



Global Mortality Report

Why life insurance could be a family's most important financial decision



People are living longer than ever before

Incredible global advances have been made, and continue to be made, in every area which contributes to improved human life expectancy – from sanitation and education to greater levels of disposable income and huge advancements in the delivery of medical treatment.

Over the last decade alone, medical science has achieved significant breakthroughs in the following areas, with global consequence:

2011 | Cancer Treatment

Ipilimumab, the first immune checkpoint inhibitor, was approved by USFDA for advanced melanoma therapy.¹ In addition to traditional surgery, chemotherapy, and radiation therapy methods, immune checkpoint inhibitors are becoming a “new fourth leg of cancer therapy”.²



2012 - 2019 | Cardiovascular Care

The Development of Transcatheter Aortic Valve Replacement (TAVR) fundamentally changed cardiovascular clinical care for patients with Aortic Stenosis (AS).² Before TAVR, surgical aortic valve replacement was the standard treatment which often meant palliative care or poor long-term survival rates for high-risk surgical patients.

USFDA first approved TAVR for patients at high surgical risk in 2012, later expanding their approval to include patients at intermediate risk in 2016 and again in 2019 to include low risk AS patients.⁴



2012 | HIV Prevention

Pre-exposure prophylaxis (PrEP) was made available. PrEP is a daily tablet which reduces the risk for HIV transmission by more than 90%.³



2016 | Diabetes Control

Type 1 Diabetes is a chronic autoimmune condition which destroys insulin-producing cells in the pancreas and can significantly increase the risk of life-threatening conditions such as heart failure, stroke, or kidney damage. Medtronic, an American medical device company, launched the world's first artificial pancreas which automatically monitors blood sugar levels and supplies insulin when needed. This could be life-changing for Type 1 Diabetes patients, enabling them to live a longer and more normal life.⁵



2019 | Ebola Vaccination

Ervebo was developed and extensively tested following the outbreak in West Africa, which lasted from 2014 to 2016. In 2019, it became the first Ebola vaccination to be approved for use by the USFDA.⁵



People are living longer than ever before

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The world was home to **150 000 centenarians** (people aged 100 and older) **in the year 2000.**

That grew to nearly **half a million centenarians** in 2015.

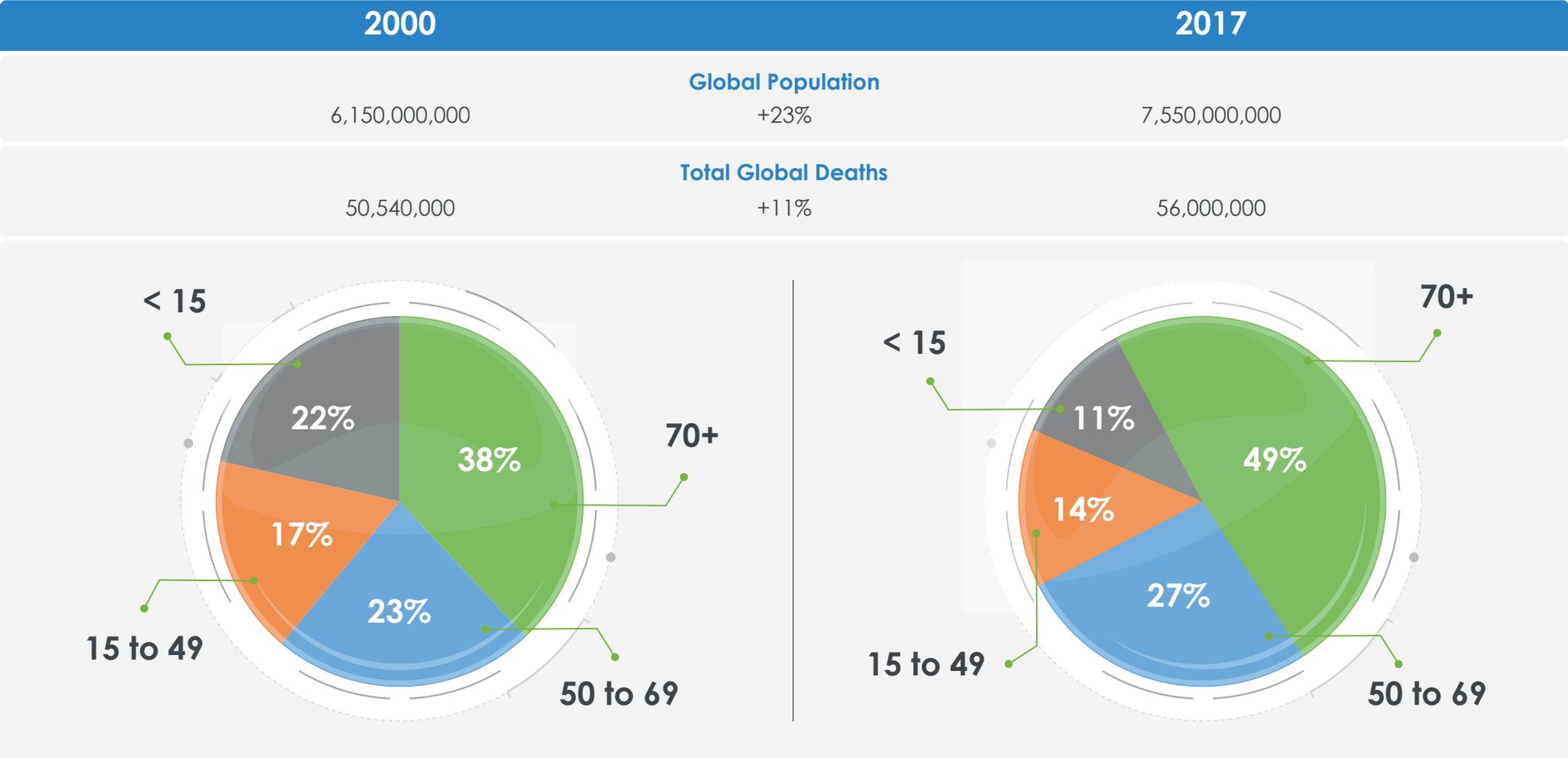
Projections suggest there will be **3.7 million centenarians** across the globe in **2050.**⁶

