

risk *e* business

A L U C A



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A regular Newsletter of the Australian Life Underwriters and Claims Association



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EDITOR'S NOTE



Ho ho ho and Merry Christmas to all of you. What a year we have had and the speed with which it has passed!

In regards to the ALUCA conference of 2010, work has progressed at a furious pace so far (and a big thank you to the sub committees so far with all the work involved in organizing the programme), and we have just 10 months until "launch date" so still a lot to do. Make sure you have the date saved in your 2010 calendar as it is looking like it will be the "Best ALUCA Conference Ever!!!".

On to this edition of RiskeBusiness, we have another bumper end of year edition for your holiday reading. In this edition, we have contributions from ALUCA members that consist of the following:

- the annual Presidents report
- a special surprise tribute to a person that the entire ALUCA Community knows and loves!!!
- a medical paper on the future of medical technology and where we are heading
- Hank George's regular feature – this one on underwriting and client medication treatment
- our regular "5 Minutes With...featuring Pauline Blight-Johnson from RGA
- an AIMA VII Wrap up from our New Zealand correspondent, Claire Mason
- a very interesting paper on the genetics of Huntington's Chorea
- on a sadder note, we farewell Mike Biber. Richard Rodwell pays tribute to a true blue Aussie good guy. Many of you will know Mike, and know that he lost his battle with cancer a short while ago. I had the privilege of working with Mike for a short period of time, a few years ago, and a nicer man you wouldn't meet. Richard provides a truly heart warming farewell to Mike.
- and the usual ALUCA National and sub group information and wrap ups for the year including details on the Turks Legal Scholarship Winners.

As the summary shows, we have another great edition of reading for you all. However, it wouldn't be possible to provide this to you without all the people who contribute to this paper for the entire members benefit. As such, I urge you to think about submitting a paper as it is a rewarding thing to see your research being published.

On a final note, RiskeBusiness would not be possible without the huge amount of work that is carried out by our very own Alison Dews! She is a tireless worker who does all the "behind the scenes" work and keeps RiskeBusiness running (in fact, she keeps the whole ALUCA committee ticking over and running), and it is with this in mind that, on behalf of the entire ALUCA committee, I would like to thank Alison for all her assistance this year and to say the entire Committee love you heaps and couldn't succeed without you!!! Onya Alison!

And now, I am signing off to go and lay on a beach and sip cocktails but before I do, I wish you all a very Merry Christmas and a very safe and prosperous New Year.

Until 2010, cheers and cocktails!

Matthew Ramjan



The President's Prattle



Making a list, checking it twice....yes, it's definitely that time of the year and once again we're caught short in the time sense – situation normal! As I keep reminding myself, they don't call it "the silly season" for nothing!

2009 has been another tremendously busy year, but I think my ALUCA Executive Committee colleagues would agree that it has also had some wonderful rewards.

At the forefront is the culmination of a great deal of work by a number of people over a lengthy period. We very proudly endorsed the first Senior Associates of ALUCA following our inaugural Professional Day earlier this month. Education is fundamental to everything that we do as an organisation, so to finally achieve this goal is tremendously satisfying. The group will be celebrated elsewhere, I know, but it would be remiss of me not to also mention them in my report. In no particular order -

Ben Pardoen
Debbie Jeon
Miriam Krajewski
Robyn Lindsay
Ray Purcell
Mike Culhana
Maeve Bultjens

My very sincere congratulations to this elite group – on behalf of the Executive Committee and the membership at large. We look forward to them assisting us in championing ongoing professional development in our great industry, and we hope to welcome another group in 2010.

Still on the subject of education, the ALUCA Turks Scholarship winners were announced last week at the ALUCA NSW/Claims Management Group Christmas party in Sydney. The general consensus of the judging panel was that the standard of papers was particularly high this year, and we congratulate all entrants. After lengthy debate (I know – I was there! Fortunately there was no bloodshed, but it was touch and go!), the prize recipients were –

Scholarship Winner -
Gavin Lai – Technical Product Manager, Tower Australia
(who wrote a paper on "Retail vs Group Cover")
1st Runner Up
Vanessa Back – Case Manager – Retail Claims, CommInsure
(who wrote a paper on "Genetic Testing")
2nd Runner Up
Anna Norwood – Senior Case Manager – Retail Claims, CommInsure
(who also wrote a paper on "Genetic Testing")

Once again, we thank TurksLegal for their ongoing support of this tremendous initiative, and the judging panel for their time and input. We appreciate the opportunity to seek out and showcase the incredible talent in the ranks of our risk management fraternities.

Another opportunity to do this will present itself in the very near future, when we announce the 2010 recipient of the "David Mico Award". This award has been sponsored by ALUCA for the past few years, officially renamed this year in memory of our friend and colleague, David Mico, whose support of and contribution to the industry lends itself wonderfully to this award. The prize has two components – one of which is an all expenses paid attendance at the 2010 ALUCA Conference in Maroochydore, so for those of you who are thinking about submitting a paper – put thoughts into action without delay! Details are available on the ALUCA website (www.aluca.com).

You won't be surprised to hear that the conference planning is well advanced; of course it is – we are about to enter a conference year and experience tells us that this is the "death knell" in terms of time left until blast off! The conference logistics are well on track – there are always so many surprise packages, whether they

be for sponsors or delegates or both, I always struggle to remember who I have to keep secrets from! My rule of thumb has become – tell nothing to nobody! The program is similarly well advanced, and the Program Sub Committee has worked incredibly hard during 2009 – the program looks absolutely fantastic! Despite my own rules (to tell nothing to nobody!) I am going to take this opportunity to say that ALUCA 2010 will have a markedly new look and feel, but one that we believe has tremendous relevance to the risk market currently and into the future. The new year will see some sharing of insights into what potential delegates can expect to experience at the conference. I wouldn't miss it for quids. Watch this space.

The ALUCA subgroups have had another fantastic year with great participation at functions. MiniLuca was a resounding success, as always, with other functions attracting good content feedback as well. I would particularly like to applaud the determination and tenacity of those who are driving our smaller sub groups – in South Australia, Western Australia and to a lesser extent, Queensland. The sheer fact of having smaller to very small numbers impacts significantly on the ability to create opportunities, and I would particularly like to thank those Committees for just keeping at it! You are an inspiration, and it is a real testimony to your preparedness to make a contribution despite the difficulties. Thank you so much.

This year has also seen us initiate, foster and maintain fantastic relationships with our industry group peers, as well as some other groups “on the fringe”. This has enabled us to provide technical input into a number of areas that scream out for our expertise, and we see this as a great step forward in stamping our place in the industry, as we rightly should. We have tried very hard to better inform our members of our activities – particularly those that are typically invisible to the membership, and we have hopefully managed to achieve this goal via the mediums of our website, ALUCA Alerts and our infamous RiskeBusiness publications – which, may I say, have been absolute “corkers” this year! There continues to be incredibly lively activity behind the scenes, and if we don't tell you what we're doing, we can't expect you to know. We strive to get better at doing this – I hope we are succeeding. At the time of writing this report, I can tell you (once again betraying my own rules of silence!) that our Webmaster has been working feverishly on an exciting new initiative. Stay tuned for further information!

I couldn't write this report without giving my very sincere and heartfelt thanks to the Executive Committee for another year of contribution, perspiration and exasperation! Everyone has worked extremely hard towards progress with their respective portfolios, and I am ever grateful for their commitment. We expect much of these positions – essentially because there is so much to do; I find myself constantly marvelling at the generosity of these people to give of themselves so freely. Thanks everyone – you know what you've done and we can feel collectively proud.

Thanks also to Ray Lumley for his brief interlude on the Committee. Unfortunately some personal circumstances saw the need for Ray to leave the Committee during the year, but hopefully he will be in a position to come back at some time in the future, and we will welcome his input with open arms.

Our ever reliable ALUCA Secretariat, Alison Dews, has continued to support us wonderfully throughout the year. Her interest, insight, enthusiasm and efficiency is second to none, and we are grateful as always. Thanks Alison – you're an important part of our team; we rely heavily on you and you always deliver. As a matter of interest and great celebration, Alison has just marked her 10 year anniversary with the Committee. How time flies when you're having fun! At a recent Committee meeting, Alison was heard to ask if there was any long service leave - I think our collective laughter answered that question! We happily accepted her commitment to another 10 years; the question of whether she actually offered it is a matter of ongoing discussion!

That just leaves me to extend very warm wishes to everyone for the festive season. Thank you for supporting ALUCA during 2009. I hope you have a wonderful and peaceful Christmas with family and friends, and may 2010 bring good health, happiness and prosperity (in that order!) for us all.

Warm regards -

Tracey Peters
President, ALUCA



ALUCA celebrates the 10th anniversary of the appointment of Alison Dews as ALUCA National Secretariat Officer

It's hard to believe that 10 years have gone quickly by since I first met Alison Dews when she visited my office in Melbourne, just prior to Christmas 1999, to be interviewed for the newly created position of ALUCA National Secretariat.

The ALUCA National committee was badly in need of some first-class secretarial support back then because our membership had become quite sizeable, and we were having trouble meeting their demands whilst also trying to hold down a regular day job at our insurance companies.

I recall that Alison had come highly recommended from one of ALUCA's favourite sons and Life Member, Brian Home of AIA Life Melbourne, who headed-up ALUCA's Constitution Sub-committee at the time.

Brian had met Alison during one of his post-graduate study periods at Swinburne University where she had been serving as chief cook and bottle washer for their Innovation & Entrepreneurship School, and she was also on the University's Management Information System (MIS) Student Records Acceptance Committee (see picture below).



Photograph originally appeared in the 'Swinburne Staff News', 16th September 1993

Not long after Alison arrived I quickly realised that she was the girl for me – so to speak – she had a most impressive academic track record, and if truth be known, she was probably over qualified for the job. However, I wasn't going to let that put me off.

I can't recall who played the role of interviewer and interviewee on that day, but I think I must have passed the interview because she agreed to take on the job that afternoon!

I remember being so excited that I rang our President, Tom Renny and Brian Home immediately to tell them the good news. They were also very pleased and agreed that Alison should join us for our Christmas lunch a few days later. The rest is history.

Since those early days Alison has progressively taken more control (I mean, become more steadily involved) in ALUCA's business. There is no doubt she is an integral part of our team, and I'm not sure we could function without her these days.

Alison has played a leading role in all of ALUCA's successful conferences over the last 10 years, and she is very heavily involved in supporting the entire ALUCA National Committee with all their activities and

portfolios. Alison also supports the Regional ALUCA Groups and she is responsible for managing most of the Association's day-to-day business affairs.

There is no doubt that because of Alison's involvement in our Association we have become a much more professional organisation, and we are now in a better position to meet the needs of our members and the various sub-groups. A lot of credit for ALUCA's success over the last 10 years is clearly down to Alison.

I don't recall negotiating any strict terms or conditions of her employment at her interview so I'm not sure if we are up for any pro-rata long service leave, or not? However, I'm sure Alison will tell me shortly what she (squeezed out of) agreed with me at that time.

It would be remiss of me if I didn't ask a few others to comment on highlights of Alison's involvement with ALUCA because there have been so many.

I asked a few of our longer-standing (read 'older') members who were on the committee when Alison joined ALUCA to comment on their association with her over the years and here's what they said:-



Tom Renny - Past ALUCA President - photo circa 1999

We must credit Alison for finally getting the incorporation of our Association registered with the Regional branches. Alison worked tirelessly, firstly with Brian Home and later with Richard Rodwell to ensure that our constitution was robust and compliant.

She played the referee at the committee meetings, being the only independent person, and she kept the meetings entertaining because she also produced the unofficial minutes with all the silly one liners the committee members had said, left in!

More importantly, everything worked like clock work after Alison came on board and the committee was allowed to get on with their business without having to worry about anything else.

It was one of the most important decisions we took when we agreed to appoint Alison, and probably one of the best we ever made.

Congratulations Alison.



Brian Home - Past Committee member:

I seem to remember the Committee had met at National Mutual and we were discussing how we needed some help to run the secretariat as our excellent Secretary of the time (I put this bit in - MJ) was overcome by the success of ALUCA and the growth in membership etc.

I first met Alison at Swinburne University where she ran all the administration for Professor Murray Gillin AO in the Innovation & Entrepreneurship School. Alison had kept a whole department of academics in line - which is like herding cats - while doing a hundred things at once, and doing all of them with a smile and a big heart.

Alison had recently left Swinburne to start a career as self-employed provider of business services, and she was willing to talk to us about this strange animal called ALUCA. Mick met with Alison, recognised her extraordinary talent and so was born...

ALUCAwoman !

Books balanced, memberships managed, paperwork pulverised, conferences coordinated, tall buildings leapt at a single bound, chickens plucked.....

