

Critical illness report 2005



**NORWICH
UNION**
an AVIVA company



Critical illness report 2005



Critical Illness cover pays out a lump sum if you are diagnosed within the term of the policy with a critical illness that meets the policy definition. We cover only the critical illnesses we define in the plan and no others. It can be taken on a stand-alone basis, or as an option on Term Assurance and Mortgage Life Insurance. Any critical illness claim is subject to you surviving for at least 14 days after diagnosis. Critical illness plans have no cash-in value at any time.

The aim of this report is to provide details of Norwich Union's claims for 2005. We will give details of the illnesses that led to the claims, why some claims are turned down and how these can be reduced.

The advances in medical technology means we are living longer and surviving conditions that would have resulted in early death for many people a number of years ago. While this is positive news, it also means an increase in the prevalence of some critical illnesses, for example, although mortality from cancer is decreasing, there has been a 24% increase in incidence within the last 25 years.

Below are some health statistics on some of the more common critical illnesses. These, however, are general statistics and do not represent the numbers who would be able to claim from a critical illness plan. While Norwich Union's Critical Illness plan covers a comprehensive list of conditions, not everyone who is diagnosed with cancer, stroke or heart attack will automatically be able to claim as some early cancers, minor strokes and heart attacks will not meet

the required definitions. A detailed list and definitions of the critical illnesses defined by the plan are available in our 'Guide to Critical Illness Cover' booklet.

- Stroke has a greater disability impact than any other chronic disease. Each year over 130,000 people in England and Wales have a stroke, with 10,000 of those being under retirement age. (www.stroke.org.uk July 2006)
- In the UK, there are about 268,000 heart attacks each year. Of those about 30% are in people aged under 65. (www.heartstats.org July 2006)
- While cancer occurs predominantly in older people, 35% of cases are diagnosed in people aged under 65. (www.info.cancerresearchuk.org July 2006)
- Women in their 30s, 40s and 50s are at higher risk of developing cancer than men at the same ages, largely due to their excess risk of breast cancer. Breast cancer accounts for almost half (48%) of all cancers diagnosed in UK women aged 40-60 years. (www.info.cancerresearchuk.org July 2006)

In 2005, a total of 511,984 Critical Illness policies were sold in the UK (GE Insurance Solutions: Critical Illness Claims Survey 2006). While this figure is lower than the number sold in 2004, it still shows that Critical Illness cover is an important protection cover for many people.

Norwich Union's Critical Illness cover is designed to provide financial security if you do suffer from a critical condition covered by our plan. You can use the lump sum payment for anything you need, whether that is to pay off any debts such as mortgage or loans, compensate for a loss of regular income, pay for house or car improvements to accommodate a physical disability, or finance your children's education.

Norwich Union's critical illness claims statistics 2005

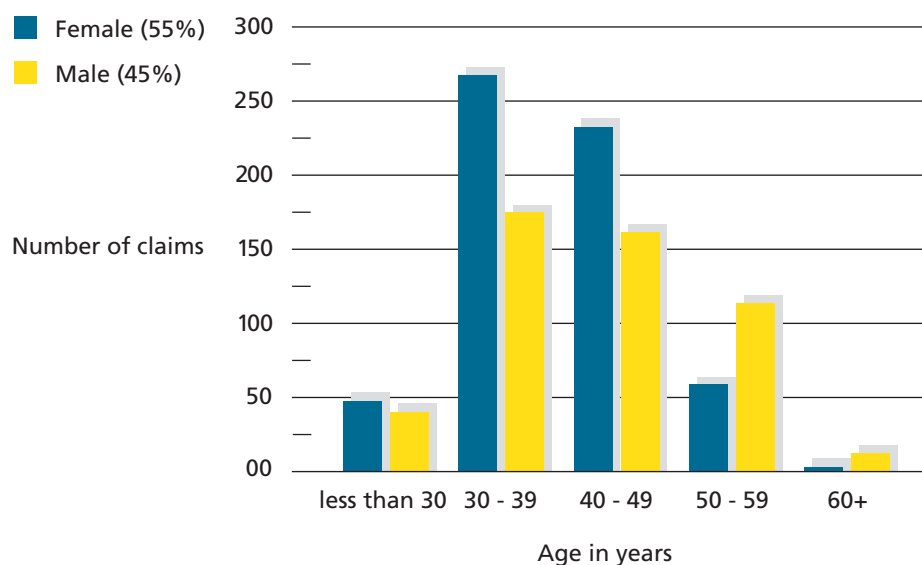


Headline Statistics

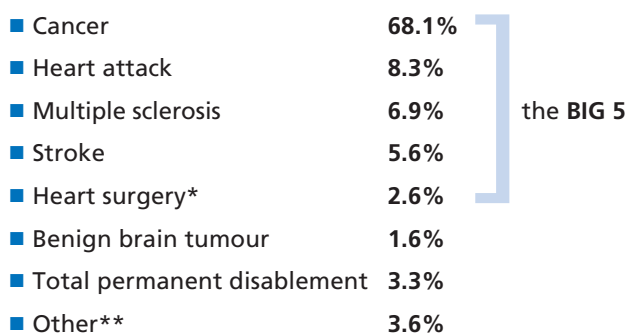
Total amount of claims paid out	£80,733,105
Average amount paid out for each claim	£72,732
Average term of policy at claim	3 years 7 months
Average age of female claimants	39
Average age of male claimants	42

Figures include plans under Norwich Union and pre-merger CGU, Commercial Union, General Accident and Provident Mutual.