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People are living longer than ever before

The global population increased by 23% between 2000 and 2017*, yet the number of global deaths increased by only 11% during the same period. A closer look at this data reveals just how pronounced this increase in longevity is. 56 million people died in 2017, nearly 6 million more than in 2000, yet the number of people who died before the age of 50 reduced by nearly 30%. Those who died before the age of 70 increased only marginally, while the number of people who died over the age of 70 jumped by 43% - making up nearly half of all deaths in that year. ⁷



*Global mortality data analysis – in the detail we examine it – takes a good deal of time to prepare. The latest published analysis available is for 2017 which is why this report refers to that year.



Longer lives do not necessarily equal healthier lives

Globally, fewer people are smoking (in almost all countries) and alcohol consumption is reducing too. There is a rapidly growing trend, particularly in developed countries, of adopting some version of a plant-based diet. These few examples are representative of a measurable shift, especially in Millennial and Gen Z generations, which show an increasing number of people not just seeking to live longer lives but aspiring to live healthier lives too.

If successful, these generations could avoid what professor of cellular gerontology and scientific director of the Institute of Ageing at Newcastle University, Thomas von Zglinicki, calls the “longevity trap” – living longer, but living with multiple diseases for longer. In a recent study, the Institute found that 85-year-old men are, on average, living with up to four diseases, while women of the same age are living with an average of five.⁸

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According to projections from the United Kingdom's Office for National Statistics, **“the number of older people diagnosed with four or more diseases will double between 2015 and 2035”**.⁸