Since those early days Alison has become the heart and soul of the group, and we've never had reason to regret it - which is more than I can say for her decision to have her son Kieran learn to play the bagpipes standing in a field opposite my house!

Congratulations on reaching ten years, Alison, and thank you for your patience, your laughter and your friendship.

Tracey Peters - Current ALUCA President:

Alison is a tremendously valuable member of our team, and whilst she is an employee of ALUCA her contribution is very often over and above the call of duty.

She's a friendly and always helpful voice on the other end of the phone, she is resourceful and enthusiastic, and she is the glue that binds us together as a team.

For me (and I know I've said this on many occasions, but it remains as true today as always), the behaviour that portrays Alison's tremendous commitment to ALUCA is the fact that she cares for our business as if it were her own.

To me that speaks volumes. We love her and I've already "informed" her that we are expecting another 10 years!

Finally, I am sure that all members would like to join me in congratulating Alison on doing a tremendous job for ALUCA over the last 10 years.

Well done Alison and we look forward to enjoying your company over the next 10 years (if that's OK with you)?

Mick Jones
ALUCA Secretary 1995 - 2001



Mick - circa 2004



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Optimism and Opportunity- Medical Advances Affecting our Industry

Dr Bill Monday
Chief Medical Officer, Commlnsure Life

As we leave the first decade of the new Millennium journalists who should be in the know are pleased to be leaving behind the 'noughties' of 2000 to 2009. In a December issue Time magazine goes as far as calling it the "Decade from Hell" (one only has to think of 9/11) but they do qualify this by saying the next decade will be better. The Economist in their prediction is less dramatic and in their outlook for 2010 they say that for every article about the world's woes (economic distress, environmental doom, and nuclear threat) there is another about the prospect of astonishing progress.

I would like to pick up on this optimistic statement of astonishing progress and delve into how future advances in medicine are going to impact the world of underwriting, claims and insurance medicine.

I would like to choose five areas that concern our business where medicine is moving forward in leaps and bounds- namely cardiology, oncology, genetics, stem cell therapy, and the digitisation of medical records.

Cardiology

Interventional cardiology has been growing at a phenomenal rate. In Australia 17% of all deaths are due to coronary heart disease and according to the Australian Institute of Health and Welfare 7.5% of Australians aged 55-64 have ischaemic heart disease. Angioplasty and stenting rates are increasing in this country at a rate of 12% per annum with multiple stenting increasing at a rate of 5% per annum whilst the rate of Coronary Artery Bypass Grafting (CABG) is decreasing. Interventional cardiology has evolved from performing balloon angioplasty to using Bare Metal Stents (BMS) to Drug Eluting Stents (DES). The fourth generation stents being evaluated at the moment are fully bioabsorbable drug eluting stents. Follow up of these new stents show that the treated vessel is able to expand and contract without being restricted by a permanent implant and that there is very little thrombosis of the stent in the two years of follow up. CABG is still holding its own with the long term outcome of CABG more favourable than multiple stenting but the gap is narrowing. The mortality around CABG is quoted as being between 1.2 – 1.7% and subtle changes to higher functioning have been reported after being on a bypass machine. For these reasons cardiologists are looking at alternatives to using the bypass machine such as performing surgery on the beating heart (usually only possible when the left main coronary artery is involved) and using multiple stenting. As underwriters we are seeing more and more applicants who have undergone cardiac intervention at the time of underwriting. We need to understand the prognosis and natural course of the different interventions used in order to apply accurate ratings. As product developers we need to take cognisance of the trends in the use of angioplasty and CABG and as claims assessors we are going to see more claims for interventional cardiology. Ultimately though the future of ischaemic heart disease though must involve a movement away from 'diagnose and treat' to 'predict and prevent'. Better understanding, improved screening, and enhanced imaging will hopefully allow us to target at risk individuals and to manage their risk before ischaemic heart disease manifests.

Good news on the cardiological front is that coronary heart disease deaths have decreased by over 40% in the last decade. An interesting consequence of this is that people are surviving only to have a second event later in life or develop congestive cardiac failure (CCF). Claims assessors in future will see more claims related to CCF. As this article is looking ahead, the use of stem cell therapy as a form of therapy for a failing heart is now under trial. This is a fascinating treatment option where stem cells are delivered to the heart to produce new heart muscle cells and grow new blood vessels (neovascularisation) to rejuvenate the heart so to speak. Although still experimental and hugely expensive this is an area to follow in the coming years.

Oncology

Approximately 110 000 Australians will be diagnosed with cancer in 2010. Of some comfort is that Australia has one of the best survival rates in the world with over 65% of people being diagnosed with cancer alive 5 years after diagnosis. In oncology we are likely to see ongoing improvement in survival and as in cardiology, a thrust towards prevention. We have seen the introduction of a vaccine for Human Papilloma Virus (HPV) to reduce Carcinoma of the cervix and we are likely to see further vaccines to prevent cancer or to prevent the metastasis of existing cancer. The increased use of screening in cancer has resulted in improved survival due to diagnosing cancer at an earlier stage which in turn has resulted in claims assessor having to process increased cancer claims with early staging. The management and benefit options for early cancer and carcinoma in situ is an area that will keep product developers and claims assessors busy in the years to

come! A growing research area in oncology is the use of targeted chemotherapy which has been given the more imaginative name of 'smart bomb' technology. Scientists are using nanotechnology to attach chemotherapy agents to drugs that only target cancer cells and not noncancerous cells. This has the potential to dramatically reduce the severe side effects of chemotherapy and improve cure rates at the same time. Improved techniques for the detection of residual cancer and the use of tumour markers will enhance our ability to establish the risk of underwriting an applicant with a personal history of cancer and so in summary there are some very exciting and promising advances to monitor in the treatment of cancer

Genetics

Genetics is an area that is growing at an exponential rate. At the time of writing there were 437 genetic tests available in Australia with the number of tests performed per year sitting at 160 000. Between 2006 and 2007 genetic testing increased by a whopping 67%. It behoves us as an industry to stay abreast of this explosion in genetic medicine and to align insurance medicine and clinical medicine. Genetic screening is an extremely complex issue as having a genetic predisposition does not always translate into you developing the disease.

There are a small number of diseases where demonstrating a specific gene does cause disease 100% of the time as in Huntington's Chorea but for other conditions there is variable penetrance of the gene and there may have to be associated environmental factors before a condition does or does not manifest. This to me is the area that poses the greatest challenge in the years ahead –an area to work alongside academic medicine to the benefit of all.

Stem cell therapy

Stem cell therapy is moving out of the realms of science fiction into reality. In my past role as a CMO for a reinsurer we reinsured a company that stored cord blood from babies in the event that it would be used in the future for treatment for cancer , leukaemia and other specific disease (cord blood from a baby is full of stem cells). Treatment remains expensive and hence the companies wish to reinsure the risk. We are seeing more and more literature on the potential use of stem cell therapy including very exciting news of the use of stem cell therapy to give sight back to the blind. Its potential use in neurodegenerative conditions such as Parkinson and Alzheimer's is mouth watering!

The Australian government is very progressive here and have pumped millions into this area of research. Obama has lifted George Bush's proscriptive legislation on stem cell research and technological advances are moving research towards more use of adult stem cells rather than foetal cells. Perhaps I won't be seeing this area impact on insurance medicine in my career but I will continue to read around this subject with interest in my retirement village!

Finally another area of good news is the digitisation of medical records. With medical records becoming available in electronic format it will become easier for medical records to become centralised and to 'follow' the patient around. This will mean quicker access to more complete medical records. Surely that is music to any underwriter or claims assessor's ears.

And on that cheery note I wish you a healthy, stimulating and rewarding 2010.

Bill holds the position of Chief Medical Officer for CommInsure and is part of their Underwriting and Claims Strategic Solutions team. Bill left clinical practice 15 years ago to pursue a career in Insurance medicine. He obtained his medical degree at the University of Cape Town and went on to post graduate studies at the University of Witwatersrand in Johannesburg. Before joining CommInsure, Bill was Chief Medical Officer for Hannover Re South Africa for 12 years. He has a keen interest in Cardiology and Renal medicine after spending a number of post graduate years in both these area. Bill is passionate about applying evidence based medicine to Insurance medicine and enjoys the training aspect of his current position. Bill is married to Dee - a paediatric nephrologist - and they have a 10 year old son Sebastian. In his spare time Bill attempts to play the alto sax much to the annoyance of the neighbours and neighbourhood dogs!

Rx in Underwriting

Hank George, FALU, CLU, FLMI



All things considered, there is no category of medical history information more instructive to underwriters than the details of the proposed assured's pharmacopeia. Indeed, the validity of this statement is so well appreciated in the U.S. that we have a phrase which has become something of a mantra in this regard:

"Tell me what he's taking and I'll tell you what he's got!"

Teleunderwriting has given us a unique opportunity to enhance both the quality and quantity of Rx information without needing to acquire the applicant's medical records. However, in order to optimize the effective use of medication details, we need to prioritize for what we ask and then how we use the bounty of detail we gather in.

Specific Medication Prescribed

The most essential bit of Rx information is, of course, the name of the pharmaceutical in question. We find here that most patients refer to their medication by its proprietary (brand) name, rather than its generic moniker. In certain scenarios this works to our advantage because some drugs have multiple brand names associated with different indications (reasons for prescribing).

In America, for example, the antidepressant fluoxetine is called Prozac in all contexts except one, premenstrual dysphoria, where it is labeled as Sarafem. Hence, knowing that fluoxetine has been prescribed as Sarafem allows us to focus in on the almost-certain reason for its use in a given situation. No doubt there are similar scenarios "down under".

Perceived Reason for Use

It is essential to ask the applicant why he believes the drug was prescribed. The most important reason for this is that medications are quite commonly given for reasons other than their "official" (approved) uses.

This phenomenon is known as "off-label prescribing" and in America we know that as many as 25% of all prescriptions are written to treat conditions for which the drug in question is not officially to be used. This can be a major concern for us as underwriters because we may make inferences which result in misclassifying the risk.

Gabapentin is approved here as a second-line agent for managing certain kinds of seizure disorders. However, it is more commonly encountered in unapproved contexts, most notably bipolar disorder. Because it has analgesic properties, it is also effective in treating neuropathic pain, a common complication of diabetes.

From this example you can see how easily one could be misled by depending solely on approved uses of this drug. To minimize this risk, we need to ask the proposed assured why he believes he was told to take each Rx.

Dosing

If you review any of the clinical handbooks on pharmaceuticals, you will see that most widely-used drugs are doled out in varying doses depending upon a wide range of factors, including:

- Age
- Condition being treated
- Specific aspects of medical history, especially comorbid liver or kidney disorders which may interfere with drug metabolism
- Severity of impairment
- Interval of use (a higher dose may be used to induce remission, followed by a lower dose to sustain that remission)
- Mode of delivery (pill, injection, etc.)
- Concurrent use of other drugs which may influence metabolism, side effects, etc.
- Dietary practices, use of supplements and herbal remedies and so on

Knowing the prescribed dose can be highly instructive.

One example is the anti-anxiety drug buspirone, marketed in America as BuSpar. At conventional doses, it is used for mild-to-moderate anxiety, especially generalized anxiety disorder (GAD). However, when the dose is twice the usual maximum, we find that psychiatrists often prescribe buspirone as an adjuvant Rx in severe major depression largely or wholly refractory (resistant) to conventional first-, second- and even third-line antidepressants.

Imagine confusing GAD with high-risk depression simply because one did not appreciate the huge significance attributed to the dose prescribed!

There are countless other examples of this phenomenon and their collective implications make it mandatory to know the dose... and further avoid misunderstanding by also asking the times taken each day, so that we know the TOTAL dose rather than allowing ourselves to be misled if the applicant merely states that he takes a "20 milligram pill".

Mode of Delivery

How many ways can the widely-used antianginal drug nitroglycerin be taken?

During its long history of deployment, there were – and largely still are – at least five:

- Pill to be swallowed
- Sublingual tablet dissolved without swallowing
- Injection
- Transdermal patch
- Topical ointment

When a patient with suspicious chest pains is given a trial of nitroglycerin, it is not typically to be dispensed as a patch or ointment, and never by injection. It is taken sublingually on an "as needed" basis whereas the patch provides prophylaxis against recurring attacks. Thus one sees the importance of pinpointing the precise route by which the drug is administered as a clue to the significance/severity of the impairment.

One Drug or Several for the Same Condition

The importance of this consideration cannot be overstated.

Most underwriters would rightly infer from the fact that a type 2 diabetic was being treated with diet, exercise and metformin – only – that he was more likely to be a BEST CASE risk than, say, a T2DM peer who required two oral agents plus periodic insulin to control his blood sugar. This is a fairly obvious example of how the number of drugs taken has direct risk assessment implications.

