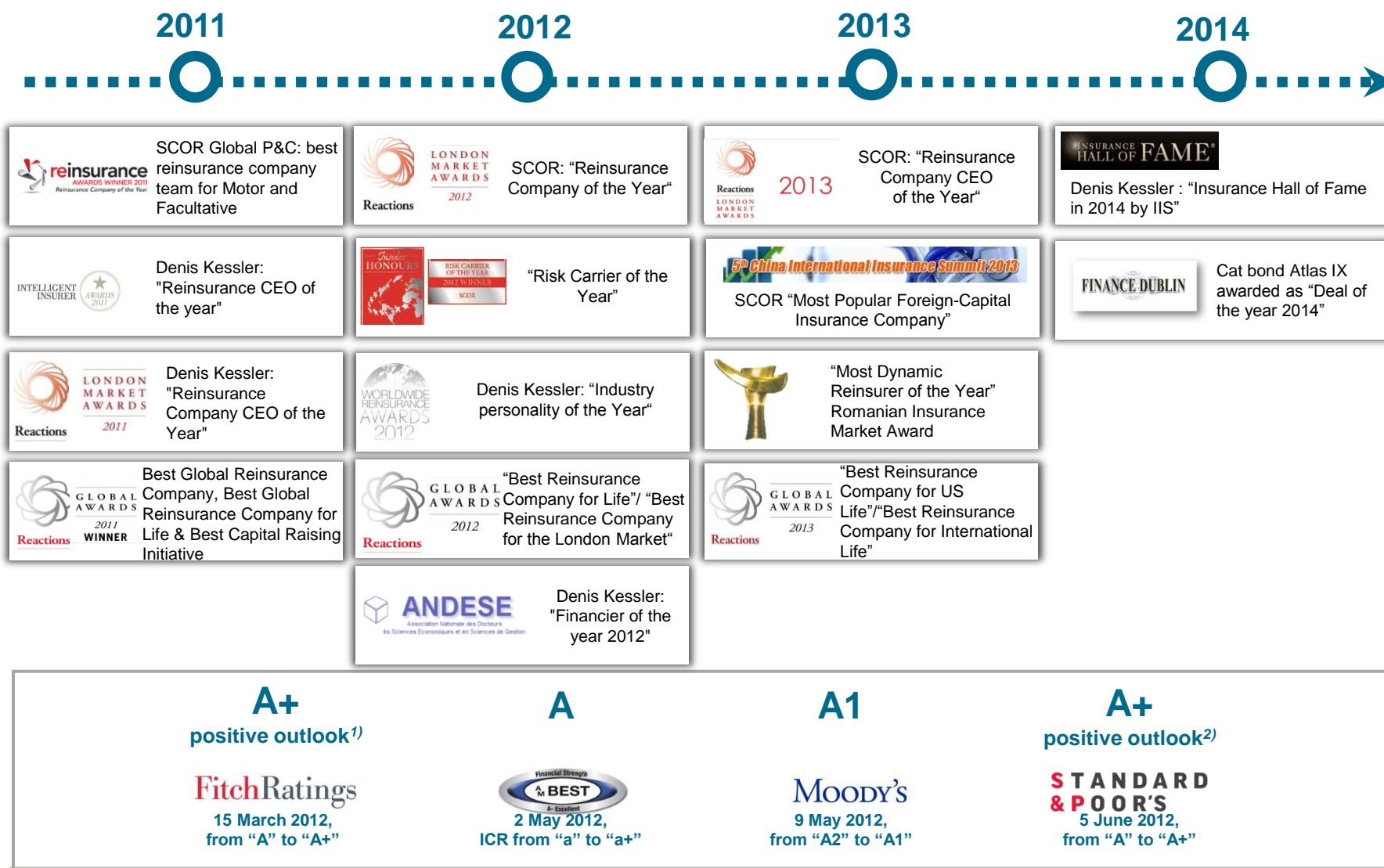


SCOR in the Nordic market

- ❑ SCOR Sweden Re was founded in 1914
- ❑ Celebrating 100 years of successful presence in the Nordic market this year.
- ❑ Leading provider of reinsurance and medical underwriting to Nordic insurance market
- ❑ Initially a cooperation between the Swedish life insurers – similar to Retro in Finland
- ❑ Today a commercial reinsurer committed to servicing the Nordic market
- ❑ From our office in Stockholm we cover Denmark, Finland, Iceland, Norway and Sweden
- ❑ 25 employees in Stockholm