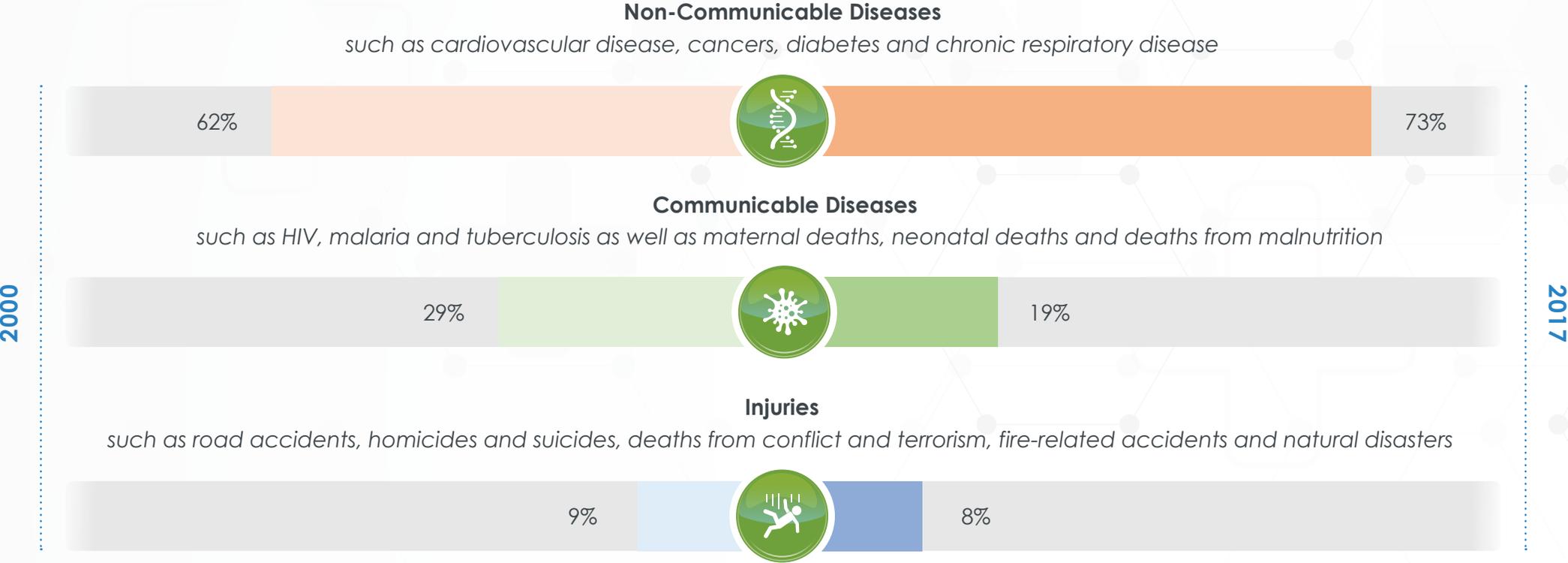
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People are living longer, but an increasing number are living with chronic disease

The tremendous progress in sanitation, education, poverty reduction and better medical care have all contributed to a massive drop in the number of deaths resulting from communicable diseases such as tuberculosis, HIV and malaria, as well as addressable socio-economic issues such as maternal deaths, neonatal deaths and deaths from malnutrition. In 2017, 4 million fewer people died from communicable diseases than in 2000 – a reduction of almost 30%.