The "number of drug" analogy does not, however, hold up in every circumstance.

Many hypertensive patients receive a combination of two very different drugs in one pill. Indeed, there are now dozens of two-drug pills in this context, with some combination of a thiazide diuretic, beta blocker, calcium channel blocker, ACE inhibitor, angiotensin II receptor blocker and so on. The inference that an applicant taking one of these combination formulations is a worse risk than another who takes just one of the ingredients does not stand up based on current clinical practices.

A RED FLAG example may help to further underscore the significance of this consideration:

Let us use the example of a 50-something obese female with a poorly-articulated "circulation problem". She says she takes the ACE inhibitor quinapril and a "water pill" (diuretic). Our first assumption might well be that the second drug is a thiazide diuretic and hence she almost certainly has garden-variety hypertension.

What if the "water pill" is furosemide or one of the other so-called "loop" diuretics?

Is high blood pressure still a safe bet...or is there at least as good a chance that the unstated diagnosis is congestive heart failure?

Each of these multi-drug scenarios must, of course, be assessed based on current prescribing practices as well as the entire context of the case. Nevertheless, it is essential that we make certain we have been told about ALL of the medications taken for any given impairment.

Sequence of Rx Use

It is equally important to probe the sequential history of medications taken for a given impairment.

Consider the example of a 40 year old man currently taking a tricyclic antidepressant. Does our assessment of this drug's implications change if he was taking fluoxetine 8 months earlier? It should, because this sequence is consistent with depression that is, at least was, likely worsening.

Had the change been to a different selective serotonin reuptake inhibitor or even to a sister drug such as venlafaxine, one might rightly assume that the applicant was not fully responding to the fluoxetine. However, the decision to go directly to a tricyclic would, at least on this side of the Pacific, be a strong indicator of significantly worsening symptoms for which the next intervention could well be hospitalization.

The risk implications of a rheumatoid arthritis changing from cyclosporine to methotrexate are much different than moving from methotrexate to cyclosporine. The first scenario is far more likely to be favourably insurable than the second.

Duration of Treatment

If a type 2 diabetic is administered insulin for several months only and thereafter is deemed adequately treated with oral drugs only, the appropriate inference is that, for whatever reason, he had a significant lapse in control which has now been dealt with adequately.

This is a much different situation from the T2DM case where insulin therapy has been ongoing for over a year and thus likely to be permanent due to burnout of islet cell insulin manufacturing capacity.

There are examples such as depression, certain seizure disorders, etc., where the decision to treat indefinitely may be compatible with a less favourable risk scenario than where the medication can, after some years, be weaned.

Rx Adherence

Every underwriter's antennae would go up if a diagnosed alcoholic suddenly dropped out of ongoing participation in Alcoholics Anonymous or when a patient with a long history of dysplastic naevi did not return, as strongly urged by his attending dermatologist, for periodic skin examinations.

Unfortunately, the equally urgent issue of medication adherence is far less likely to be on most underwriters' radar screens!

The leading cause of "treatment-resistant" hypertension is not the failure of the treatment to adequately lower the patient's blood pressure but rather the failure of the patient to take the medication as prescribed. The same is also true for most other common impairments which should, by all rights, be responsive to usually-effective first-line drugs.

Studies have shown that over 50% of middle-aged hyperlipidemic individuals placed on statins discontinue taking the drug within 12 months. The vast majority of these decisions are not based on symptomatic adverse effects but rather on a variety of potential circumstances collectively known as "patient non-compliance".

The risk implications of this prevalent situation should not be understated for two reasons.

First, those who do not take medication as prescribed are likely to continue to experience the adversities associated with their impairment and be at greater risk for complications such as, in the case of hypertension, left ventricular hypertrophy and hypertensive renal damage.

Perhaps more importantly overall, non-adherence is an insidious RED FLAG for a constellation of other risk-taking behaviors which tend to aggregate in these individuals far more frequently than in those who comply by taking their Rx as prescribed.

Conversely, comparatively-recent research has identified what many now call the "healthy adherer effect". It holds – with ever-increasing evidence – that those who follow their physician's advice where medication use is concerned are also more likely to:

- Not smoke cigarettes
- Drink temperately
- Have routine periodic health maintenance surveillance such as mammograms and stool occult blood screening
- Get more exercise and be less sedentary
- Consume healthier diets

For all of these reasons, we need to include Rx adherence in our teleinterview questioning.

It has been argued that if one asks an applicant if they take their medication as prescribed, the inevitable answer will be "yes" (just as it often is to their physician even when they are wholly non-compliant).

This underwriter has found a novel approach effective for at least partially countering this problem. I do this by phrasing the adherence question as follows: "on average, how many days each week do you take this medication?" You may be surprised how many times interviewees inadvertently "confess" to being non-compliant when asked in this manner!

Our experience here in America teaches us that by addressing all of these medication-related issues, we can make more underwriting decisions without spending onerous sums and enduring agonizing delays in trying to get our hands on medical records.

Hopefully you will enjoy the same success.

Hank George, FALU, is CEO of Hank George, Inc., an education, training and consulting firm in Milwaukee, Wisconsin. He has been in underwriting for 35 years. Hank founded and served as first editor of On the Risk journal. He also founded and served as first chair of the International Underwriting Congress (IUC). He is a scheduled author in The National Underwriter and Best's Review, America's leading insurance magazines. Hank is a member of ALUCA and has presented seminars for underwriters and advisors in Perth, Adelaide, Brisbane, Melbourne and Sydney, as well as Auckland and Wellington. He spoke at the ALUCA conference at Noosa Head, Queensland. Hank may be reached at hankgeorge@aol.com

5 Minutes with...

Pauline Blight-Johnston

Managing Director – RGA Reinsurance

1. What was your first job?

Serving ice-creams at Mr. Whippy.

2. What has been the worst employment in your working career and why?

Serving ice-creams at Mr. Whippy for \$3.40 an hour. I expect the “why” is self-evident!

3. Apart from your current role, what has been the best job you have ever had and why?

I’ve been very fortunate to have enjoyed all of my professional roles. I particularly enjoyed my 10 years at Tillinghast as it gave me the opportunity to live and work in a number of different countries and to develop a global perspective of the life insurance industry.

4. How long have you been involved in the Life Insurance industry and in what capacities?

I’ve been in the life insurance industry for 17 years. Most of that time was as an actuary, but in recent years I’ve had broader roles as a Chief Financial Officer and Managing Director. I’ve had the opportunity to see the industry from many different angles working in consultancy, a retail life insurer, a reinsurer and an investment bank.

5. In your eyes, what have been the highlights and lowlights in the industry during your tenure?

One of the highlights has definitely been seeing the way the industry has fared so well over the last 18 months during the global financial crisis. I, along with many, expected the fallout to be greater than we have experienced. Whilst we may not yet be completely out of the woods in relation to unemployment and consequent worsening claims experience, it is a testament to the dedication and talent of a great number of people throughout this industry that the impact of the economic downturn has been managed so well to date.

The lowlights for me occur when we either collectively or individually fail to deliver real value to our customers. Fortunately, examples of this are rare as most people I deal with in this industry are absolutely committed to supporting clients financially through very difficult times in their lives. However, the implementation of financial services reform, with the associated lengthy and expensive sales compliance comes to mind.

6. What do you see as the main challenges that will be faced by Life Insurance companies in the future?

The future is a very long time and the challenges are and will be many. Over the next few years I see the key challenges being how to:

- Cost effectively meet the financial protection needs of a wider range of Australians
- Manage trauma or critical illness policies so that benefit designs provide real value to customers and meet real insurance needs
- Engage with the large Australian superannuation funds to provide effective insurance solutions for their members at sustainable rates for the industry
- Engage more closely with everyday Australians about their insurance needs
- Continue to grow and develop the talent pool of the industry.

7. What effect do you see the current Global Financial Crisis having on the industry, both now and in the future?

The immediate impact has been all about capital sufficiency and a potential worsening of disability claims. Fortunately the Australian industry has emerged financially secure and the claims impact has so far not been as bad as it could have been. However, the impacts appear to have been more severe elsewhere in the world and the long term future of the Australian industry will be affected by this, in particular by the sales of the Australian businesses of global insurers to free up capital to be used elsewhere in the group.

8. How do you see advisors and technology working together into the future? Do you believe that electronic processing of Underwriting and Claims will assist or hinder the industry, including advisors and clients?

There is clearly a strong momentum for advisors and technology working more closely together, which I see only building over the coming years. I think this is of great value to the industry as if we can get business underwritten and on the books faster, and claims assessed and paid more quickly, then we

will be doing a better job of meeting client needs which will not doubt help to solve the underinsurance issue and facilitate industry growth.

9. What value do you place on professional qualifications for Underwriters and Claims Assessors?

I value professional qualifications very highly both for both the knowledge base that they develop within individuals and the professionalism that they instill. However, in highly skilled areas such as underwriting and claims, where complex judgment calls are required on a regular basis, qualifications on their own are not enough and meaningful experience working with excellent mentors is absolutely crucial to developing high quality professionals.

10. In your view, how important are the Underwriting and Claims functions, particularly in this tough economic environment?

Whether the economic environment is tough or easy, well-functioning and well-resourced claims and underwriting functions are absolutely essential to maintaining a profitable insurance business. Many companies have sadly discovered over the years that under-investing in these functions is false economy and only costs the business more in the long run.

11. What can we do in Underwriting and Claims to increase our professionalism?

Nothing obvious comes to mind, in my experience most underwriters and claims managers approach their roles with a good deal of professionalism, understanding the significant impact that their decisions have on the lives of our policyholders.

12. In your view, how important is it to continue education, training and development of staff even when the economic situation is placing pressure on budgets?

See answer to question 10. It is essential at all times in the economic cycle to ensure that staff are properly equipped to make wise decisions.

13. If you were "ALUCA President" for a day, what would you do to enhance ALUCA's service to its members?

I'm embarrassed to say that I haven't had a great deal to do with ALUCA in my career, and so I'm not really sure what is already being done nor what more should be. Perhaps this means that one idea would be to engage more with insurance business leaders?



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AIMA VII 2009

Claire Mason
Tower Life New Zealand



The Academy of Insurance Medicine of Asia seventh Scientific Conference was held from 21st to 23rd October in Kuala Lumpur Malaysia. The event was attended by 319 delegates from 21 countries around the Asian region and beyond.

Kuala Lumpur is a beautiful city – full of imposing buildings (the Petronas Towers are a stunning example, impressive both day and night), lush parks, abundant taxis and motorbikes, streets richly decorated with lights, lively restaurants, markets...and (I leave the best to last) the ‘malls’. Oh let me tell you about the malls! From the premier establishments that house every designer label you can imagine to the local and eclectic; there is definitely something for everyone. What’s more, they seem to miraculously appear everywhere! From conveniently across the street, to just down the road or if you fancy a stroll around the corner, there they are, a shining, beckoning oasis of air-conditioned shopping heaven. If the sheer quantity of these establishments is not enough to impress then the size of them surely will; they are truly enormous! In fact one could spend a complete day in one mall without re-visiting the same shop twice; my advice is to don comfortable shoes and a heavy wallet.

But back to the reason I had travelled to this shopping Mecca.

I was extremely fortunate to attend the conference through the generous sponsorship of GenRe, who are one of the Gold Sponsors of this prestigious event.

The conference was hosted by the JW Marriott hotel in the centre of Kuala Lumpur. The event featured a wide variety of interesting and informative speakers on an extensive range of medical topics as well as lectures on subjects as diverse as product development, claims issues, professional development and evidence based underwriting. My only complaint was the difficulty in choosing between the break-out sessions – just about impossible!

The first day of the conference opened at the civilised time of 9am with a short welcome speech from AIMA President Dr Fajah Peshi. The first talk of the conference was presented by Dr Andreas Armuss from Munich Re in Germany and looked at left ventricular hypertrophy (LVH); both the medical prognosis and how it should be viewed by underwriting. LVH as viewed on echocardiogram (anatomical LVH) is confirmed as an independent risk factor for both cardiovascular and all cause mortality. When LVH is seen on both echocardiogram and on ECG, the risk is additional to that just on anatomical LVH alone. However, ECG has a low positive predictive value, and out of 5 applicants with ECG changes suggestive of LVH, only one will actually have LVH.

Next up was Melinda Moro, Principal Underwriter from GenRe Australia. Her talk was on The Scope of Evidence Based Underwriting (EBU) which is becoming increasingly necessary to ensure that insurers are on the right side of more stringent anti-discriminatory legislation being brought in all over the world. The areas of research for EBU are the morbidity and mortality of medical conditions, occupations or pursuits. We were taken through the process and outcome of two EBU research areas undertaken; obesity and rheumatoid arthritis. These studies resulted in reconfirmation of already existing ratings and ratings criteria, as well as changes. For example one of the findings of the obesity study was that in older age groups, smoking and obesity was a better risk than underweight non-smokers.