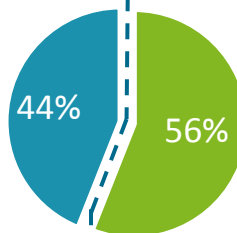
The strength of the SCOR group's strategy is recognized by industry experts



The Group has a highly diversified activity between Life and Non-Life, by lines of business and by geography

In 2013, SCOR's GWP reached €10.9bn¹⁾

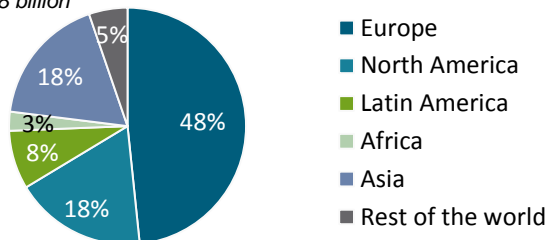
SCOR
Global P&C



SCOR
Global Life

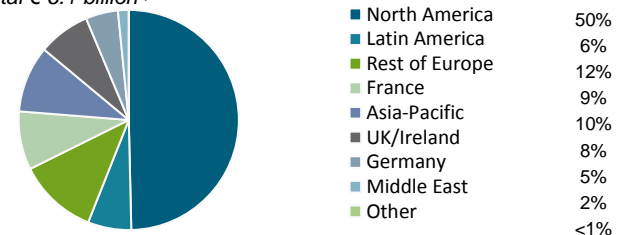
P&C global presence

in %. Total € 4.8 billion



Life global presence

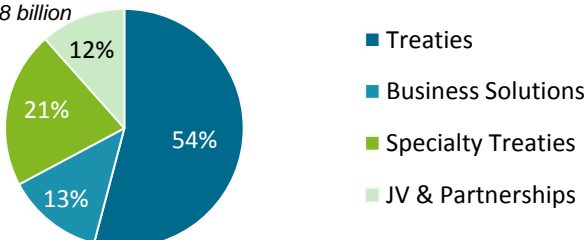
in % of GWP Total € 6.1 billion¹⁾



Pro-forma

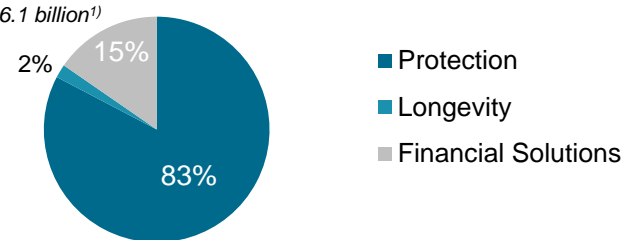
P&C business mix

in %. Total € 4.8 billion



Life business mix

in %. Total € 6.1 billion¹⁾



A client-focused, experienced and innovative partner for our clients

Biometric Expertise

- In-depth actuarial knowledge, with extensive data accumulation at local and global scales
- 6 Global Life R&D centres active in advanced risk studies, portfolio analyses, risk monitoring, etc.

Client Focus

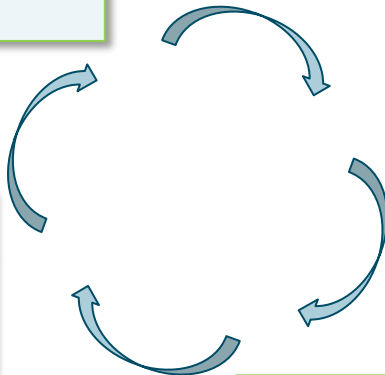
- Strong local presence around the globe ensures close proximity to our clients
- Local teams are empowered, reactive, and attentive to specific needs
- Constant focus on simplicity in structuring

Longevity and Financial Solutions Appetite

- SCOR has appetite for Longevity and Financial Solutions, as stated in its latest strategic plan “Optimal Dynamics”
- Product range, infrastructure and resources in constant expansion, leveraging remarkable successes over the 2011-2013 period

Structuring and Innovation Abilities

- Central structuring teams support the market managers in devising optimal solutions for each client
- SCOR has extensively prepared for Solvency II and filed its internal model
- Track-record of innovative structures and covers



Our Market



- ❑ We cover the Nordic life insurance market
- ❑ Among our clients are life as well as non-life insurance companies
- ❑ We have the largest market share in Norway followed by Sweden, Denmark, Finland and Iceland
- ❑ We reinsure all life insurance products that exist in the Nordic market
- ❑ We write all kinds of standard reinsurance arrangements, from Quota Share to Cat Cover
- ❑ The majority of our portfolio consists of tailor made arrangements.