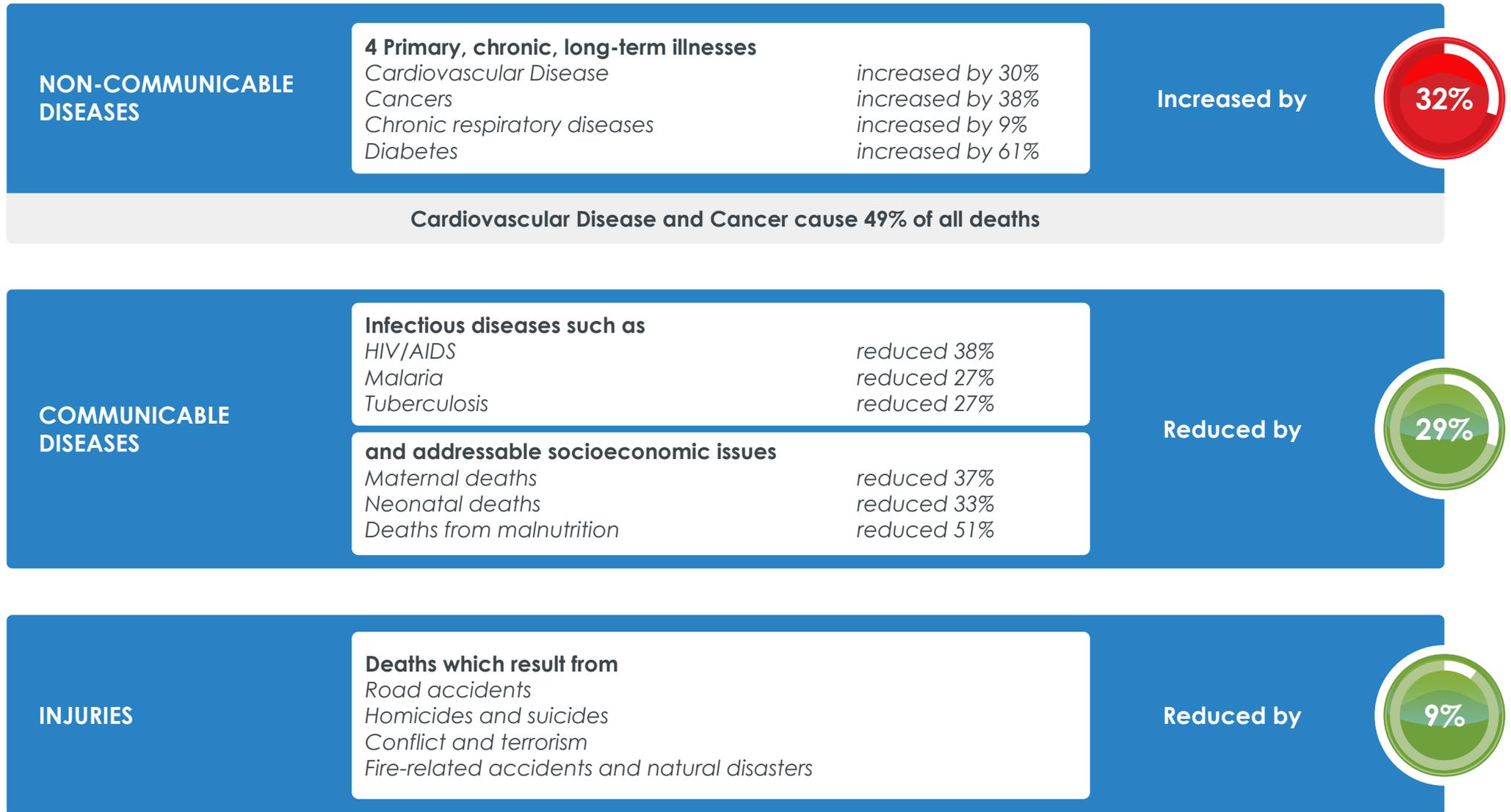
While this is great news, there is a worrying reverse trend in deaths from non-communicable diseases (NCDs) such as cardiovascular disease, cancers and diabetes, as deaths from these causes jumped by 10 million over the same period – an increase of just over 30%. Put more simply, NCDs were the cause of almost 3 out of every 4 deaths across the world in 2017.⁷

All deaths by cause 2000 and 2017



Distribution of Global Deaths by Cause

Communicable Disease Deaths have fallen sharply but Non-Communicable Disease Deaths have risen sharply.



Deaths by 4 primary Non-Communicable Diseases (2000 to 2017)

NCDs can be genetic, physiological, environmental or behavioural in nature; but our our modern lifestyles greatly increase the risk and incidence of NCD deaths.

Percentage of total deaths 2000 and 2017

These 4 primary chronic conditions cause 80% of all NCD deaths

2000

2017

Cardiovascular



Cancers



Respiratory



Diabetes



A disturbing conclusion

These clear trends reflect evolving mortality risk and merge to arrive at a disturbing conclusion.

While modern sanitation, education, economic activity and healthcare have significantly reduced the risk of death from communicable diseases like tuberculosis and HIV, modern lifestyle contributory factors are driving the risk of deaths from NCDs ever higher.

Given that approximately 20% of the global population are living with at least one type of NCD (such as hypertension, obesity or diabetes), we face an increased risk of premature death from an NCD and a materially increased risk of contracting a critical illness.

These increased individual risks are the reason life insurance could be a family's most important financial decision.

Non-Communicable Diseases are on the rise

Hypertension (high blood pressure) and obesity are two conditions which significantly increase the risk of suffering a heart attack or a stroke. Over 700 million people are classified as obese¹⁰ and approximately 1.1 billion, or 15% of the global population, are living with hypertension⁹ - fewer than 1 in 5 of these have their blood pressure under control.



Deaths caused by cardiovascular disease (heart attacks and strokes) increased by 30% and were the cause of 49% of deaths in 2017. This is not limited to people over 70 either - 6.4 million (36%) of all CVD deaths occurred in people aged between 15 and 69.