One of the break-out sessions in the afternoon was presented by Aamer Fattah, a Medical Scientist and Technical Consultant from Australia. His talk looked at Fraud, Behaviourism and the Fraud Triangle – a topic of increasing relevance in these times, to both underwriters and claims professionals. The “Fraud Triangle” is made up of “Incentive or Pressure” (a reason to commit fraud), “Opportunity” (which allows the fraud to be perpetrated) and “Rationalisation” (attitudes or beliefs which allow them to rationalise what they’re doing). Red flags for insurers include someone recently underwritten, a poorly-defined profession (how many “managers” or “directors” do we all come across on a daily basis?!) and misrepresentation or contradictory statements. In Australia it was found that the majority of fraudsters were males in their mid-40’s who were “directors”...Hmmm, something for us all to consider?

Dr Fabrice Chouty, Consultant Cardiologist and CMO to Hannover Life-Re in France looked at New Imaging Techniques in Cardiology on day two of the conference. He discussed the Coronary Calcium Score and CT Coronary Angiography; how useful they are for risk assessment, and whether they should be used routinely for risk assessment. The CCS is able to detect the presence of coronary artery disease at an early pre-clinical stage and is very useful at evaluating long-term cardiac risk. However the use of this scan for asymptomatic people has not been recommended by the American Heart Association or the American College of Cardiology. Similarly, CT Coronary Angiography has been assessed for a decade to determine the sensitivity, specificity and predictive value in symptomatic patients only. It is not yet known if the scan provides any value for asymptomatic people. At this stage these tests are also prohibitively expensive to be routinely used by insurance companies, but if available within medical notes obtained, they can be very useful for assessing risk.

On the third and final day Colin Bradford, Operations Consultant for GenRe Life Health, Hong Kong gave a talk on The Intention of the Contract – An Aid to Realistic Claims Handling. Part of the context of the presentation was: when should a claim be paid despite not fully meeting the exact criteria for a given claim? Cases both for and against were illustrated. For example, in the case of dismemberment many contracts require amputation at or above the first metacarpo-phalangeal joint. But should we decline a claim if that criterion is not *quite* met? After all, would not the insured feel they had a legitimate claim if they'd lost part (but not all) of a finger? Would they not consider adherence to the full contract wording as being part of the "small print" and simply a way of the insurer to dodge the claim? And would not bad publicity be likely to follow? Well yes and no. Each case should be looked at individually and particular focus paid to how long the policy has been in force, how much is involved, is this an ongoing claim, has the adviser been involved in dubious claims before, has your company made a policy decision to be less stringent on particular clauses? In the case of myocardial infarction for example, should a claim be declined because ECG criteria have not been met when in fact more than 50% of ECGs are normal in acute MI's?

The final day of the conference also saw Ivanka Williams, Regional Risk Manager of Allianz Reinsurance, Asia Pacific present Three Interesting Claims Case Studies which provoked much discussion and was of interest to both underwriters and claims professionals. One of these cases involved a 27 year old male who submitted a clean skin internet application for Life cover of \$1.5 million with a terminal illness benefit of \$500,000 on 24th March of this year. A claim was submitted less than a month later for a condition called Shy-Drager Syndrome, also known as MAS – Multiple System Atrophy. His first consultation was made on 27th March followed by diagnosis on 29th March. Close scrutiny of the medical evidence revealed that the wordings of the reports were amateurish, with lots of grammatical errors, that handwriting on the different reports were similar, and that the signatures were remarkably similar to the insured's. Further investigation in the form of a simple Google search revealed that the names of all three doctors involved were spelt incorrectly. Contact with the medical centres confirmed that the medical reports were indeed forgeries. The outcome here was that the policy was cancelled from inception, the case was referred to the police fraud squad, and the claimant was arrested and charged with fraud on 16th June 2009.

Aside from the intellectual stimulus there was a constant supply of delectable food to satisfy all attendants – vegetarian, meat, seafood, cooked in both Asian and non-Asian styles, and the desserts were to die for! Exquisite layered towers of deliciousness.

The next AIMA conference will be held somewhere (yet to be announced) in China and if this Malaysian event's success stands as a measure of what we all have to look forward to, we can expect a fascinating, educational and entertaining function that offers a great opportunity to meet new people in our industry and learn, while exploring the sights of a wonderful new place.

Claire Mason
Underwriter
TOWER Health & Life
Auckland
New Zealand

Claire Mason has been working as an underwriter for Tower Health & Life in Auckland, New Zealand for three years. She has a Diploma in Veterinary Nursing and is a keen shopper and avid reader. She lives in the foothills of the Waitakere Ranges with her partner Greg and their cat, who reluctantly shares the ruling of the estate with a chicken.

The Genetics and Underwriting of Huntington Disease (HD)

Glenys O'Leary & Tony O'Leary



Directors, G&T Risk Management Pty Ltd

Introduction

As family history and genetic testing information becomes more available to the general population, we in insurance risk management need to regularly review the underwriting approach that we are taking to ensure that we are taking a reasonable and fair approach to both our new applicants and our existing policy holders. Disability discrimination legislation quite rightly dictates that we take a fair and reasonable approach to the assessment of medical risk in new applicants. In addition we also owe a duty of care and utmost good faith (*uberrima fides*) to our existing policyholders who have entered into an insurance contract on the basis of an approach of equity or fairness to all current and future insureds.

Therefore, as medical science evolves, we as risk assessors need to ensure that the approach we are taking meets all these needs. In this article we have used a fictitious family tree to illustrate some of the issues concerning the analysis of the risk of inheriting Huntington Disease (HD) and how this might affect the practical approach taken in underwriting.

Disease overview and genetic basis of HD

In Caucasian populations, the prevalence of HD is between 5 and 7 people per 100,000 (Tassicker et al, 2006). The prevalence in Tasmania is about double this figure and in a small, isolated region in Venezuela where the gene marker was discovered, there is a prevalence of up to 700 per 100 000. (AHDA NSW, 2004).

HD is a neurodegenerative disease characterised by a "...slowly progressive movement disorder and an insidious impairment of intellectual function with psychiatric disturbance and eventual dementia". (Turnpenny & Ellard, 2007, p. 282). The most characteristic physical symptoms are the jerky, random, uncontrollable movements called chorea. Usually the symptoms present in middle to late age but some forms can present before age 20 (juvenile HD), with a median survival of 15 to 18 years. Death occurs as a result of complications of HD such as pneumonia, choking, malnutrition, physical injury and suicide.

HD has a Mendelian autosomal dominant inheritance pattern with a risk to offspring of inheriting the disease causing mutation of a 1 in 2 (50%) chance regardless of whether the affected parent is male or female.

The gene responsible for HD is known as Huntingtin (HTT) or IT15, which is located on the short arm of chromosome 4 (4p16.3). The gene provides instructions for the production of a protein called huntingtin. This protein is found in cells in the central nervous system, many other tissues (e.g. testes) and in the brain where it is important in the normal functioning of the basal ganglia. Huntingtin appears to be involved in protecting the cell from self-destruction.

With a mutated gene, abnormal protein fragments are produced and these bind together and accumulate in neurons, disrupting the normal functions of these cells (toxic gain of function). This process particularly affects regions of the brain that help coordinate movement and control thinking and emotions. It is this dysfunction and eventual death of neurons in these areas of the brain that contribute to the signs and symptoms of Huntington disease (NIH, 2008).

One region of the HTT gene (PolyQ region) contains a DNA segment known as a CAG trinucleotide repeat, forming the amino acid glutamine, which is made up of a series of three DNA chemicals (cytosine, adenine, and guanine - CAG) that is repeated usually 10 to 35 times within the gene.

A mutation of the HTT gene leads to extra long repeats of the DNA instructions and result in the production of an abnormally long huntingtin protein. The definition of the genetic mutation that has the potential to cause HD is one with 36 or more CAG repeats. However, those with 36 to 39 CAG repeats may or may not develop HD or alternatively may develop symptoms much later in life (reduced penetrance). Individuals with over 40 CAG repeats are highly likely to develop HD.

The HTT gene is classified depending on CAG repeat length into normal, premutation, reduced penetrance or full penetrance alleles. As the altered gene is passed from one generation to the next, the length of the CAG repeat may increase in size with the disease becoming more severe and with an earlier age of onset. This is called anticipation. A larger number of CAG repeats is usually associated with an earlier onset of signs and symptoms.

People with HD appearing in mid adulthood will usually have 40 to 50 CAG repeats in the HTT gene compared to those with juvenile HD having more than 60 CAG repeats. Those who have 27 to 35 CAG repeats (pre-mutation) will not develop HD but are at risk of passing on the altered gene to their offspring and if the size of the CAG repeat increases (expansion) their children may develop HD (NIH, 2007).

The Human Genetics Society of Australasia (HGSA) in its Guidelines for Molecular Diagnosis of Huntington Disease states that this risk of expansion does appear to be low and is probably less than the average risk of a genetic disorder in otherwise normal individuals (HGSA, 2001). The HGSA and other references suggest that CAG repeats are more unstable when the mutated gene is inherited from the father and the offspring tend to develop symptoms at a younger age than previous generations (meiotic instability occurring more often in spermatogenesis and can be a cause of the genetic anticipation mentioned earlier). Goldberg et al state that, in addition, the risk of expansion into the disease causing range is higher if another family member has been found to have a disease causing allele inherited in this way (cited in HGSA, 2001).

Insurance Underwriting Background

The broad approach being taken in the Australian market is to ask for anonymised family history details in respect of parents and siblings (IFSA, 2005). Wider or more extensive family medical history details are not specifically requested. However, under the Insurance Contracts Act 1984, disclosure would be expected in respect of information that an applicant was aware was relevant to the underwriter's decision. This might arise where an applicant has had investigation or counselling in respect of their family history and was aware of a potential extra mortality or morbidity risk that was presented.

In respect of genetic test results, insurers will ask for results of previously taken genetic tests but will not ask an applicant to undergo genetic testing (IFSA, 2005).

An individual who has already presented with symptoms of HD is likely to be uninsurable. An asymptomatic individual with a family history of HD in one of his or her parents is likely to be rated based on the age of the applicant with the ratings reducing for older aged applicants. The basis of this rating approach encompasses the risk of having inherited the genetic mutation, the average age of onset of the disease and the potential mortality/morbidity. This is a typical approach for the assessment of insurance risks where all those potentially at risk contribute an extra premium to pay for the earlier claims in those who actually develop the condition. The concept of ratings by age bands allows for the fact that statistically the chance of having inherited the genetic mutation will reduce the older one gets without showing signs of the disease. Asymptomatic individuals aged in their 50s are likely to gain acceptance at the normal rate of premium even with a family history of HD (MRA, 2009).

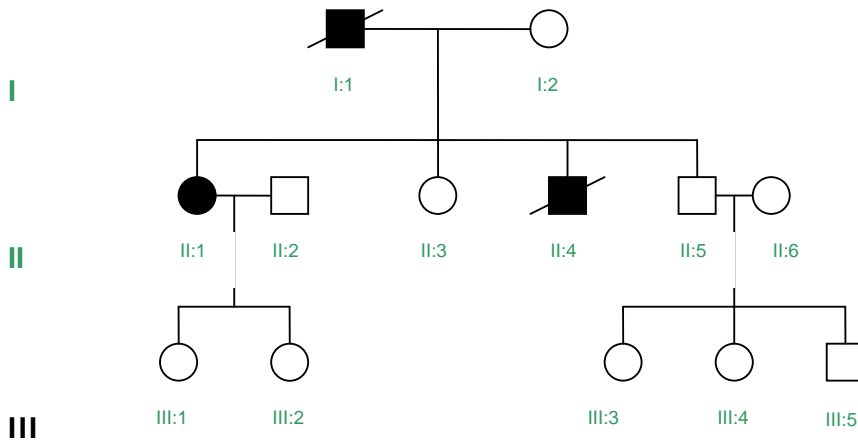
The approach to those individuals who have already undergone genetic testing prior to insurance application is: -

- For those without evidence of the genetic mutation, to be accepted at the normal rate of premium (MRA, 2009).
- For those showing evidence of the genetic mutation the case is referred to the Chief Medical Officer for assessment of which individuals might be accepted, for which insurance products and on what rating basis (MRA, 2009).

Examples

Let us now consider an example of a family tree (or pedigree as it is called). This example will be looked at initially from a geneticist's perspective and then from a life insurance underwriting viewpoint.