Age at claim

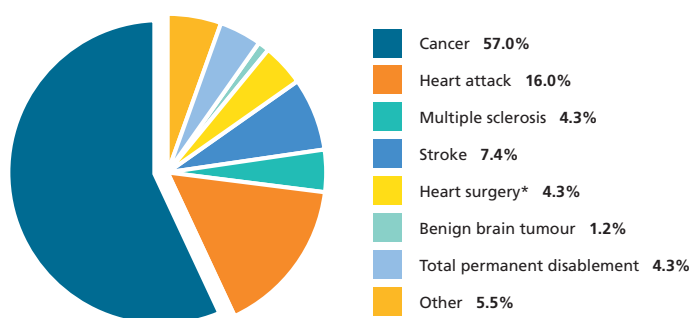


Total claims & associated critical illnesses 2005

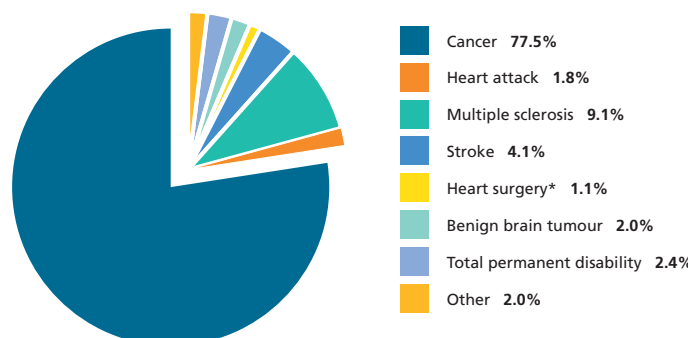


Total paid claims
1123

Male



Female

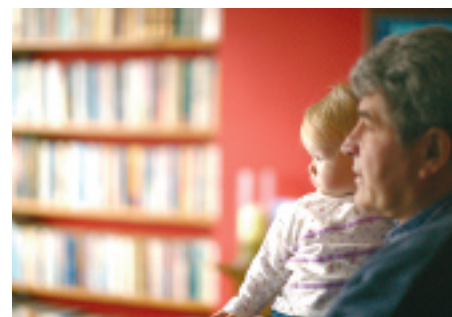


*Heart surgery covers several critical illness definitions including Coronary Angioplasty, Coronary Artery By-Pass Surgery, Heart Valve Replacement or Repair.

**Other includes the following conditions:

Aorta Graft Surgery, Blindness, Childs Critical Illness, CJD, Coma, Kidney Failure, Major Organ Transplant, Motor Neurone Disease, Paralysis, Parkinson's Disease (before age 60), Pre-Senile Dementia (before age 60) and Third Degree Burns.

Examples of 2005 claims



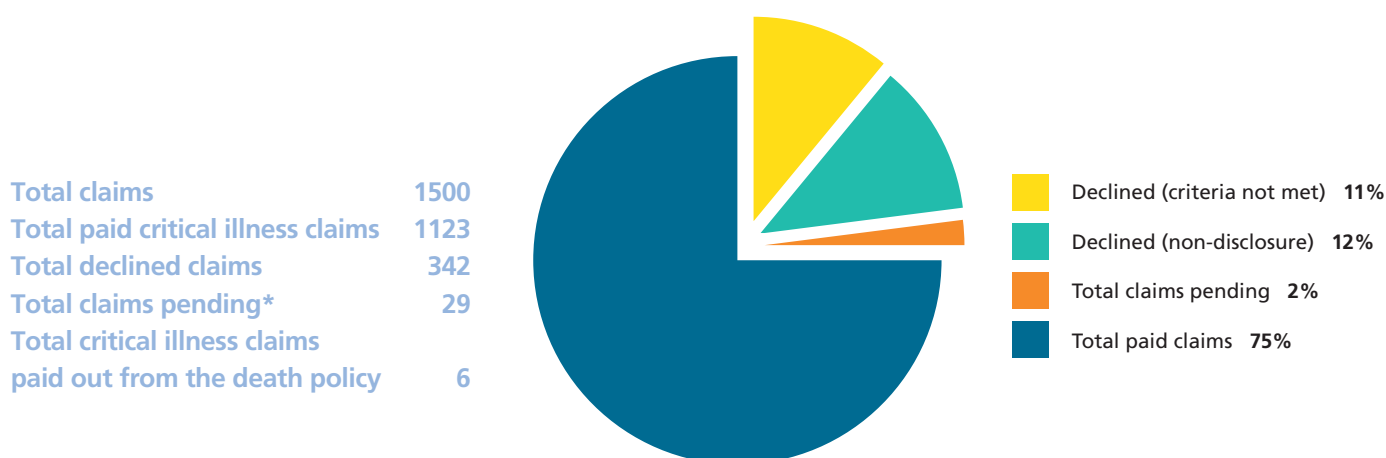
While some conditions may be more prevalent in males than females, smokers and non-smokers, critical illness in general doesn't discriminate by age, gender or occupation.