130 million people are living with coronary heart disease.¹⁰



Deaths caused by cancers increased by 38% - over half (5 million) of these occurred in people aged 15 to 69.

98 million people are living with cancer.¹⁰



Deaths caused by diabetes increased by 61%.

476 million people are living with diabetes.¹⁰

NCDs, which account for 80% of all premature deaths, are rising rapidly. With the steady rise in hypertension, obesity and diabetes, this trend is likely to continue for a long time to come. While great advances have been made which allow more people to live a longer life, there remains a measurable risk of premature death. Given that a person is also statistically more likely to contract a critical illness and survive than die before the age of 65, the importance of life insurance and critical illness cover has never been greater.



90% of people who suffer a heart attack survive.¹¹



20% of people over 45 will have a second heart attack within 5 years.¹²



1 in 4 people will suffer a stroke in their lifetime.¹³



80 million people currently living have suffered a stroke (60% are younger than 70 and 10% are younger than 45).¹⁴



Average 5-year survival rate for all cancers is 65%.¹⁵



There are 98 million people living with cancer (73% younger than 70 and 30% younger than 50).



The high cost of critical illness

The impact on personal health and quality of life can be tremendous, not only for the victim but often for their loved ones too.¹⁶

Consider the effects on a family if the primary breadwinner suffers a heart attack.



They will need emergency care to treat the condition.



After treatment, they will have to go through a recovery and rehabilitation process.



They will certainly miss a few weeks, possibly even months, away from work while recovering.



During this time, they will need help and care at home. A loved one may be able to take time off work to help or they will need to hire a carer.

During this time, there could be significant financial strain and quite probably emotional strain – the effects of which could be felt for many years. There is also the risk that they may not be able to return to work or be as productive as they were before.

Weighing all these expenses against the premium for critical illness insurance policy begs the question, **would this family still think that not having cover is worth the risk?**

Even with the great improvements in medical technology, recovering from a serious heart attack can be a lengthy and difficult process. It's likely to be at least **6 months before a patient could consider returning to work**, and even then, that would be a return to light duties. **It could take as long as a year for someone to be well enough to return to work full time.**



Some critical illness insurance claim facts

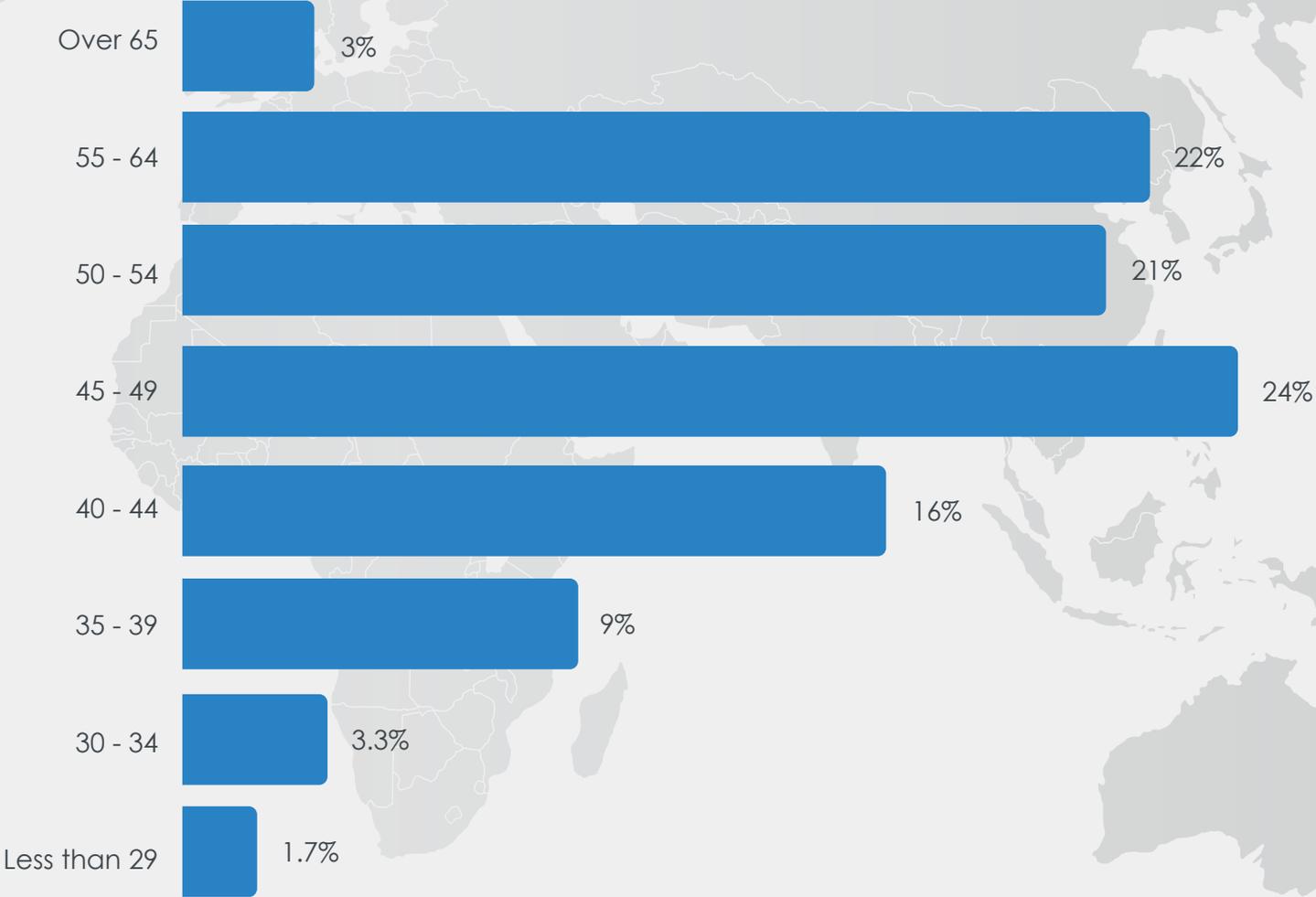
Cardiovascular disease and cancers account for 49% of all deaths but approximately 90% of all critical illness insurance claims.