Example – pedigree for HD

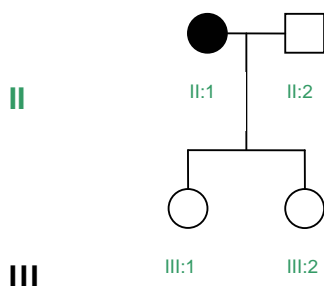


The above pedigree contains information on three generations Grandparents (I), Parents (II) and Children (III). The pedigree shows that the grandfather (I:1) had HD and is now deceased. The autosomal dominant inheritance pattern is exhibited with two of I:1's offspring (II:1 & II:4) also developing HD. II:4 is now deceased and although we are not aware of the age or date of death it is possible that II:4 suffered with earlier and more severe symptoms (anticipation). If we then examine the risks for the 3rd generation we can see that III:1 and III:2 have a 50% chance of inheriting the genetic mutation from their father (II:1) and a 50% chance of inheriting a normal gene.

The potential risk for III:3, III:4 and III:5 is a little more complicated. Their father II:5 has yet shown no signs or symptoms of HD. This means that he could have inherited a normal gene from his father (I:1) or alternatively have inherited the genetic mutation but not yet shown signs or symptoms of HD. Therefore the risk for each of III:3, III:4 and III:5 is their father's (II:5) 50% risk multiplied by their own 50% risk which equates to a statistical risk of developing HD of 25%. If we had information on the age of II:5 then this statistical risk could be refined further and diminished the older that he was.

From the geneticist's viewpoint the risk is as described above (although simplified for this exercise). However the risk known to the underwriter is somewhat different. When detailing a pedigree, the geneticist will endeavour to go back a number of generations and also across the family to include aunts, uncles and cousins. This is a time-consuming task and will often require detailed co-operation from other family members. The underwriter however, is likely only to have information from the immediate family (no aunts, uncles or cousins) and from the two generations (parents and siblings). Therefore the family history seen by the underwriter might be as follows: -

When Underwriting III:1

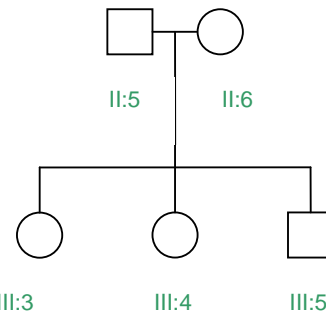


This pedigree is enough for the underwriter to arrive at the same risk profile as the geneticist and assess the risk as a 50% risk of inheriting the genetic mutation for III:1.

When Underwriting III:4

However if the underwriter is underwriting III:4 then the result is quite different. The underwriter would have access to the following family history: -

II



III

This family tree would lead the underwriter to allocate a zero risk to III:4 when in fact the theoretical risk of inheriting the genetic mutation is 25%. Having said this, if III:4 had undergone genetic counselling and was aware of her risk then this information should be disclosed to the insurer and the more accurate risk profile can be applied. However, if there had been no counselling then III:4 would have been able to answer the family history questions in respect of parents and siblings correctly and would be entitled to her standard rates acceptance.

Discussion

There are a number of questions that arise: -

- 1. Is it reasonable for insurers just to ask for details of family history in respect of parents and siblings when a wider and more extensive family history may provide a more accurate risk assessment?**

The answer, in our opinion, is yes it is reasonable. When underwriting insurance applications the underwriter is interested in obtaining sufficient information to allocate the applicant to a risk pool and enough information to ensure that the applicant is not anti-selecting to a degree that might affect the mortality experience and thereby penalise other insured lives. The pool allocation is quite possible on the information provided in that we accept that there will be a number of individuals in the standard rates pool who have a higher risk but one that is unknown to them and the underwriter at the time of underwriting. The anti-selection is not an issue if the applicant is not aware of their own extra risk. Therefore to limit the detail of questioning is sensible since it allows a speedy and efficient processing of the application and does not create anxieties about non-disclosure for those applicants who are not aware of or unsure about the medical histories of grandparents, aunts, uncles and cousins.

- 2. Why should the risk assessment of the same individual be different if he or she is aware of a wider and more extensive family history through genetic counselling?**

Here the issue is a question of what is in the applicant's knowledge. If the applicant has some knowledge of their risk then the insurance contract will only work if the insurer has the same knowledge. This is because the applicant's knowledge may affect their insurance buying decisions in that they might buy insurance when they might not otherwise have done so or that they purchase more insurance than they might otherwise have done. Therefore the disclosure of the information in the applicant's knowledge allows the insurer to allocate the applicant to the appropriate risk pool and also avoid any anti-selection.

- 3. Should the underwriter take into account the number of CAG repeats in a previously taken genetic test result when considering the risk?**

This is an interesting point. Data suggests that the higher the number of CAG repeats the more likely an earlier onset of disease although the question of accurate prediction in this respect is still somewhat uncertain. Therefore the number of CAG repeats could be used as a further subdivision when deciding on whether an acceptance could be made and the loading to apply. Much would depend on the insurer's underwriting approach and philosophy.

One challenge is the interpretation of genetic test results where the CAG repeats are between 36 and 39. Whilst it appears that there is a risk of development of HD in individuals with these numbers of CAG repeats, the reduced penetrance rate and older age of onset are likely to have less impact on mortality than for those individuals with 40+ repeats. One could therefore argue that applicants in the 36 – 39 CAG repeat range could be reviewed individually with reference to the family history.

4. Is the insurance industry's stance of not asking individuals to undergo genetic testing correct and fair to other policyholders?

In our opinion this is the correct approach to take. The underwriter will have performed the risk management duty of assessing the risk on the information available and thereby taking a fair and reasonable approach to protect the other policyholders. The decision on whether or not to have a genetic test is a very personal one and should be taken by the individual after receiving the appropriate genetic counselling. We do not believe that insurance should be a precipitating factor. It is interesting to note from our family tree above that the decision whether or not to be tested is different for III:1 when compared to III:3.

III:1 is aware of a 50% risk of inheriting the genetic mutation and could refine her knowledge to 100% or 0%. Her taking a test would not have implications for anyone else. III:3 on the other hand has a 25% risk. Taking a test could change this to 100% or 0% but III:3 might prefer to wait and see how her father's health develops before considering a test. If III:3 did decide to have a test then there would be implications for both her father and her siblings in that a positive result would also change their risk profile. Therefore, it can be seen that this decision whether or not to have a test is not only very personal but can also have ramifications for other family members.

5. Is it possible to use exclusions in respect of Life cover?

The question does get asked whether, for an individual who carries the genetic mutation for HD, a Life insurance policy can be issued with an exclusion clause in respect of HD. Whilst it is not the purpose of this discussion paper to provide rating bases, it is fair to explain the reason why many insurers will not take this approach. There are a number of reasons involved: -

- Historically insurers have not issued Term Life policies with exclusions in respect of medical conditions. Insurers are in the business of paying claims and it is important for the family of the deceased to have some certainty about what would be paid and not to be financially relying on a contract that would not pay in event of death from the most likely cause.
- In the situation where an exclusion had been placed on a policy and the life insured was in the terminal stage of the excluded disease it might be seen as advantageous for the beneficiaries under the insurance for the life insured to die from a non-excluded condition such as an "accident".
- Once an exclusion clause has been placed on a policy, under Australian law at the time of a claim the onus is on the insurer to prove that the death was caused by the excluded event. This can be very difficult, particularly in the case of a 'systemic' disease, where the final cause of death may not be obviously related to the underlying condition. For example, one Danish study published in the Journal of Medical Genetics in respect of the causes of death in HD showed that the most common primary causes were pneumonia and cardiovascular disease with suicides also figuring prominently (Serensen & Fenger, 1992). Individuals not suffering with HD do die from pneumonia and cardiovascular disease and therefore proving that the cause of death in the HD sufferer was specifically related to the HD can be problematic. In fact this study found that the diagnosis of HD was only given in 76% of the cases where the authors had evidence that HD existed.

Conclusion

It can be seen that, even in the genetics of Huntington Disease, there are many complexities that need to be understood in respect of matters such as expansion, penetrance and anticipation. This does not mean that the information is beyond the comprehension of well-trained underwriters and their supporting medical officers. It does mean however, that underwriters need to ensure that their knowledge is regularly updated and the approach to risk management is regularly reviewed.

In our opinion the approach currently being taken by the industry is one that is fair and reasonable. It fulfils the risk management duty of the underwriter by dealing fairly with the applicant both from a moral and legislative perspective. The approach also deals fairly with other insured lives by ensuring that any new entrants to the fund are paying a premium commensurate with the known risk that they are bringing thereby avoiding financial implications for other fund members from anti-selection. The approach being taken to those with a known future risk from their genetic profile is no different to that being taken to other risk factors such as raised blood sugar, hypertension etc.

In asking balanced limited questions in respect of family history, the concept of risk pooling is being used sensibly and effectively and allows for the need for a reasonably speedy approach to effecting insurance as well as a reasonable safeguard against anti-selection.

The industry's decision not to ask individuals to undergo genetic testing for insurance purposes is reasonable in the light of the complexity of the decision whether or not to have the knowledge of a test result and the lengthy process required to make such a decision.

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Glenys O'Leary

Glenys spent the first 6 years of her career in nursing and the next 28 years in insurance underwriting and claims. During this time she has worked for a number of direct and reinsurance companies on business in Australia, New Zealand and Asia. Glenys works as a risk management consultant specialising in underwriting and training. She has been involved in a number of projects in this role including advising ALUCA and ANZIF on education material and running comprehensive underwriting training courses for new Underwriters in the Australian and New Zealand markets.

Glenys has been a Life Industry representative on the Financial Ombudsman Service Panel since May 2005 and is currently studying for a Graduate Certificate in Human Genetics.

Tony O'Leary

Tony has 38 years in the Life & Disability insurance and reinsurance risk management business. He has worked on business from more than 55 countries around the world. He has served in many roles with much of his time being spent in the key disciplines of Life and Disability insurance underwriting and claims. He has also been responsible for pricing, product development, marketing and sales. He was Managing Director of the European division of a major global reinsurer as well as business leader for an Asian reinsurance operation. Tony operates as a risk management consultant across Australia, New Zealand and Asia.

Tony is a Fellow of the Chartered Insurance Institute, he holds the Diploma in Medical Underwriting awarded by the Assurance Medical Society and received the honorary award of a Fellow of the Assurance Medical Society for his contribution to insurance medicine. He was also a member of the UK Government's Genetics and Insurance Committee. He is a current member of the ALUCA national committee.



VALE – MIKE BIBER

MIKE AND ME

Well, what can I say about Mike!

Kind, Sincere, Helpful, Thoughtful and a friend.

Mike the underwriter

I first met Mike in the mid 1980's when I joined Greater Pacific Life (GPL). This was my 2nd job in insurance.

Once finding my feet, there was Mike, Chief Underwriter at GPL, a knowledgeable man, yet down to earth.

As my career started, I eventually joined Mike in underwriting. From there we worked together for over 10 years. People come and go yet Mike's loyalty to the company prevailed, he rarely looked around the market for another position and I think he became comfortable at the time.....

Mike at work was the figurehead for the area - in those days the Chief underwriter was the most experienced, mature in age and could handle any salesman wanting to know why cover could not be accepted.

For over 20 years Mike ran the underwriting area for GPL/ANZ.

Looking back, Mike's 43 years in insurance are a true reflection of his dedication to the industry. He would willingly join working parties and committees to enhance the industry.

With 43 years comes a lot of training, mentoring which Mike did without asking.

I believe, including myself, that there are a certain number of people out there that owe Mike their career, based on the fact that they were lucky enough to work with Mike or have had an association with him. I don't think he, nor us, realise how many people he helped trained in those 43 years

At a time like this, when it's too late to reflect and thank him for what he has done by investing himself in other peoples careers, we thank you.

Mike's career covered the following companies –

- AMP Society
- Phoenix Life
- Norwich Union
- Greater Pacific Life
- ANZ Life
- Prefsure Life Limited
- Tower Australia Limited
- Comminsure Life

Mike the family man

In those ten years Mike's No 1 priority was his wife (Ellen) and his 5 boys. (A girl would have been nice, but 5 boys) !!

Every Monday morning we would always get an update of his activities over the weekend, usually sport with the kids.

You could always tell Mike and Ellen were close by the usual 2.30pm telephone call home checking what was in the mail and of course what was for dinner - remember the 5 boys !!

Mike always knew when it was payday, the cupboards were bare at home. I could always recall Mike telling me the family would sit down for dinner, however No 1 son Matt was back at 10.00pm looking for more food. What was left ?? Good old Corn Flakes - on and on and on. We would always compare how much Milk and bread was consumed at home, we always pleaded no contest with Mike's family of 7.

