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## On Life Insurance for People With HIV: A Perspective on Europe – With a Focus on Germany

*Jürgen Warstat*



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Jürgen Warstat joined Gen Re in 1980 and is based in Cologne, Germany. He is a life underwriter with a focus on both individual and group covers, especially in the area

of disability insurance. As Head of Underwriting Research & Development within LifeHealth, among others, he is responsible for answering fundamental questions of underwriting,

developing underwriting guidelines and the training of life underwriters.

juergen.warstat@genre.com  
Tel. +49 221 9738 321

Developments in Europe – especially the handling of HIV infection in Germany – differ substantially from developments and approaches to insurance taken in other markets, such as South Africa.

In fact, until recently, the Gen Re LifeHealth practice ran contrary to the widespread policy in the German market of not selling any insurance protection at all to individuals who are HIV-positive or those with full-blown AIDS. It should be emphasised right at the outset that Gen Re LifeHealth has been issuing positive acceptance recommendations for HIV-infected applicants since the mid-1990s and has supported its clients with insurance of this group. We have continuously reviewed and refined our acceptance guidelines and assessment practice in this regard. After briefly reviewing some facts in relation to developments concerning HIV infection in Europe, we will present below our perspective on the situation in Germany.

## **Which factors are crucial in shaping the current situation in Germany and Europe as a whole?**

The debate surrounding rates of HIV infection in Europe has been influenced by various factors over the past decade. They include:

- The long-term (in)effectiveness of information campaigns – in Germany, for example, the number of new infections is rising sharply again.
- The enlargement of the EU, particularly to include Central and Eastern Europe – and the associated rise in newly diagnosed cases of HIV infection in Europe as a whole.
- The implementation of HAART (highly active antiviral therapy) and the resulting successes for the affected persons.
- The socio-political debate that is currently being articulated ever more clearly: reduced benefits from the welfare state for existentially significant “emergency situations” step up the pressure on private insurers to present appropriate offerings.

The last point, in particular, is likely to have major implications in the future for the treatment of people who are HIV-positive in the German and European insurance sector.

Basically, the European debate is characterised by the balance between the legitimate interests of HIV-infected people in having access to insurance protection and the equally legitimate interests of life insurers in adherence to economically sensible underwriting principles.

With an eye to the issue of discrimination, it has already been possible for some time to identify developments that will have an impact not only on the future general actuarial and case-specific underwriting justification for risk decisions relating to people with HIV but also on the design of insurance products.

Only if material grounds exist in the first place for charging a loading or even declining a risk will such decisions probably be permissible in the future. What is more, it is

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possible – along lines similar to the debate surrounding the use of genetic tests – that for persons who are HIV positive, a set of rules will be put in place governing the obtaining of information that is geared to the needs of the insurance customers in question. In many European countries (including, for example, not only Germany but also the Netherlands, France and Switzerland) limits are being considered or have already been implemented for sums insured in life insurance, up to which either no or only very restricted risk clarification is permissible. This approach could also be applied to persons infected with HIV.

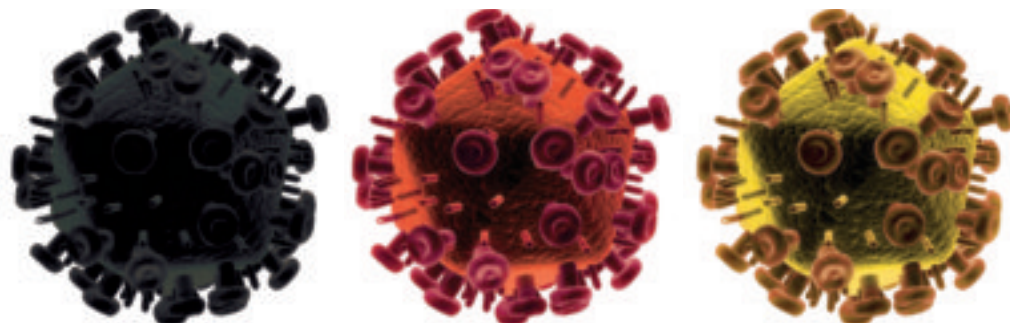
Bearing in mind the pressure to offer insurance protection – in some form or other – as often as possible, product development in Europe will likely have to tread new and innovative paths. In this context, disability covers will probably prove to be a more problematic area than life insurance.

### **Risk situation and product landscape in the German market**

According to a press release put out by the Robert Koch Institute (RKI),<sup>1</sup> which is responsible for monitoring trends in infectious diseases in Germany, “... at the end of last year



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altogether around 59,000 people were living in Germany with an HIV infection or AIDS-related illness.”

Within this group “men who have sex with men make up the largest group at 34,000. Roughly 7,500 persons became infected through heterosexual contacts, around 9,000 people come from so-called high prevalence regions and for the most part became infected in their country of origin through heterosexual contacts. Around 7,000 HIV infections can be attributed to intravenous drug use.”

RKI estimates point to approximately 3,000 new infections in 2007, an increase of around five percent compared to 2006. In addition, roughly 650 deaths among persons infected with HIV are anticipated in 2007.

Since most HIV-positive persons (including those without full-blown AIDS) were not offered any form of insurance protection in the German market until recently, the development of appropriate products has not been of any significance whatsoever in Germany thus far.

As in other European markets, too, Gen Re Life Health has hitherto offered traditional life insurance products such as term policies. Disability covers will not – as has been the case to date – assume any importance in the immediate future, or just because of the psychological strain frequently associated with

HIV infection, but because such risks – with a few isolated exceptions – will likely still have to be rejected as a matter of principle.