In the United States, the average age of a critical illness insurance claimant is 55¹⁸, while in the United Kingdom the average age is 49.¹⁸

Over 80% of all UK claims were made by people between the ages of 40 and 64.



Distribution of UK critical illness insurance claims by age



Don't wait until it is too late



The importance of insuring a family's breadwinner

No-one wants to be so ill that a death or critical illness claim may become necessary, but no beneficiary is likely to regret having the cover after a claim has been settled. The financial consequences of the death, illness or injury of a family's breadwinner could be devastating – far greater than insuring against these risks.



Insuring stay-at-home spouses is equally important

Stay-at-home spouses (or partners) contribute significant economic value to a household, given the number of important functions they perform. It would be difficult and expensive to outsource these functions. That value is therefore, arguably just as important to insure for the financial stability of the family as that of a breadwinner's income alone. When considering family protection insurance, it is worth considering both partners rather than just the primary breadwinner.

Financial advisers frequently advise their clients not to make the mistake of only insuring one life. Whether their client's partner is a stay-at-home partner or working, their financial contributions to the household should be quantified and insured.



Across all the generations, 16% of consumers are unaware of how much life insurance their partner or spouse actually has.



Yet 1 in 3 families admit a financial disaster would be more than likely, if not absolute, within a single month should the household's breadwinner suddenly pass.¹⁹



Life insurance costs less when a person is younger.

The cost of delaying can be material and increases the risk of developing a pre-existing condition which could further raise premiums or, for very serious conditions, leave a person uninsurable.



A USD 100,000 life insurance policy with a 30-year term will cost a healthy 30-year-old male approximately USD 130 per year.

For a 35-year-old, the same policy will cost approximately USD 190 per year and the cost for a 40-year-old is higher still at USD 290.

The cost of waiting just 5 years would be USD 1,800 over the term of the policy, while the cost of waiting 10 years would mean an additional USD 4,800 in total premiums.



Addressing misconceptions

Many people (incorrectly) assume that life insurance is unaffordable.

In the United States, market studies show that 1 in 5 people avoid buying life insurance because they have higher financial priorities, and 1 in 10 people feel they cannot afford a policy. More than 50% of people surveyed think a USD 250,000 term life insurance policy for a healthy 30 year old male non-smoker would cost over USD 500 a year, while 42% of millennials estimate premiums of over USD 1,000 a year.¹⁹

The actual cost of a fully portable and guaranteed international term policy would amount to roughly USD 310 – far below the estimate.