Mike's fun time was always December and January. December was get the family tent out, clean it up and get the new patches done on the tent.

January, was holiday time with the boys and Ellen. Who can remember in their childhood going to the same caravan park the same spot year in year out - that was Mike at Lake Tabourie, down south in NSW. He would pack the VW Combie (that's right Mike owned a combie) + 6 and headed down south.

The beach and the lake was Mike's domain, he loved body surfing and fishing.

Mike had 2 favourite spots in life –

- 1) Lake Tabourie swimming with the boys AND
- 2) At home with BBQ and swimming in his pool at home.

We were always jealous at work, Mike would come in and tell us he had a swim before and after work, including telling us the temperature !!! He was addicted to keeping his pool clean and enjoying it.

Ellen - the dedicated wife and mother who always kept the house clean, the kids attending school and keeping Mike well dressed. Her dancing ability was well known at work, this was well before "Dancing with the Stars."

Mike was forever proud of Ellen. When she had time she even went into the schools and taught the kids. Mike would tell us Ellen would conduct dance lessons at night. Mike went along and in most cases was used off the bench as there were always more females than males. Mike had it good - a new female partner every week, including some young females.

We all doubted Mike's dancing ability, until the Christmas parties rolled on. Late at night there they were Mike & Ellen as one dancing on the floor. Yep he could dance.

Well Mike, you have trained us, taught us, mentored us and amused us, it's time for a rest.

Goodbye dear friend, you will never be forgotten.

Richard Rodwell

(I worked with Mike for many years and always kept in touch at industry seminars, we would always sit together and catch up on family matters.... It was a pleasure being asked to read this out at the after gathering and reproduce this for ALUCA for RiskeBusiness)



ASFA Best Practice Paper Update Tony O'Leary

As you will be aware from ALUCA Alerts in September that ALUCA has been in discussions with the Association of Superannuation Funds of Australia Limited (ASFA) and we have agreed to assist in updating ASFA's Best Practice Paper No.22 Coping with Death & Disability (Claims & Insurance).

In September 2009, we asked for expressions of interest to join a Working Party on the above topic. The response was impressive and we received emails from 21 ALUCA members volunteering for the working party.

From a practical perspective, we have to restrict the numbers on the Working Party to an optimal level. The Working Party will be charged with producing the updates for consideration by the ALUCA National Committee before submission to ASFA. The final document will be the property and responsibility of ASFA.

The Working Party will be chaired by Noelene Palmer, National Manager, Retail Claims, Tower Australia and Tony O'Leary will act as the link to the ALUCA National Committee for referral as required.

The ALUCA National Committee wishes to thank all those individuals who offered their time and services to this important task. We appreciate that time is precious and that most of us are very busy in our 'day' jobs which makes the response rate that we received even more encouraging.

Our thanks go to all of the following: -

Name	Company
Working Party Chair	
Noelene Palmer	Tower Australia
Working party Members	
John O'Leary	CommInsure
Vivianne Murphy,	Gen Re
Leone Hawkes,	AMP
Alph Edwards,	TurksLegal
Shirline Hii,	Colonial First State
Tracey Allan	HESTA Super Fund
Colleen Workman,	First State Super
John Kalfas,	Hannover Life Re
Nathan Sweeny,	BT Financial Group
Samantha Gordon	Swiss Re
Other Volunteers	
Gulzar Meherali	CommInsure
Arleen Hatton	CommInsure
Dorothy Fenner	AXA
Sonia Iwshenko	AMP
Peter Jones	Cogent Management
John Myatt	TurksLegal
Scott Rosengreen	Munich Re
Mick Jones	RGA Re
Colleen Page	Aviva

EDUCATION UPDATE

Cecilia Urie

ALUCA's first Professional Day was held on Monday 7th December 2009 in the Sydney office of Munich Re Australia.

G&T Risk Management successfully gathered a diverse group of presenters, all acknowledged experts in their respective fields, who provided interesting and informative presentations throughout the day on a variety of topics of particular interest to underwriting and claims professionals. The program for the day covered: an overview of the market and products, distribution, legal and regulatory issues, underwriting, claims and professional development.

The Professional Day marks a significant milestone for the first seven graduates (pictured below) achieving the professional status of Senior Associate of ALUCA.

The Professional Day also reinforces the main theme of ALUCA's education policy – a commitment to supporting and encouraging members to pursue lifelong learning and development. For further information on the relevant criteria for members aspiring to attain the professional status of Senior Associate of ALUCA please visit the ALUCA website – education.



ALUCA's first Senior Associates are pictured with ALUCA Committee members: (from left to right) Robyn Lindsay (Tower Australia), Tracey Peters (ALUCA President), Mike Culhana (ManuLife Hong Kong), Ray Purcell (Aviva), Ben Pardoen (RGA), Miriam Krajewski (RGA), Debbie Jeon (RGA), Maeve Buultjens (ING), Cecilia Urie (ALUCA, Education).

ALUCA Sub-group End of Year Region by Region Wrap

ALUCA Qld

Up here in sunny Queensland we have seen some change over the last 12 months. The local market has grown substantially and we have welcomed several new members from south of the border and overseas. After a quiet first half of the year due to some vacancies on the committee, the second half was busy for Aluca Qld. In September our vacant positions were filled: Aaron Widt (Suncorp) took up the position of President, Matthew Swanson (Tower) as Secretary and Jasmyn Smyth (Asteron) as committee member. I would like to acknowledge the significant contributions made by Marcus O'Sullivan and Karyn Bradford as previous President and Secretary. Ron Gurnett (Asteron) has continued as Treasurer with Yvonne Humphries (MLC), Karyn Bradford (RGA) and Jacquie Harman (Macquarie) maintaining their positions as committee members into 2010. Without Ron, Yvonne, Karyn & Jacquie's efforts over the last few years ALUCA Qld would not be where it is today.

Our first presentation for the year was in May where we were lucky enough to welcome Dr John Clubb who presented on "Applanation Tonometry". Dr Clubb explained the significance of elevated central blood pressure and encouraged us all to lead the world with our assessments by considering using applanation tonometry in insurance - a big thank-you to Dr Clubb and Tower for making this presentation possible.

On November 12 Dr John Cummins, who is the Medical Director of Executive Medicine and holds a consultant position with GenRe as Chief Medical Consultant, presented to on "Stem Cell Therapy – Insurance and the New Frontier". Many thanks to Matthew Ramjan/Genre and also Yvonne/MLC for organising this presentation which provided all of us with a glimpse of what the future holds and the challenges and opportunities that stem cell research presents for the insurance industry.

We celebrated the year that was 2009 with Xmas drinks at Zen Bar on Friday 4th December.

Aaron Widt - Suncorp
ALUCA Qld President

ALUCA Victoria

This year has been one of mixed emotions for ALUCA Victoria with the departure of our longstanding President Lili Bilal, Secretary Aaron Thompson and Committee members Dorothy Fenner and Luba Popova. The contribution of each of them has been greatly appreciated by the sub-committee and the ALUCA Victoria Membership.

On the up side, Lisa Vines our Secretary and Claire Walker our Treasurer, who are both amazing young ladies, have remained on deck and in October this year Jennifer Ulyatt and Mick Jones joined the Committee and have already proven themselves to be indispensable.

Thanks to our members we have had four successful functions this year including a Mini-Luca in October.

Our final function this year was "Networking for the Silly Season". Beverley Brough, Master Networker gave us an insight into the do's and don'ts of networking and we took advantage of our new learnt skills over a few Christmas beverages and nibbles.

We are in for a big year next year and we have already started planning our sessions for next year with a plan to hold a session in early May, early August and also a Christmas function in December.

They say more hands make light work, so anyone who is interested in joining the ALUCA Victoria sub-committee, particularly claims people, can contact us at: alucavic@aluca.com to get an understanding of what we do and how you can help.

On behalf of ALUCA Victoria, I would like to wish you all a safe and wonderful festive season and we look forward to your ongoing support next year.

ALUCA Victoria Committee Members
Colleen Page (Aviva) – Chairperson
Lisa Vines (Tower) – Secretary
Claire Walker (AIA) – Treasurer
Mick Jones (RGA) – Committee Member
Jennifer Ulyatt (Aviva) – Committee Member

Colleen Page, Aviva
Chairperson, ALUCA Victoria

ALUCA WA

After a layoff of about 18 months ALUCA Perth was recommenced with a revitalised new committee in July 2009.

The new enthusiastic committee will be providing education and make networking opportunities available for our members going forward.

We have had a very interesting talk from our Secretary Bruce Kent in relation to a non disclosure situation on a claim from a legal perspective which was very well received by a large number of members.

Our Christmas party was the final function for the year.

We have encouraged all members to assist the committee in relation to suggesting topics and speakers for the new year. This is progressing well, and I offer an open invitation to all Reinsurance, Underwriting, and Claims Managers or Chief Medical Officers, if coming to Perth, to let us know and you can assist by presenting to our members.

Merry Xmas & a prosperous New Year to all

Jim MacPherson, CommInsure
President

ALUCA NSW

ALUCA NSW has had another successful year in 2009.

2 lunchtime presentations plus the highly successful MiniLuca held in conjunction with the CMG (Claims Management Group) were the highlights of our year.

The first presentation was on Applanation Tonometry and was presented by Dr John Clubb. This presentation was very well received by our members from the feedback that was sent to us proved it to be very popular.

In July we decided to do something different. We approached Anthony Callaghan to talk about Insurance Fraud. This time instead of having a hot meal we ordered in some sandwiches & orange juice. Over 100 people attended this presentation.

In September the biennial MiniLuca was held at the Hilton Hotel in Sydney. Close to 200 people attended this to hear 7 highly credential speakers deliver on some very interesting topics.

As 2009 draws to a close some of committee members have decided to move on. I would like to publicly thank these people.

Joanna Pepper (Swiss Re) I have worked on the committee with Jo for the last 4 years. Jo's contribution to ALUCA NSW has been exceptional. Jo is the one that does all the behind the scene organising and puts a lot of time into making ALUCA NSW successful.

Shirlina Hii (Colonial 1st State) Shirlina has also been with us for the last 4 years. She is the one that does a lot of the behind the scenes organising on the day of the presentations from putting together all the name tags to organising the prizes.

On behalf of the committee members I would like to thank you for the support you have shown us over the last 4 years & we wish you the all the success in the future.

To you & your families, on behalf of ALUCA NSW we wish you all a very safe Xmas & enjoyable new year. We look forward to meeting up with you all again in 2010.

Andew Mickle, ING
President

ALUCA SA

2009 has been a busy time for all in SA. We have managed to have a couple of committee and member meetings to arrange two very successful functions deciding on quality over quantity this year.

Our first function was on the 10th June 2009. The duty to disclose V the right to information. Presented by Mark Anderson Minter Ellison. Hosted at Minter Ellison's office. It was a great presentation with very good feedback from all of those who attended.

Our second function was on the 31st August 2009. Topic Cancer. Dr Graeme Suthers discussed Genetics/family history and the risk of Cancer and Dr James Kollias spoke about the likelihood of developing Breast Cancer if you have a history of breast lumps/cysts. Hosted at ING's office.

Both speakers were generous with their time and knowledge. They were also both interested in our roles and the impact of these medical conditions with the type insurances we have to underwrite for.

Congratulations to both Mark and Tran for a great job of organising and co-ordinating both seminars this year.

Our final function was on the 17th December where the committee and members hosted the annual Christmas drinks.

Wendy Kirby Asteron
President

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AND FROM OUR FRIENDS IN RELATED GROUPS

LADUCA (Auckland)

We have had 4 meetings this year as follows:

1. February '09 Michael Burrowes from Wellington came to give us an Insurance Law update including an update on compliance with the Human Rights & Privacy Act.
2. May '09 Ralf Schnabel, Clinical/Neuropsychologist – Talked about what Neuropsychology is, what an assessment involves and how it is used to assist with insurance claims.
3. August '09 RGA Underwriting Manager Peter Tilocca & Claims Manager Garry Toms from Australia did a presentation on Underwriting & Claims in a Recession and the impact this is having on our industry.
4. September Dr Richard Martin – Skin Specialist gave a talk on Melanoma & Skin lesions.

All the above meetings have been well attended, and feedback has very positive.

The topics presented have been very informative, and we hope that all attendees have taken something away with them.

We have our 2nd AGM coming up, followed by the end of year function to end what has been an interesting year.

Cindi Morby, Fidelity Life
Chairperson
LADUCA (Auckland)

LADUCA (Wellington).

LADUCA Wellington had an outstanding year this year, in no small part due to a very strong and enthusiastic committee. We have had a very full calendar of lunchtime presentations, which have been very well attended, frequently reaching maximum capacity. Specific feedback from members this year is how well balanced the presentations have been between topics of interest to Underwriters and Claims Assessors.