Our service offering



- ☐ Online – Customer Service Portal
- ☐ Underwriting guidelines – SOLEM and PRIO
- ☐ Teleunderwriting, TUW, and Internet based health declarations, EUW

- ☐ Product development
- ☐ Portfolio and tariff analysis

- ☐ Second opinion or full outsourcing of medical underwriting service
- ☐ Training on medical underwriting, product development and actuarial issues.
- ☐ Training is offered locally for the Nordic market and with a global perspective through the SCOR Group

Medical underwriting

- ❑ Leading provider of medical underwriting services in the Nordic market
- ❑ PRIO – Web based manual for child disability products
- ❑ SOLEM – Web based manual for adult disability products **SOLEM**
- ❑ Via outsourcing we do everything from Second opinion to a full medical underwriting service



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2	A general description of the Swedish market for child insurances
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6	Product development with SCOR Sweden Re
7	Panel discussion

The history of child insurance

- ❑ Insuring children has an old tradition in Sweden. There are many reasons for this but most important was an awareness and knowledge about the difficult economic situation that children who suffer from disabilities had and continues to have as adults.
- ❑ **1950s and 1960s:** Policies covered accidents and often the disease polio.
- ❑ **1977:** Child insurance starts. Only economic disability for diseases.
- ❑ **1985:** Medical impairment for diseases and hospitalisation (a fixed sum per day) are new insurance elements. This is the beginning the modern child insurance history.
- ❑ **1985 -1995:** Intense discussions in the media about children's poor protection by social security if they can not come into work.
- ❑ **1990s:** Characterised by considerable growth in child insurance. Holmia (included today in Trygg-Hansa) is the clear market leader. Skandia and Länsförsäkringar is also very active.



The history of child insurance

- ❑ **1997:** Holmia launched the first pregnancy insurance.
- ❑ **1997:** Industry-wide disability table for diseases are developed.
- ❑ After the turn of the millennium, the competition in the market led to increasing sums insured.
- ❑ **2002:** Add on products for congenital diseases are introduced.
- ❑ **2005:** Critical illness is a new insurance element. It covers severe diseases like cancer. A lump sum is paid as soon as diagnoses is settled.
- ❑ **2012:** Insurance where no disease is completely exempt is introduced.
- ❑ ... **2015:** The product makes remarkable sales in the Finnish market!



The market for child insurance in Sweden

❑ Individual insurances

- Health declaration is required
- Higher compensation
- Higher premium



❑ Group insurance

- Easier administration – lower premium
- No or limited underwriting
- Lower compensation levels
- The customer does not always know where the insurance applies to

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Product overview

- ❑ Today, about 1.5 million children are individually insured for both illness and accident.
- ❑ Added to this there is an unknown number of children who have insurance through parents' group insurance.
- ❑ 90% of all young children have a child insurance.
- ❑ 70% of school age children have a child insurance.
- ❑ Illness is a much more common cause of serious disability condition than accidents. Examples of such diseases is brain tumors, juvenile rheumatoid arthritis and bowel diseases.
- ❑ The most common illness that causes medical impairment is diabetes (15%).



