



Spotlight on terminal illness claims

We take a closer look at our terminal illness benefit and the claims paid to customers in 2019.

Before choosing a protection provider, it's important to know about its claims payment history. So, we've pulled together some of the statistics behind the claims made during 2019, including some examples of real-life claims we've received.

What is terminal illness benefit?

Terminal illness benefit is a feature on life protection policies to help make the last few months of a terminally ill customer's life easier. It gives them the opportunity to get their finances in order before their death.

If we agree the terminal illness claim, we'll pay out the value of the customer's life protection benefit early.

When will you pay the terminal illness claim?

We'll assess a terminal illness claim when the insured person, during the life of the policy:

- has 12 months or less to live, and
- has been told by a doctor or consultant that they have an incurable condition.

We'll only pay a terminal illness claim when **both** your consultant **and** our Chief Medical Officer, before the policy ends, agree that your life expectancy is less than 12 months.

What were the main reasons for claims?

Cancer continued to be the main reason for terminal illness claims in 2019. However, we've also paid a number of claims where customers have been in the later stages of motor neurone disease, liver failure, cardiomyopathy and Alzheimer's disease.

Claims we paid in 2019



93% of terminal illness claims. Over the past three years, we've paid, on average, **94%**.

23% of life protection claims paid early as a terminal illness claim



A total of **£33.4 million** for terminal illness claims

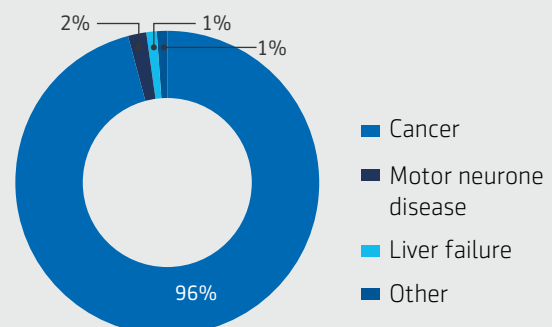
An average terminal illness claim value of **£159,148**



Claims by gender



Main reasons for claims in 2019





60 years old
– the average age of
the insured person at
the time of claim



7 years 8 months – the
average age of a policy
at the time of claim



5.7% of claims
declined for not
meeting the definition



1% of claims
declined due to
misrepresentation

Case studies

Here, we highlight how our claims payments have helped real families in 2019.

Terminal cancer diagnosis

A couple in their 50s took out reducing life protection in March 2014.

In February 2018, the wife was diagnosed with ovarian cancer. She underwent a total hysterectomy, had her spleen and large bowel removed and underwent chemotherapy. Unfortunately, the cancer returned in late 2018/early 2019 and she was told it was terminal.

The couple contacted us in May 2019 to make a claim. At this stage, the husband was preparing to move his wife to a hospice as her condition had deteriorated and life expectancy was short.

We were keen to pay the claim before the wife passed away. The husband provided copies of medical letters from their appointments. We were able to verify this quickly with a call to the consultant at the hospice. We agreed the claim, but didn't have bank account information of where to pay this. We called the husband who confirmed that this could be paid to the bank account making the policy payments.

We paid the claim within one week of receiving the claim.

Late-stage motor neurone disease

A 48-year-old female took out life protection in 2007.

In October 2019 her daughter called us to tell us her mother had recently been diagnosed with motor neurone disease. She'd been experiencing some unusual symptoms for the past 18 months to two years, including weakness initially in her right leg and then in her left leg, as well as slightly slurred speech.

Following her diagnosis, her condition progressed quickly. Her daughter called us again to make a terminal illness claim when the condition began affecting her mother's breathing, swallowing and eating capabilities. This indicated that the condition was in the late stages.

We carried out a tele-claims call with the daughter. The consultant confirmed the progression of the condition, and we agreed the claim in early December 2019.



While we want to pay all valid claims, unfortunately there are occasions where we're unable to. Here, we highlight a couple of instances where we had to turn down terminal illness claims in 2019.

Misrepresentation

In May 2018, a 65-year-old male took out life protection, telling us he didn't drink alcohol and had slightly raised cholesterol and blood pressure.

Less than a year later, in March 2019, his wife contacted us to make a terminal illness claim. He'd been diagnosed with bowel cancer which had spread to his liver and lungs, and had been given a life expectancy of around 12 months with treatment, or six months without.

During a tele-claim call, the insured person told us he'd been experiencing symptoms since June 2018. We wrote to his doctor to gather more information on his condition, which showed that symptoms had started in February 2018 - three months before his policy started. His doctor had referred him to hospital for tests and scans.

While he hadn't been formally diagnosed with cancer before his policy started, he should have told us about his symptoms, scans and appointments. Had we been aware of this when he applied, we'd have postponed offering cover until his results were available. His cancer diagnosis would then have resulted in us being unable to offer cover.

As a result of this misrepresentation, we had to turn down the claim. When we discussed this with his wife, she told us they must have got their dates confused. We cancelled his policy and refunded all the policy payments he'd made.

Not meeting the definition

In March 2010, a couple took out a life protection policy on a joint-life basis.

In February 2019, the wife contacted us to tell us her husband had been diagnosed with prostate cancer which had spread to the lymph nodes and bones, and he'd been given a life expectancy of 12 months.

We contacted his treating consultant to gather medical information, which confirmed that while his cancer was incurable, his life expectancy could be measured in years, rather than months.

We contacted the couple to explain that we couldn't pay the claim at this time. We'd only be able to pay it when the treating consultant confirmed that the husband's life expectancy was less than 12 months. Their policy was due to expire in March 2020, and we reassured them that if his condition deteriorated, we would reconsider his claim.

His wife appealed our claims decision, leading to an independent review of the medical information, which supported our original decision. The couple had the opportunity to raise this with the Financial Ombudsman Service.

Hopefully this highlights the importance of providing full and accurate information when you apply for cover, and explains why we sometimes have to turn down claims.

To talk to a member of our Claims team call 03456 00 04 93 (call charges will vary) or visit aegon.co.uk/claims to find out more about our claims service.

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