Highlights have included; Dr Peter Martin's presentation on Sarcoidosis, beautifully tailored and presented in sections dedicated to Underwriting and Claims assessment, Dr Nigel Stace's presentation on Liver diseases and recent advances in treatment of Hepatitis, an update of Legislation and ACC changes from Michael Burrowes and Jasen Sumner, and the very entertaining Dr Howard Clentworth on HPV.

LADUCA has received excellent support from Reinsurers throughout the year, and several Reinsurance companies have provided timely presentations such as RGA's Impact of a Recession on Claims management and Underwriting. Scott Phillips from RGA, led a knowledgeable and engaging interactive workshop on Understanding and Interpreting Financial Accounts. This session generated so much discussion and questions it had to be spread over two lunchtimes. (Not what you'd normally associate with financials!)

LADUCA Wellington held its AGM and brought in the Christmas season in style at the Green Man on November 19th. Photos of event are on our website, and while not too incriminating, are proof of the level of enjoyment. The committee is already working hard on arrangements for some very exciting events for 2010.

Heather Macaulay, AXA Life
Chairperson
LADUCA (Wellington)

Life Rehab Forum

2009 has been another really positive year for the Life Rehab Forum (LRF), with particular emphasis on continuing education for its members and sharing of knowledge and experiences.

We have continued to meet on a quarterly basis throughout the year with the group growing in size throughout 2009, and we now comprise 20 members, representing 8 Insurer's and 1 Re-Insurer.

A number of guest speakers featured throughout 2009 providing information on various new treatments available as well as different approaches and techniques to managing disability within their own specialty. Speakers included Chris Tzar (Physiotherapist), Louise Shepherd (Psychologist) and Chris Allen (Neuropsychologist).

Nominated working parties have also continued to develop ideas and initiatives on various areas of interest including TPD claims, publicity, statistics and continuing education topics.

As a result of the working parties, a document comprising the minimum standards for employability assessments has been developed and rolled out to the LRF member's.

2010 promises to be another big year for the LRF with guest speakers already identified as well as the formation of a new working party who will be considering ideas for a seminar to educate rehabilitation providers about our industry.

Belinda Varney, MLC



Life Discussion Group



After a very challenging year in 2008 which saw the Life Discussion Group (LDG) end its association with the Insurance Institute, the LDG in 2009 began its new formalised relationship as an affiliated educational forum with the Investment and Financial Services Association (IFSA). IFSA has been providing assistance to the LDG for a number of years now and we are greatly appreciative of their willingness to increase this level of support.

The LDG is about providing relevant and topical education sessions for the Life Industry. The number of people attending the monthly lunch time meetings ranged between 40 to 130.

A diverse selection of speakers and topics were covered including:

Helen Hewett, IFF	Industry fund insurance insight presentation
Peter Driscoll, WA Taylor & Associates	Customer servicing bench marking
Dr David Cooper, ISOS, Sean Boner, BT	Pandemic Risk
Paul Fontanot, EY, Kieran Milne, MJM Investments	Fraud
Renee Hutchinson, RGA	Under insurance
Hoa Bui, KPMG Jane Dorter, Gen Re Darren Parsons	Claims challenges in a recession
Professor Lorraine Dennerstein	Post-traumatic stress disorder update
Simon Swanson, CommInsure, Jim Minto, Tower, Stuart Harrison, AIG	Life insurance company structures

In addition to our regular lunch time sessions the LDG held its 2 half day seminar for those new to our industry. This seminar covered the following topics:

Callum Brook, AMP	An Introduction to Life Insurance Products
George Stavliotis, CommInsure	Retail Sales & Distribution
Robyn Lindsay, Tower	Underwriting
Kristin Ormord, ING	Group Life

Margaret Dennis, Asteron	Claims Assessment
Paul Aquilina, Swiss Re	Reinsurance
Basil Stavropoulos, Stavropoulos Solicitors	Law for Life Insurers
Frank Freeman, Asteron	Compliance

The LDG also successfully ran the following events:

An introduction to insurance law for the life insurance industry (half day seminar)	Basil Stavropoulos, Stavropoulos Solicitors Elizabeth McCarthy Jones, ING
Medical Officers forum	Michael Molesworth, Gen Re Dr Ian Cox, Gen Re

On behalf of the Committee, I would like to express our gratitude to all the speakers who volunteered their time to give presentations and share knowledge and experience with the attendees of the Life Discussion Group.

I would also like to thank Holly Dorber, Emma Grainge, Iva Vukojevic and Daniel Newlan of IFSA for the secretarial support they have all provided to the Life Discussion Group over the last 12 months.

I would also like to personally thank the Committee members for their hard work and dedication in coordinating the monthly presentations during the year.

Finally, thank you to all member companies of the LDG for your continued support and for encouraging your employees to attend the seminars.

Best wishes to you all, I wish you an enjoyable end of year and a successful 2010.

David Cook
Chairman

Committee of the Life Discussion Group

2009	2010 (Nominations)
David Cook, Swiss Re Robyn Lindsay, Tower Frank Freeman, Asteron Scot Brayshaw, ING Basil Stavropoulos, Stavropoulos Solicitors Margaret Dennis, Asteron Paul Acquilina, Swiss Re Callum Brook, AMP Chris Taylor, Tower Rob Brown, AIG George Stavliotis, CommInsure Annette Veltman, Hannover James Louw, Gen Re David Jewell, Ernst & Young	David Cook, Swiss Re (Chair) Paul Acquilina, Swiss Re (Secretary) Scot Brayshaw, ING (Treasurer) Basil Stavropoulos, Stavropoulos Solicitors Margaret Dennis, Asteron Callum Brook, AMP David Jewell, Ernst & Young Manyee Kwok, APRA George Stavliotis, CommInsure Grant Albiston, Munich Re Annette Veltman, Asteron James Louw, Gen Re

Australia and New Zealand Insurance Medicine Association (ANZIMA)

A successful Life Insurance industry is heavily reliant on a range of specialist skills and professional resources including Underwriting and Claims, Actuaries, Marketing, Product, Client Service. Supporting these roles are another group of specialists and professionals across Medical, Legal, Financial, and IT.

Have you ever noticed how the Chief Medical Officers and other doctors in your company and in the industry are generally males over 60 who don't work in insurance medicine full time; often work for more than one company and on a sessional basis, either direct or reinsurer or are still in private practice? Do you remember the last time that you met or became aware of a new doctor coming into life insurance medicine?

Regrettably most of us, in fact 99%, will answer "Yes" to the first question and "No" to the last.

The aging work force, people retiring, lack of professional skills and resources are global problems. Some might even say pandemic and epidemic for which there is no easy solution and certainly no quick fix injection or tablet available to take. To ensure a solution is found to these ongoing problems thought needs to be given and action needs to be taken NOW.

Over the past 18 months IFSA's New South Wales based Life Discussion Group (LDG) has been working on addressing the issue of aging medical officers skilled in "Life insurance medicine". ALUCA members Robyn Lindsay of TOWER and James Louw of GenRe are on the Life Discussion Group committee.

With thanks to Dr. Patrick O'Brien (formerly of GenRe and known to most in the industry as the person behind GenRe's successful Comet Training program) the LDG became aware that some years ago the CMO's met from time to time to share ideas, discuss advances in medicine and the impacts on life insurance medicine. Additionally CMO's met at ALUCA conferences prior to 2006.

The LDG decided to take the lead in reigniting a similar group. In August 2009 the inaugural meeting of ANZIMA was hosted by GenRe in their Sydney office and 15 doctors attended. Dr. Ian Cox, CMO GenRe International and Wolfgang Droste CEO, Gen Re LifeHealth, Asia Pacific were special guests.

Dr Cox shared with us his insights into the struggles of Medical Officers forums, associations and the like overseas in particular the United Kingdom, Canada, and the United States. Not surprisingly they too are struggling with aging CMO's, succession planning or lack thereof, mergers and acquisitions of companies, budget constraints, time poor, etc.

Further meetings were held early October and mid November. The LDG has been gratified by the overwhelming evidence of support and enthusiasm of virtually all doctors, life insurance and reinsurance companies contacted across Australia and New Zealand. There was unanimous desire for an Association of Insurance Doctors to be established.

Such an Association has now been formed and named Australia and New Zealand Insurance Medicine Association (ANZIMA). The enthusiasm of all its members will ensure that it will proactively go forward.

Additionally, contact has been made with Dr. Phil Smalley, the immediate past president of the Canadian Life Insurance Medical Officers Association (CLIMOA). Dr. Smalley, Vice President and Medical Director, RGA International Corporation is known to most RiskeBusiness readers as a regular visitor and presenter in Australia and New Zealand and at ALUCA conferences.

Since August ANZIMA committees have been formed in both Australia and New Zealand. A Constitution has been developed and given legal sign off. A training plan for new doctors is being developed and is going through final costing. Three to four meetings are scheduled for 2010, including hopefully a one day seminar immediately prior to the October ALUCA conference. The first meeting for 2010 will be held early March.

Work is currently underway to design a recruitment strategy including a job description, advertising, lobbying and promoting within targeted areas.

Following the ANZIMA meeting in November approximately 35 key stakeholders across Managing Directors, CEO's, Operations Managers, Chief Underwriters, Heads of Claims, or their delegates, and representatives from IFSA and ALUCA attended a briefing of ANZIMA.

Dr. John Clubb of TOWER advised of ANZIMA's formation, progress to date, Constitution and goals for 2010. Widespread support of ANZIMA was gained. Jim Minto, Managing Director of Tower Australia Ltd kindly provided the venue and hospitality for the meeting, and gave a brief key note address.

Awareness of ANZIMA and its importance to our industry is being promoted by several company Managing Directors/CEO's with IFSA (Australia) and ISI (New Zealand) with consideration being given for inclusion within their mandates.

The ANZIMA Committee comprises

- Dr. Richard Mulhearn/ GenRe - Chair
- Dr. John Clubb/TOWER - Australia Chair
- Dr. John Mayhew/Sovereign - New Zealand Chair

Australian Committee

- Robyn Lindsay/TOWER - Secretary
- Dr. Paul Davis/RGA-Treasurer
- Dr. Alan Carless/CommInsure
- Dr. John Cummins/GenRe
- Dr. Bill Monday/CommInsure
- Dr. Pradodh Nathaniel/AIA
- Dr. Peter Slezak/Hannover

New Zealand Committee

In the process of being formed

ANZIMA would like to thank the following people and companies/entities for their support:

- Michael Molesworth
- Dr Ian Cox
- Jim Minto
- GenRe
- Tower Australia Ltd
- All Australian and New Zealand direct and reinsurance life companies for supporting their medical officers in attending the meetings
- Life Discussion Group
- IFSA
- ALUCA
- Basil Stavropolous/Stavropolous Lawyers
- ANZIMA will provide regular updates to future editions of RiskeBusiness, including a copy of the Constitution once finalized.

Definitions

ALUCA The Australian Life Underwriters and Claims Association Incorporated (ALUCA) is a professional association established to advance the knowledge and professionalism of its members in underwriting and claims issues relating to life and disability insurance products

IFSA The Investment and Financial Services Association Limited, is a national peak body representing the retail and wholesale funds management, superannuation and life insurance industries.

ISI The Investment Savings and Insurance Association represents investment and life insurance companies in New Zealand. It provides a powerful voice for the important investment, life insurance, superannuation, savings and managed fund industries.

Robyn Lindsay-Profile

Robyn has been in the Life Insurance industry for over 25 years, predominately in Underwriting and Claims in the Life Insurance and superannuation sector.

Robyn's Underwriting and Claims experience is across all products within Retail, Direct and Group insurance with a particular focus on Income Protection/Salary Continue insurance.

Robyn's industry qualifications include a Fellow of the Australian and New Zealand Institute of Insurance and Finance, Fellow of the Academy of Life Underwriting (USA), Certificate of Superannuation Management and most recently ALUCA Senior Associate

Robyn is an active member of various industry bodies including the Australian Life Underwriters and Claims officers Association, Senior Underwriters Risk Forum and a Committee member of the Life Discussion Group, the Claims Management Group, and the ALUCA 2010 Conference Committee. Robyn is the Secretary of ANZIMA.

The 2009 David Mico award

Reminder: Entries close midnight 28 February 2010.