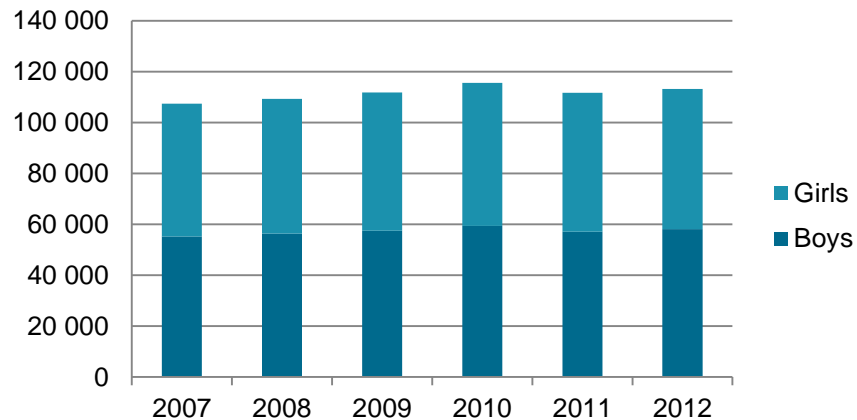
Product overview

- ❑ Highly consolidated market with potential of continued growth as individual market increases.
- ❑ Previously, child insurance was mainly sold via customer service or through agents and brokers.
- ❑ The trend today is rapidly moving toward an increasing proportion of insurance underwritten directly through the Internet.
- ❑ The individual market is led by Trygg-Hansa, followed by Skandia and Länsförsäkringar. The major companies on the group market are Folksam, Skandia, Länsförsäkringar.



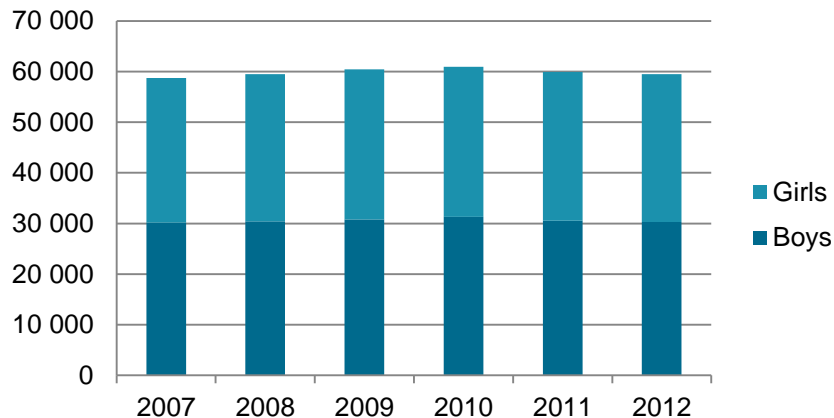
Number of births in Sweden and Finland

Number of births in Sweden

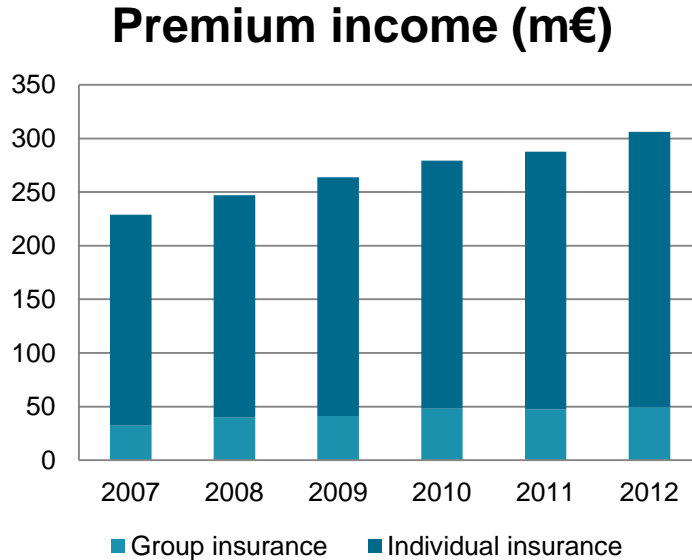


- The number of births in Sweden is about 110,000 each year.
- The corresponding figure for Finland is about 60,000.

Number of births in Finland



Child insurance in Sweden 2007-2012



- ❑ The premium income for individual insurances exceeded € 250m in 2012.
- ❑ The premium income for group insurances was about € 50m.
- ❑ An individual policy is normally priced at € 100-200 per year for an insured amount of about € 145k.
- ❑ The number of individual policies has increased by 8% since 2007.

- ❑ Comparing to the Swedish market this would indicate a possible, long term, market volume in Finland of about **€ 150m**.