## Underwriting HIV-positive people in Germany

In principle, as a reinsurer we are not interested in the rejection of “risks”, but rather in insurance companies being able to offer people insurance cover and to cover as many risk constellations as possible at a fair price. To this end, in the first instance some facts need to be established in connection with HIV infections:

- An HIV infection and its course can be treated with drugs. However, to date it cannot be cured – the defensive reaction of the immune system notwithstanding, the genetic information of the HIV virus remains in the body of the infected person. According to publications issued by the RKI,<sup>2</sup> of the approximately 86,000 HIV infected people since the onset of the epidemic in Germany, a total of some 27,000 had died by the end of 2007. Markedly improved therapeutic possibilities notwithstanding, the new HIV infections, which have again climbed to approximately 3000 per year (2007), are balanced against approximately 650 deaths per year that are indirectly or directly attributable to the consequences of an HIV infection.

- Generally speaking, HIV-positive persons have a higher mortality rate than non-infected persons. The RKI data from the above-mentioned publication are evidence of this. A mortality rate of approximately 11.2 ‰ can be roughly derived for HIV-positive people in Germany in 2007. Among the population as a whole (according to the 2004 – 2006 table published by the Federal Bureau of Statistics) such a high mortality rate is only reached at ages far above 60. However, on average, HIV-infected persons in Germany are considerably younger.
- Both national and international studies reveal a marked increase in life expectancy, particularly for HIV-infected persons undergoing modern antiretroviral therapy. In this connection the prompt deployment of antiretroviral therapy prolongs the symptom-free period of time subsequent to HIV infection. However, its precise point in time is only known in rare cases, a situation which – for Germany at least – renders difficult a precise pronouncement on the actual prolongation of the symptom-free period of time. Foreign studies reveal that when undergoing HAART, HIV patients who do not have a hepatitis C infection at the same time have a death rate similar to that of successfully treated cancer patients.



According to the RKI, given the appropriate therapy, the average period of time between an AIDS diagnosis and death (27.9 months) has doubled since previous studies.

- The extent to which the impact of these highly efficient therapies – in particular rising life expectancy and a better quality of life – leads to a situation in which this group of persons is more exposed to other illness risks, and whether or not this exercises a contrary effect, are difficult to estimate.
- However, given the resistances which can be observed, the undisputed success of HAART necessitates a constant and, in the future, certain change in medication – meaning that it will also be contingent upon the results of future intensive research.
- Although the accompanying research – including international research – reveals an apparently favourable mortality development for the past, whether or not valid forecast parameters for the future of the risks that we are to assess individually can be derived from such a retrospective consideration of groups of persons undergoing special therapy, remains questionable. The factors bearing on the further course of the illness appear to us to be too complex.
- In addition, the question of whether or not an individual to be insured will remain true to their therapy is fundamental. Studies, such as the one presented in the Netherlands, reveal a very favourable mortality rate which, in part, is also observed in Germany. However, such study results are grounded on the constant medical progress that has been successfully made to date and the development of new drugs and their effectiveness. Whether or not this development will continue in this fashion is considered to be uncertain – with corresponding consequences for medico-actuarial science assessment.

To sum up, in principle, from the standpoint of the medico-actuarial science assessment, death covers for HIV positive people are insurable. However, since no precise forecast can yet be made for HIV-positive people, we only consider insurability to be possible under certain conditions, and only given the agreement of risk compensating loadings.

Through its recommendations Gen Re LifeHealth has been facilitating the insurability of HIV-infected people for periods of time of up to approximately 20 years (from the initial diagnosis of the infection) in a similar fashion to the Netherlands, where it has been done though in this case since around 2005. In principle, this does not only apply to people who undergo antiretroviral therapy, but to all applicants without any AIDS-defining illnesses (CDC phases I and II), or without Hepatitis C and who are not (IV) drug addicts and finally those whose laboratory parameters of a certain dimension (e.g., CD4/CD8 ratio) are evidenced over a fairly long term. In this connection, the loadings which are necessary for risk-compensation purposes are calculated on the basis of the duration of the death cover that has been requested. It should be clearly stated here that, as with all applicants, an underwriting decision on a life insurance application is predicated upon additional factors beyond HIV infection. These may encompass additional health risk

factors such as other illnesses, vocational risks, high-risk leisure time activities, such as flying or mountaineering, and prevailing financial circumstances. Underwriting decisions invariably afford consideration to the overall risk spectrum.

### **What will impact the future in Germany?**

Gen Re LifeHealth's current procedure has been a success and is within the general framework now stipulated by the General Equal Treatment Act. Against the background of these provisions, care is taken to ensure that blanket statements on the insurability of people – be they sick, disabled or HIV-positive – are avoided. What is more, we believe that it is important to closely follow the socio-political debate – above and beyond all underwriting aspects and considerations of product design – and, where possible, to help shape the discourse in accordance with our own interests. In this context, it seems vital to us that a large portion of the population should have the possibility to access insurance protection. In order to be able to offer these individuals attractive premiums, however, we believe it is also essential to stand by the principle of risk selection and the corresponding procedure. As has been explained, in many instances in the past it was already the case that review of the specific circumstances resulted in the

acceptance of offers for coverage of the death risk. Going forward, too, we see the scope for methods of pricing and product design that are in principle transparent and clearly structured. We shall continue to actively support the life insurers that make up our clientele as they strive to accommodate different risks with appropriate products at a reasonable price.

1 Robert Koch Institute, Epidemiological Bulletin On World Aids Day 2007, no. 47 of 23 November 2007, pp. 429 to 444.

2 Ibid.





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