In our October 2009 edition, ALUCA announced the launch of the David Mico award. The aim of the David Mico award is to encourage individual ALUCA members, at all levels, to investigate and write on an area of interest in respect of Underwriting or Claims for the purpose of contributing to and enhancing our professional knowledge. Entrants should choose a topic from the following questions

1. External provider costs are a necessary expense incurred in the management of claims. Evaluate the services, necessity and effectiveness of providers, and consider how the cost benefits of such intervention can be accurately measured and monitored. Are these services being used appropriately? How might insurers work with providers to generally enhance the services offered and outcomes?
2. The life insurance industry is still reported to be experiencing a shortage of experienced underwriting and claims staff. How can the skills gap be addressed? Do insurers provide an appropriate focus on training and development? How should we train and mentor new staff? What should we be doing to reward, develop and retain existing staff? Should claims and underwriting roles become more strongly linked to progression in the management structure of companies? If so, what steps need to be taken to make this happen and how will such a change affect the individuals working in these areas?
3. How will society's approach in the future to the structure and patterns of work affect product development, underwriting and claims management for the risk insurance market? Consider economic trends, the general profile of the labour market, older agers choosing to work past "normal retirement age" multiple part-time or contract roles versus traditional full-time, and increasing opportunities to work form home. What are the impacts?
4. The calculation of income from personal exertion is a problematic area, particularly in respect of the self-employed and the issue of add backs. There is a need to have some consistency in the formulae used at underwriting with that used in the event of a claim, as well as the need for these formulae to be detailed in the policy documentation. Discuss the concept, outlining the pros and cons and suggest a best practise way forward. Consider issues like salary packaging and salary sacrifice arrangements, and tax effective structures used by self-employed such as income splitting. Reference to practical issues and commonly experienced problems would be beneficial.
5. How will the changes in traditional product structures and boundaries affect our future roles as claims managers and underwriters? Discuss how product, underwriting and claims engage with each other currently and ideally, and who is really running the show. Consider the role of the rating houses, and what does the shape of distribution in the future look like.

Papers will be judged on their individual merit as well as their relevance and benefit to other members of ALUCA and the industry.

Up to two of the papers submitted will be chosen to receive an award. The award will consist of a cash prize of \$1,500 and complimentary attendance at the next biennial ALUCA conference (including economy air travel costs from/within Australia or New Zealand at the best possible fare obtainable by ALUCA, and accommodation for the four nights of the conference, upgrade to a premium quality room and a welcome gift). The winning paper will also be published in ALUCA Riskebusiness.

Entrants will be de-identified until the winning paper is selected in order to avoid any perceived bias.

Please note: The award conference attendance element cannot be exchanged for cash, and awards cannot be transferred to another person.

For full details together with competition terms & conditions please log on to www.aluca.com



ALUCA TurksLegal Scholarship Winners 2009

The winner of this year's ALUCA TurksLegal Scholarship was announced at the ALUCA NSW/CMG Festive party earlier this month, by the President of ALUCA, Tracey Peters.

The prestigious award valued at up to \$A8,000 is now in its third year and was jointly developed by ALUCA and specialist law firm TurksLegal to support the professional growth of Australia's life insurance industry.

This year's winning paper, on the highly topical subject of '*Retail versus Group Cover*' was written by Mr Gavin Lai, Technical Product Manager with TOWER Australia. His paper was commended by the Judging Panel, who said; 'Gavin's paper was a stand-out in addressing the issues associated with group risk. It provides insights into group cover as a thriving market segment with its own unique features providing benefits to individuals who would otherwise not contemplate individual cover as an alternative.'

Gavin has the opportunity to attend an international professional development conference. His prize includes airfares, accommodation, conference registration and spending money. The scholarship has enjoyed widespread support in the life industry since its inauguration and has benefited from the talents of several industry leaders who have generously given their time and the benefit of their extensive industry experience to set the questions and judge entries each year.

The 2009 Judging Panel comprised **Ms Tassin Barnard**, Chief Executive Officer of MetLife Insurance; **Mr Phil Hay**, Head of Life Insurance at BT Financial Group; **Ms Tracey Peters**, ALUCA President; **Ms Kristen Malanot**, ALUCA Committee Member; **Mr Jim Minto**, Managing Director of TOWER Australia and **Mr Simon Swanson**, former Managing Director of CommInsure. **Mr Alph Edwards**, **Mr John Myatt** and **Ms Lisa Norris**, Partners in the Insurance and Financial Services group in the Sydney office of TurksLegal, were also among this year's judges.

Past Scholarship recipients include 2008 winner, Ms Elizabeth McCarthy-Jones (ING Australia) and 2007 winner, Ms Julie-Ann MacCormick (CommInsure) who have spoken to their respective papers at a number of industry events around the country, providing the benefit of their insights to the Australian industry at large.

Prizes were also awarded to **Ms Anna Norwood**, first runner-up, and **Ms Vanessa Back**, second runner-up, both of CommInsure, who submitted papers on the topic of *Genetic Testing*.

Mr Jim Minto, Managing Director of TOWER Australia and member of the 2009 Judging Panel, commended all scholarship entrants on their submissions.

'The Judging Panel were delighted to read papers which provided insights and relevant applications for the industry at large to consider. The top three papers were particularly insightful and it is pleasing to see the high standard of entries that the Scholarship has attracted this year. Each Scholarship entrant is to be commended for their efforts.'

2009 entrants were required to submit an essay on a prescribed topic pertaining to the life insurance industry. Entrants were evaluated on their ability to understand and provide insight into their chosen topic, research and conclusions supported by sound evidence, clarity of thought, commercial acumen and overall presentation. The identities of entrants were not revealed until the winning paper was selected to avoid any perceived bias.

New Members

Welcome to the following people who have joined ALUCA in recent months:

Adrienne Lowe, Underwriter, Asteron NZ
 Brad Smith, Marketing Manager, Australian Medico Legal Group
 Paula Ashdown, Underwriting Support Officer, Aviva
 Anna Di Bucci, Lead Underwriter, AXA
 Leanne Richards, Underwriter, AXA
 Louise Quinn, Underwriter, AXA Australia
 Anna Norwood, Senior Case Manager, CommInsure
 Andrew Dalla Riva, Manager, Diamond Investigations
 Jason Leonard, Senior Associate, HWL Ebworth Lawyers
 Kethireddy Navaneeth, Trainee Claims Assessor, ING
 Frances O'Connor, Director, Injury Management IQ
 Michael Crawford, Team Leader, International Underwriting Service
 Maddalena Del Vecchio, Solicitor, Moray & Agnew
 Gail Arkless, Senior Underwriting Consultant, RGA
 Leena Bergagnin, Manager - Insurance Division, SMF Recruitment
 Stephanie Roberts, Consultant, Temporary Services - Insurance Division, SMF Recruitment
 Sev Coban, Claims Assessor, Suncorp
 Pauline, Rasch, Claims Administration Officer, Suncorp

Leisha, Steele, Group Underwriter, Suncorp
 Cathy, Dulo, General Counsel, Tower Australia
 Susan, Geale, Case Manager, Tower Australia
 Gavin, Lai, Technical Product Manager, Tower Australia
 Kate Lane, Training Consultant/Case Manager, Tower Australia
 Roberta McMurtrie, Corporate Counsel, Tower Australia
 Craig Prendergast, Claims Case Manager, Tower Australia
 John Simpson, Case Manager, Tower Australia
 Monique Newton, Roaming Underwriter, Tower Life & Health
 Rohan Smith, Underwriter, Tower Life & Health
 Jessica Wakelin, Roaming Underwriter, Tower Life & Health
 Torrent Woodard, Senior Underwriter, Tower Life & Health
 Georgie George, Underwriter, Westpac
 Angelia Walker, Senior Underwriter, Westpac
 Kelly Wilson, Claims Consultant, Westpac Life
 Alice Shamir, Senior Claims Assessor



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ALUCA Conference 2010 Update

We are fast approaching the end of another year, a year throughout which your conference program sub committee has been working feverishly to finalise both a new format and the content of the plenary and concurrent sessions for the ALUCA 2010 Conference. Yes, the year has been both busy and productive and we look forward to the New Year when we can start announcing to the members detail of a program which we know will both excite your interest and arouse your determination to be a delegate to this must attend event.

To close the current year and to get you waiting anxiously for the start of the conference year we are pleased to announce that the 2010 ALUCA conference title will be:

“Generations Change....The next wave”

As do the waves continue to wash over the shores at Maroochydore and reshape that environment so will the waves of change continue to move through the life insurance industry in the years ahead.

2010 will in itself be a year of societal landmarks as the various generations move through new stages of life's evolution and so the ALUCA conference will be the perfect opportunity for all generations to navigate their next wave of change.

Have a happy festive season and we look forward to the new year when we will start providing members with information on the exciting program planned for the conference in October 2010.

Kind regards

Brian Sussman



THE LAST PAGE - A Postcard from Bermuda.....

Where to begin!

We have been here for just over 12 months now, what a ride it has been. Of course, when we originally arrived on the island, the first thing to hit you is the beauty of the place – it truly is gorgeous, the swaying palm trees, the beautiful beaches with the famous pink sand, the friendliness of the locals – you get on the bus in the morning to be greeted by a chorus of “good morning” - Bermudians are an incredibly friendly, happy people. You hear a chorus of beeping horns on the roads – telling other drivers off you think? Wrong – the Bermudian way of saying hello or thank you if someone stops to let you in!

After the initial delight of being here faded, it took quite some time to settle in I have to say. The reality of having to basically start a new life sets in – having to find a home, car, school etc dawns on you. And what a challenge all of that was. The friendly, happy go lucky, laid back attitude is lovely, until you are trying to get a life organized, then it starts to wear a little thin (anyone that thinks Australians are laid back, hasn't met a Bermudian, let me tell you). Nothing, and I mean nothing, happens in a hurry here. Island time really does exist, great for holidays, not so great for getting a life organized. From the battle of finding suitable accommodation, and not being able to get a car until you have the house. Its like the chicken and the egg – you cannot have a car, until you have a house – it's the Bermudian way of controlling traffic (which is essential on such a small island), one car is allowed per house, till you have the house, forget about the car (and there is no such thing as a rental car here). To the month it took to open a bank account (seriously), all this in a “global financial centre” – not really what we had been expecting! In all honesty, it is like having taken a step back in time, the island really feels as though it is about 20 years behind the rest of the world, it has a real innocence about it & it is a lovely environment to be raising a child in.

I mentioned small, let me tell you how small – 54 square kilometers – tiny! We live at the very East End (the locals think I am crazy, driving 30 minutes to get to the office in town – if only they knew!), for us to drive to the very west end takes about 1hr 15 minutes. The island looks like a big fish hook, it has only 3 main roads stretching from one end to the other – South Shore Rd, North Shore Road, and funnily enough, Middle Road. The roads are terrible – windy, single lanes the entire island, with a maximum speed limit on the island of 35 km/hr. It unfortunately has a terrible road death toll rate, with the island being in the top 10 (on a per capita basis) for road deaths in the world . How, when the speed limit is 35km/hr – well, no one really does 35km/h, typically people do around 50-60km/hr, but the problem is with motorcycles, with every other person having one – almost a must when you are only allowed 1 car per house. Most deaths on the roads are as a result of motor cycle accidents.

While on the topic of the nasty things, a couple of other unfortunate things about Bermuda (again, on a per capita basis, bearing in mind the population here is approx 68,000). It is in the top 10 for murder rates – having a gang problem here at present, it only entered the top 10 this year for that one. It also has an obesity epidemic, being the 4th heaviest nation in the world. Not sounding much like paradise is it? To me it still is paradise, but these are the realities of the nation. Beauty aside, it is a nation just like any other in the world that has its fair share of problems.

Our geographical location is that we are this tiny island in the middle of the Atlantic Ocean, located off the East coast of the USA, midway between New York and Miami. For me, therein lies one of the big attractions. We are only a 2hr flight away from New York, and 6 hour flight from London. To me, that is just ideal (being able to go to NYC for the weekend, for this little girl from Australia that is a dream!). I have been fortunate enough to have done quite a lot of travel with work over the past year, and have been into both the States & Europe on multiple occasions. (It has been rather hectic, so for those people I have not managed to get in touch with like I should have, I sincerely apologize!)

That leads me to work. Career wise, I am thrilled to have made this move. The business here is quite different to any other; we have business dealings and clients literally all over the globe. I have been on an enormous learning curve as a result, which was exactly what I was after when wanting to make the move. I am involved in and exposed to things I have never been involved in before, and absolutely love it. Our office here has only 8 staff from all over the world – South Africa, Wales, Ireland, Germany, and England – and Australia of course! It is a great little team of 4 actuaries, 2 accountants and 2 underwriters – the 4 actuaries gives you an indication of the type of work we do here, lots of financial reinsurance type business. I am learning an enormous amount just from being amongst the team here, let alone the work we then do. I am one lucky girl indeed.

Tracy Peterson

Photo: My daughter Grace on Horseshoe Bay Beach – Bermudas most famous beach, well known & loved for its pink sand.

