



Spotlight on terminal illness claims

We take a closer look at our terminal illness benefit and the claims paid to customers in 2020.

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 2020, 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 2020. However, we've also paid a number of claims where customers have been in the later stages of motor neurone disease.

Claims we paid in 2020



92% of terminal illness claims. Over the past three years, we've paid, on average, **94%**.

21% of life protection claims paid early as a terminal illness claim.



A total of **£23.3 million** for terminal illness claims.

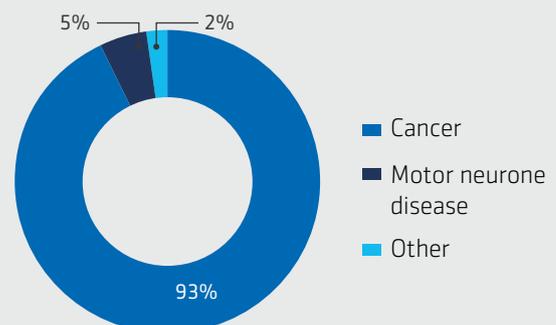
An average terminal illness claim value of **£113,579**.



Claims by gender



Main reasons for claims in 2020





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



8 years 3 months – the
average age of a policy
at the time of claim



6% of claims not paid
for not meeting the
definition



2% of claims
not paid due to
misrepresentation

Case studies

Here, we highlight how our claims payments have helped real families in 2020.

Motor neurone disease diagnosis

A married couple had two joint-life reducing life protection policies to cover their mortgage.

In February 2020, the husband contacted us to let us know his wife had been diagnosed with motor neurone disease (MND) in 2017. She'd been getting pains in her left hand and down the left hand side of her body. Her symptoms progressed and in January 2018 she was referred to neurology, where her diagnosis of MND was confirmed.

The couple wanted to make a terminal illness claim, so we requested medical information from her consultant who confirmed the issues with her mobility and use of arms and legs. However, at that time, there had been no impact on her speech, swallowing or feeding - which can indicate the condition is in the later stages.

We spoke to the husband and agreed it was a little early to be paying a claim as his wife's life expectancy was longer than 12 months. We agreed to review this again with the consultant in six months' time but, if things deteriorated before then, he should contact us.

In September 2020, we contacted the consultant who confirmed the progression of the condition, and we agreed to pay both claims.

Cancer diagnosis

In April 2018, a couple took out life protection and critical illness protection on a joint-life basis.

In June 2020, they got in touch to make a critical illness claim. The wife had been diagnosed with ovarian cancer at the age of 43. She provided medical evidence from her consultant which showed she'd had an ovarian cyst removed back in 2001, which she'd told us about on her application form. The first symptoms were pain in her abdomen, similar to when she'd found the cyst back in 2001. Further investigations revealed ovarian cancer with liver metastases.

We paid the claim in August 2020. At this point, the family were very clear they didn't want to consider a terminal illness claim.

Just over a week after paying the critical illness claim, the husband contacted us again. His wife had received a new letter from her consultant explaining that the chemotherapy she'd been getting wasn't working and the cancer was spreading. We checked the medical information with her consultant who confirmed her life expectancy was months – at most a year. We agreed to pay the claim.

Sadly, in early September, the husband contacted us to let us know his wife had died. We immediately arranged for the terminal illness claim to be paid and the policy ended.



While we want to pay all valid claims, unfortunately there are occasions where we're unable to. Here, we give an example of where we had to turn down a terminal illness claim in 2020.

Misrepresentation

In December 2018, a 64-year-old male took out life protection, telling us he'd stopped smoking in April 2017, was of average build and drank six units of alcohol a week.

In April 2020 he started having issues with his left hand and experienced blurred vision. He was admitted to hospital where he was diagnosed with lung cancer that had spread to the brain. He was told that his life expectancy was six months.

In May 2020 he contacted us to make a terminal illness claim. We arranged a tele-claim call to discuss the details and gather the information we needed to assess the claim. He emailed us copies of medical information he'd been given, which advised he'd stopped smoking for a short period in 2018

and that he smoked 30 cigarettes a day. On the application form he'd told us he'd stopped smoking in 2017. The medical information also showed he suffered from a respiratory condition called chronic obstructive pulmonary disease (COPD).

We contacted his doctor for more information which showed he'd suffered with COPD since 2015 and had received regular follow ups. He'd never actually managed to give up smoking for any length of time.

Had we been aware of the COPD and the smoking, we'd have applied an increase to his policy payments to account for this. As a result of the misrepresentation, we had to turn down the claim. We cancelled his policy and refunded all the policy payments he'd made.

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.

If you'd like a large print, braille or audio CD version of this document please contact us on 03456 00 1402 (call charges will vary) or at aegon.co.uk/onlineform We're always here to help so if you need some additional support from us please let us know.

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