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Social security in Sweden and Finland, children

	Sweden	Finland
Child allowance	<ul style="list-style-type: none">• Paid up to the age 16• € 120 per month• Tax-free	<ul style="list-style-type: none">• Paid up to the age 17• € 104 per month for 1st child• Additional € 49 if child lives with single parent
Parental benefit	<ul style="list-style-type: none">• Paid out for 480 days for one child• For 390 days compensation is based on ones income (sickness benefit level)• For the other 90 days compensation is € 20 / day	<ul style="list-style-type: none">• Parental leave starts after maternity leave• Kela pays 158 working days• Amount is based on previously taxed earnings (min. € 23 / working day)• Counts as taxable income

Social security in Sweden and Finland, children

	Sweden	Finland
Care of child	<ul style="list-style-type: none">• Temporary parental benefits if child is between 8 months and 12 years• Compensation is about 80% of regular income (max. € 3,000 / month)• Up to child's age of 12 parents can receive money for max. 120 days per child and year	<ul style="list-style-type: none">• As long as child is under 10 parents are able to take temporary care leave of 4 working days• Special care allowance of min. rate of € 24 / day paid up to 60 working days if parents take part in treatment or rehabilitation arranged for their child
Disability allowance	<ul style="list-style-type: none">• For children up to 19 with disability or long-term illness• Possible to either apply for both care and supervision (€ 1,000 / month) combined with additional costs or for additional costs alone	<ul style="list-style-type: none">• For children under 16 if they have a long-term illness or injury• Amount between € 93 and € 420 per month

Social security in Sweden and Finland, adults

	Sweden	Finland
Disability allowance	<ul style="list-style-type: none">• After 19 years of age• Activity allowance (early retirement) 19-30 years of age. Amount age-related between € 850 and € 950 per month, taxable.• Disability benefits are between € 145 and € 280 per month, non-taxable	<ul style="list-style-type: none">• After 16 either similar allowance or care allowance for pensioners is paid out• Care allowance is of the same amount as for children under 16• Care allowance for pensioners is between € 62 and € 327 per month

Differences in the social security

- ❑ Children in Finland who can not come into work as adults because of illness or accident has an equally difficult economic situation as for children in Sweden.
- ❑ In Sweden children are insured by the school / preschool but only for accidents and not illness. Often this insurance is only valid while the child is at school.
- ❑ The care for children (e.g. hospitalization and doctors fees) is free of charge in Sweden.
- ❑ It appears that the need for parents to further support additional expenses and care of the child due to disability is greater in Finland than in Sweden.



Coffee break



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Child insurance in Sweden in general

Sickness and accident insurance for children

- ❑ Shall provide protection in the event of **sickness** and **accidents**.
- ❑ Does **not** provide medical care or reimbursements for costs of medical care.
- ❑ Important that the insurance applies for sickness because more children suffer permanent disability as a result of sickness than as a result of accidents. Anyone who is never able to participate in working life receives low benefits from social security, which means that disability payments can be important.
- ❑ All child-insurance policies contain some form of restrictions or limitations for congenital diseases.
- ❑ It is sometimes possible to purchase supplementary cover before the child is six months old to provide a certain amount of cover for congenital diseases. In other companies a limited cover is included in all policies.

- ❑ **Medical impairment and disability**
Compensation for both reduced functional ability (medical impairment) and reduced work ability (disability). The latter will give a single payment of a considerable amount if the child is not able to work due to the sickness or accident.

Excluded diseases

- ❑ Some companies have the following wordings in their terms:

Congenital exceptions < Age 6

The insurance does not apply for sickness, bodily defects or psychological mental disablement. Nor for the consequences of such a condition - if, according to medical experience, it is probable:

- a) that the condition has existed since birth or originated from a sickness that occurred during the first months of life, or
- b) that a predisposition for the condition has existed since birth.

Often in combination with

Diseases excluded regardless of age

- ADHD, ADD, DAMP and MBD
- Psychological deficiencies such as burnout, depressive anxiety or similar
- Autism
- Asperger's syndrome
- Tourette's syndrome
- Late psychomotoric development
- General mental disability

Product description child insurance

- ❑ Provide short-term and long-term economic security in case of severe accident or illness, with 6 main covers:

Medical impairment

Disability

Critical illness

Monthly payment

Daily costs

Short-term life



Child insurance - product in brief

Compensation for sickness and accident

- Medical impairment
- Economic disability
- Critical illness (certain diagnoses)
- Care benefits (monthly payment)
- Acute hospitalization
- Hospitalization
- Care at home after hospitalization
- Rehabilitation and assistive devices
- Scars
- Crisis therapy
- Life insurance (only a small amount around € 5,000 paid regardless of cause of death)

Also included is

Waiver of premium on parent's death;
Continued insurance for adults without a health declaration after 25 years of age.



