

2019 Life Insurance claims statistics to provide a benchmark for the COVID-19 claims experience

Over the past five years, Momentum Life Insurance has paid out claims in excess of R19bn. At the 2020 Risk Summit where Momentum Life Insurance leadership shared the latest claims statistics, it was revealed that the 2019 claims pay-outs were the highest to date at a staggering R4.6bn.

The 2019 pay-outs were made up of R3.3bn in death claims, R695m in critical illness claims, R98m in income protection claims, and R499m in disability claims. All-in-all the number of claims paid in 2019 claims are up 30% from 2018 with an expected unique turn for 2020.

Head of Life Insurance Marketing at Momentum, George Kolbe, said Momentum Retail Life Insurance paid out a total of 93% of claims in 2019 across all benefit types. “This is a testament to the comprehensive nature of our products, our robust processes and our approach of always trying to find a reason to pay a claim – helping our clients and their families secure their journeys to financial success.”

With regards to claims that were not paid out, Head of Product Development & Pricing at Momentum Life Insurance, Jenny Ingram said, “Each case is different but the main reason we don’t pay these claims is because they don’t meet the definition for the pay-out, there was an exclusion listed on the product, or there was deliberate non-disclosure from a client.”

Kolbe noted that claim statistics for 2020 and 2021 might look very different from our experience over the last couple of years. To a certain extent, our 2019 experience will become the benchmark against which we judge the impact of COVID-19.

Male suicides spike as death claims continue to form the bulk of pay-outs

With R3.3bn in death claims paid in 2019, Kolbe said this figure always makes up the bulk of pay-outs in any given year. Although Momentum paid out 99.7% of all underwritten death claims in 2019, in cases where they aren’t paid out, Kolbe explains that this is primarily due to issues such as suicide for which cover is excluded for the first two years of the policy.

The top three causes of death claims remained relatively stable from the previous year being cancer, cardiovascular diseases and unnatural deaths, like suicide and accidents. Notably, there was an alarming 65% increase in suicide claims, which Momentum noticed were 88% male. Kolbe said this figure is likely to increase in 2020 based on the unusual stresses experienced due to the COVID-19 pandemic and subsequent economic hardship.

Looking at the age metrics, Kolbe noted that the youngest male claimant was only 18 years old – the unfortunate victim of a fatal stabbing. The youngest female claimant passed away from Leukaemia at the young age of 28. “This shows us that young people are in fact not invincible and should be considering life insurance products even from younger ages.

Terminal illness claims increase by more than 50%

In 2019, Momentum paid 80 terminal illness claims, 53% more than in 2018, to the amount of R187 million. Cancer was the primary cause for most of these claims, with cancers of the gastro-intestinal tract occurring with the highest frequency, especially colon and rectal cancer.

Momentum defines terminal illnesses as an advanced stage of a disease with an unfavourable prognosis, no known cure and life expectancy of less than one year. “Here we tend to make a death pay-out before

a client pass away giving them the unique opportunity to finalise arrangements and settle their financial affairs before the inevitable happens,” said Kolbe.

Critical illness claims among children peak

With R695m in critical illness claim paid out by Momentum in 2019, this marks a 29% increase in claims from the previous year. One of the big contributors to this increase was nervous system related claims which almost doubled from the previous year. “Cancer, however, is still the biggest contributor to our critical illness claims, by far,” said Ingram.

She added that the rising prevalence of gastro-intestinal cancers is concerning. “It is important that we all start becoming more aware of these diseases and make the relevant lifestyle choices that could reduce our risk of contracting them.”

Ingram noted that females under the age of 40 claim twice as much as males of the same age, indicating that women tend to claim earlier in life with breast cancer being the main culprit in this space. “What makes this unsettling is that this is when women are at their most productive, playing a major role in many households and businesses across the country. This is where critical illness benefits make the biggest impact.”

Ingram said in 2019, Momentum made more pay-outs for critical illnesses in children than it ever has done before. “The most prevalent pay-out we see for children is blood cancers like leukaemia and bone marrow but luckily for most children it is diagnosed early enough where it can be treated.”

Critical illness cover for children is automatically included in the parents’ cover on Myriad critical illness benefits. In 2019, Momentum paid a total of 41 child critical illness claims for 27 children. For 14 of the children, we paid claims from both parents’ policies because both parents had critical illness cover on their Myriad policies.

Musculoskeletal disability claims increased by almost 70%

When comparing Momentum’s 2019 lump sum disability claims to the previous year, the biggest noticeable difference is the jump in musculoskeletal claims which increased by almost 70%. These are your typical serious back or spinal conditions, typically resulting from accident-type injuries or degeneration of discs.

Although the highest disability claim volumes were experienced for clients aged 40 and older, the youngest person to claim was a male client of 25, who was paid under the nervous system category for epilepsy, and a female client, aged 26, who was paid under the musculoskeletal category for an injury resulting from a motor vehicle accident.

Kolbe said, “For younger people, disability is one of the most important aspects of insurance. If you’re young, you have your whole life ahead of you where you are supposed to be earning an income. Should something happen early on, you forgo that opportunity and therefore you need disability cover in place early in life.” Income disability might be the most affordable solution, and when combined with Momentum’s Permanent Disability Enhancer benefit, they have the best features of both lump sum and income disability cover.

Income protection claims

Most income protection claims in 2019 were musculoskeletal, which include fractures, spinal surgeries and torn muscles. “Even now in 2020, we have noticed an increase in these claims as many people were attempting to fix things around the house during lockdown or taking up new hobbies like cycling,” said Ingram.

Although only 39% of income protection claims were made by women, 2019 statistics indicate that the age band where the most female claims occurred is between the ages of 40 and 49 with the main causes being related to mental illnesses like depression and anxiety. Ingram suspects this is due to elevated levels of stress due to working, raising children and the pressure associated with motherhood and often being primary caregivers for their families.

Life insurance will need to shine in 2020

Ingram said 2020 is obviously the time where life insurance needs to shine. She was confident that Momentum is well positioned for this with the capital to remain financially robust and meet all its obligations.

“As we learn more about the effects of COVID-19, we start to think harder about critical illness and disability benefits, this will go beyond respiratory conditions to include neurological issues such as strokes, because of clotting, and other cardiac diseases and even renal failure. There are multiple aspects of this pandemic that we don’t know yet but that we expect to pay more claims for. Our products will have to adapt with the changing circumstances.”

Ingram concludes, “During times like these, it is vitally important to know that there are aspects that remain the same irrespective of the changing circumstances, and one of these is that you can rely on our promise to always pay valid claims.”

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