Some people (incorrectly) believe insurance companies do not pay out



“Insurers don’t make money by rejecting claims. They make money by underwriting accurately, investing wisely, and making customers happy enough to recommend them to friends and family.”

– Insurance Information Institute²⁰



Two of the largest insurance markets in the world are those of the United Kingdom and the United States. Below is a summary of claim statistics from these two markets for 2018.

United Kingdom²¹

Claims worth GBP 5.3 billion settled for life, critical illness and disability insurance were settled.

97.6% of all claims were settled.

GBP 2.9 billion was paid to over 35,000 families following an unexpected bereavement.

United States²²

Death Benefit claims amounting to USD 77 billion, as well as claims for disability, accident and health benefits totalling USD 132 billion, were settled.

Between 2010 and 2018, an average of USD 69 billion was paid each year. Contested claims amounted to an average of only USD 409 million (0.6%) per year during the same period.²⁰



How does a pandemic like COVID-19 affect life insurance?

There are three primary ways a pandemic could affect life insurance. These are pricing, underwriting and claims.



PRICING

This refers to the premium charged for the cover provided. Life insurers periodically but routinely review pricing to ensure they are charging the most accurate premium for the cover provided.

Life insurance pricing is complex but one of the fundamental components of pricing is mortality data. As mortality statistics improve or deteriorate, so the premiums insurers set for the cover they provide could decrease or increase. Most insurers will only apply pricing changes to the premiums set for new policies, while in-force policies will continue to pay the premium applicable at the time they were issued.

Unfortunately, accurate death statistics are only known long after a period has ended, and it will take a long time for us to fully understand how many additional people have died as a result of this pandemic. The data published so far suggests that the impact of COVID-19 on global mortality remains significant but not material.

There has been no widespread adjustment of premiums across the life insurance industry and if the death rate from COVID-19 remains the same or improves, it is unlikely to cause life insurers to review their pricing and increase premiums, specifically in response to the pandemic.



UNDERWRITING

Underwriting is the process an insurer uses to assess the risk a potential customer represents before they offer cover to that customer; and is the area which has been most impacted by COVID-19.

Insurers are scrutinising applications to identify applicants at increased risk of becoming infected (such as those required to travel frequently), as well as applicants at increased risk of dying should they become infected (such as those with chronic conditions). If an applicant is considered higher COVID-19 risk, their application may be postponed or they may be offered special terms. In more extreme cases, they could be declined.

By underwriting more conservatively, insurance companies protect themselves, and their customers, from much of the increased risks associated with the pandemic.



CLAIMS

There have been some suggestions on social media and in mainstream media that insurance companies are summarily denying claims for COVID-19 deaths.

It is true, as we have discussed earlier in this report, that life insurance claims are sometimes denied but this is rare.

It is important that consumers take time to understand the terms of an insurance policy before they buy it and understand that not all insurance policies are equal.

If there is a big price difference between two life insurance policies, there is probably a big difference in what those two policies cover - and what they don't.

We are not aware of any policies which exclude death from infectious diseases. While a claim may be denied because a customer deliberately lied on their application, we would not expect any insurer to deny any claim specifically because of COVID-19.

At this time, we are confident there is little or no impact on either pricing or claims; the greatest impact COVID-19 is having on life insurers is a more conservative approach to underwriting.



Conclusion

Across the world, more people are living longer than ever before. Thanks to incredible advances in food production, education, sanitation, medicine and medical care, far fewer people are dying from communicable diseases such as tuberculosis, malaria and HIV or addressable socio-economic issues resulting in maternal deaths, neonatal deaths and deaths from malnutrition.

Unfortunately, modern lifestyles put people at increased risk, as seen by the sharp rise in deaths from NCDs such as heart attack or stroke, cancer and diabetes. While people may be living longer as a population, the increased prevalence of these diseases puts more people at risk of premature death or living with a critical illness both of which have a devastating impact on families.

Life and critical illness insurance can provide families with protection from financial ruin. The sooner this cover is taken out, the better, as it reduces the risk and the cost to a person's family. Nobody should wait until it's too late to ensure their future insurability.

Don't wait until it's too late.
ensure your future insurability **today!**



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