Insurance for the child or parents?

- ❑ Child insurance was originally a protection against very severe situations for the child. Economic disability (inability to work as an adult) was the most important content.
- ❑ An increasing share of the benefits children insurance supplemented with over the years involves compensation to the parents. These include compensation directly at diagnosis, acute cost assistance and compensation for childcare allowance.
- ❑ Disability payments are made directly to the child into a bank account for use later in the child's life while other benefits are paid to the parents for immediate use to ease their and the child's burdens from the sickness or accident.
- ❑ Should the product development going forward focus mainly on the child's needs? The situation of a child who is so seriously ill or injured that it does not join working life is as bad today as at the formation of the child insurance. At the same time, customers expect increasingly rapid compensation to the family.



Child insurance - a claim case

- ❑ 8 year old Filippa have been diagnosed with diabetes.
Filippa was admitted 14 days to hospital for treatment and for her and her parents to learn how to medicate with insulin.



What help can the family get from their child insurance ?

- ❑ Filippa has an insurance amount of € 130,000.

Acute Hospitalization

- € 65 as Filippa becomes acutely hospitalized.

Hospitalization

- Hospitalization € 55/day for 14 days, in total € 770.

Care at home after hospitalization

- Care at home € 55/day for 30 days, in total € 1,650.

Monthly Compensation

- The family gets 50% care allowance from the Social Insurance during the first two years. The insurance will then pay out € 435/month for 2 years, in total € 10,440.
- Following this is a 25% care allowance from the Social Insurance up to age 16. This would give a further € 18,000 payment spread over 7 years.

Medical impairment

The medical disability for diabetes is estimated at 15%, so Filippa would receive a € 19,500 payment for medical disability.

- ❑ Total compensation from the policy would in this case be € 50,425, tax free.

Child insurance - another case example

“I do not understand why people should be punished for having a sick child “, says mother Pernilla. The care allowance from social security is not enough to pay the rent for Emilie, 12, and her family. Emilie, 12, beat cancer, but now they loose their home.

- I just wish that I get to keep my dog Molly, says Emilie.



Source: www.aftonbladet.se (photo: L. Allard)

Prior to 2008, Emilie was like any girl. She loved crafting and baking and playing with friends. But then the doctors discovered the tumour in the back of her head.

After the surgery Emilie changed. Her memory fails, she has learning and concentration difficulties.

The family sits in a financial nightmare. Right now mother Pernilla has no money and they didn't have a child insurance when Emilie got her sickness.*

How had a child insurance helped Emilie and her family?

- ❑ Hospitalization: € 55 / day

Hospitalization for acute enrolment: € 65

Care at home after hospital stay: € 55 / day for 30 days, a total of € 1,650.

Some Diagnoses: € 20,000 (direct at diagnosis)

Attendance allowance: € 890 / month (€ 10,680 / year)

Medical Impairment: X% of € 200,000 + additional compensation

Economic disability: 50 or 100 % of € 200,000

- ❑ Total compensation would probably have exceeded: **€ 250,000**
(more if she will be economic disabled and can't work as an adult).

Trends in product development

- ❑ Increasingly more comprehensive products. Different solutions are available to provide compensation even for diseases that existed before the signing but not yet proven (often called "congenital diseases").
- ❑ Compensation directly at diagnosis.
- ❑ Higher remuneration at hospital, nursing reimbursement, etc.
- ❑ Service in various ways (such as health care information and counseling in various forms).



What is the situation in Norway and Denmark

- ❑ In Norway, children insurance a fast-growing product. And most of the Norwegian insurance companies are active in this market. The insurance is very similar to the Swedish child insurance.
- ❑ In Denmark, children insurance as yet is relatively unknown. Many children are not insured against accidents.
- ❑ Outside the Nordic countries there are no child insurance.



Child insurance today in Finland

- ❑ With few exceptions the child insurance in Finland today cover the cost of care.
- ❑ Some companies offer products that has limited cover in addition to cost of care. However there is very little overlap between the current Finnish and Swedish child insurance products.
- ❑ Hence, the Swedish product could be offered on a stand alone basis or as a part of a package with traditional Finnish child product.



Rationale for child insurance

- ❑ Important addition to our social security coverage.
- ❑ Children who, because of disability, will never enter working life receives little remuneration from society. Child insurance can provide additional financial support to both the child and the parents.
- ❑ For the insurance company the product is interesting as
 - It covers a risk that is important for the clients.
 - The products are written against medical risk assessment and so the policies tend to have long duration, and hence ample opportunity for further sales.
 - The company will already have a client relationship to someone as he or she grows up.



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Development in medical risk assessment child insurance

- ❑ More children can be insured and also at lower age.
- ❑ Examples:
 - Low birth weight infants
 - Adoptees
 - Medical advances and lessons learned doing that today one can assure a significantly higher proportion of children at risk than before.
 - Sometimes you have to wait with insurance until the child is a little older but then the child usually can be insured for both illness and accident.

The SCOR Sweden Re risk assessment manual – PRIO

- ❑ Sweden Re has been supporting the Swedish market with a risk assessment manual for underwriting of child insurance since the early 1990's.
- ❑ In 2006 the work began to move the manual to a modern platform and in 2009 PRIO was launched.
- ❑ The user friendly PRIO is our first web based manual and an excellent tool for underwriters and claims adjusters.
- ❑ In 2011 PRIO 2.0 was launched with new enhanced functionality and layout.
- ❑ PRIO is constantly developed and expanded in cooperation with our clients and medical doctors.
- ❑ Today PRIO contains well over 400 diagnosis.



Välkommen till PRIO

PRIO är försäkringsmedicinska riktlinjer avseende bedömning av Sjuk- och Olycksfallsförsäkring för barn och ungdom. PRIO har utvecklats av Sweden Re filial till SCOR Global Life och är anpassad för användning på den nordiska försäkringsmarknaden.

PRIO är ett levande material i ständig utveckling. Genom kommunikation med användarna uppdateras och vidareutvecklas materialet löpande. PRIO skall vara ett praktiskt och enkelt verktyg i det dagliga arbetet för hantering av försäkringsärenden vid såväl riskbedömning som skada.



Nyheter

14-08-21

Ny sida - körtelbuk samt upp...

14-07-04

Sidan Pulmonalisstenos är u...

[Nyhetsarkiv](#)

Nya och uppdaterade sidor

14-08-21 13.55

Obstipation

14-08-21 13.55

Blåsljud

14-08-21 13.55

Coarctatio aortae

14-08-21 13.54

Körtelbuk

[Visa alla](#)



PRIO

Short break



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Why product development co-operation?

- ❑ You know your market, regulations and social security.
- ❑ We, SCOR Sweden Re, has got good knowledge on child insurance, we can provide access to PRIO and we have the full resources of the SCOR group.
- ❑ SCOR Sweden Re has participated in a number of product development projects with our clients, including child insurance for the Swedish market.



Product development project – generic description

❑ Analysis

- Analyse the current local market conditions
- Analyse international market
- Ensure buy-in from stakeholders such as marketing, admin and claims
- Client survey
- Collect initial ideas on product development



❑ Product

- Develop product
- IT requirements
- Internal discussions on product content
- Pricing from actuaries



❑ IT, administration, marketing material

- Develop IT support
- Administrative routines
- Terms and conditions written, involving legal
- Marketing material and information to clients to be produced



❑ Information and education

- Update internet, intranet and brochures
- Training of sales, admin, uw, claims and other staff



❑ Kick off party!



Summary

- ❑ Child insurance has an exciting history but also an exciting future.
- ❑ Child insurance is a very important insurance and it really does make a difference for both the sick child and the family when a child is suffering from serious illness.
- ❑ Society's protection is not likely to be improved and therefore the child insurance continues to be the insurance that children really need and should have.



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Panel discussion

- Your questions and comments, please!



Thank you for your attendance!

- ❑ Please stay for some refreshments together with SCOR Sweden Re!



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