Claimant	Age	Reason for claim	Amount
Aged under 30			
Male, police officer	26	Cancer - melanoma	£67,310.00
Male, haulage contractor	27	Stroke	£144,500.00
Male, painter & decorator	26	Cancer – testicular	£80,750.00
Female, doctor	27	Benign brain tumour	£121,516.39
Female, human resource manager	29	Multiple sclerosis	£72,500.00
Female, geography teacher	25	Cancer – leukaemia	£90,000.00
Aged 30-39			
Male, technical support manager	33	Cancer – testicular	£42,000.00
Male, lettings agent	39	Heart attack	£65,000.00
Male, clerical assistant	36	Motor Neurone Disease	£165,000.00
Female, bank employee	35	Stroke	£146,741.00
Female, senior manager	34	Cancer – breast	£44,175.00
Female, secretary	33	Cancer – cervix	£136,312.87
Aged 40-49			
Male, engineer	47	Coronary angioplasty	£91,812.00
Male, newsagent	42	Heart attack	£99,000.00
Male, computer engineer	47	Cancer – testicular	£54,354.00
Female, care assistant	45	Heart attack	£55,509.00
Female, childminder	42	Cancer – breast	£100,000.00
Female, housewife	40	Cancer – cervix	£101,511.41
Aged 50-59			
Male, taxi driver	50	Heart attack	£62,050.00
Male, financial adviser	56	Cancer – colon/rectum	£70,000.00
Male, architect	58	Cancer – prostate	£67,519.00
Female, nursing home manager	57	Heart attack	£100,000.00
Female, IT manager	53	Cancer – uterus	£25,000.00
Female, domestic assistant	54	Stroke	£27,000.00
Aged 60 and over			
Male, cleaning business manager	61	Cancer – prostate	£142,330.35
Male, supervisor	61	Coronary artery by-pass surgery	£13,485.00
Female, teacher	60	Cancer – lymphoma	£22,480.00
Female, sales assistant	61	Cancer – ovarian	£57,000.00

Norwich Union claims experience



Norwich Union pays out on all valid claims. We provide full details of what is covered, and any limits to the cover, in the 'Guide to Critical Illness' booklet, with the Key Features documents highlighting the circumstance under which the plan will not pay out. Despite this some claims are turned down which broadly fall under two categories of non-disclosure and criteria not met.



What is 'non-disclosure'?

Non-disclosure is the term used when a customer does not tell an insurer a fact on their application form, which would have led to a different underwriting outcome such as an increased premium, exclusion or refusal to insure.

The Financial Ombudsman Service (FOS) guidelines on non-disclosure fall under the following criteria:

a. Deliberate or reckless – misleading the insurer by providing information which is known to be untrue or incomplete, or where the policyholder appears to have no regard for accuracy when completing the proposal.

b. Innocent – e.g. the relevant information is not something that the applicant should reasonably have known or may have overlooked.

c. Inadvertent – the customer unintentionally misleads the insurer due to an understandable oversight or moment of carelessness.

Norwich Union tests all cases it declines against the FOS guidelines before making any decisions. Only where a non-disclosure is classified as innocent would a claim be paid in full.

What is 'criteria not met'?

A claim will fail under criteria not met where it does not meet the definition set out in a customer's insurance policy document. This can fall under two areas:

a. Claiming where an illness doesn't meet the definition as described within the plan conditions.

b. Claiming for something that isn't covered by the plan.

It is essential that you give full and honest answers to all the questions on your application and tell us about any symptoms you are suffering from. It is also important that you fully understand the cover provided by the product you are purchasing and are sure that it suits your needs.

*Claims pending refers to claims received in 2005 where all relevant information to be able to accept the claim has yet to be received.



How to avoid claims being rejected



If you decide to take out one of our products, your adviser will be able to help you fill in the application form. It is very important to complete the form in as much detail as possible, accurately and honestly. Insurers can only provide cover if they know the full facts about the person they're insuring, and if you don't provide all the information that is asked for on the application form, then it may result in a claim not being paid.

Make sure that you read all the questions carefully and answer them fully, truthfully and completely. Take your time in completing the form as it forms the basis of a legally binding contract between you and the insurer.

Remember, one of the reasons for buying life insurance is to protect those closest to you. So, to give you the peace of mind you're paying for, please tell us everything. Don't assume that we will contact your doctor to fill in any gaps. We promise we'll only take into account the information that we feel is relevant to your application and, in most cases, we'll be able to offer you the kind of cover that's right for you.

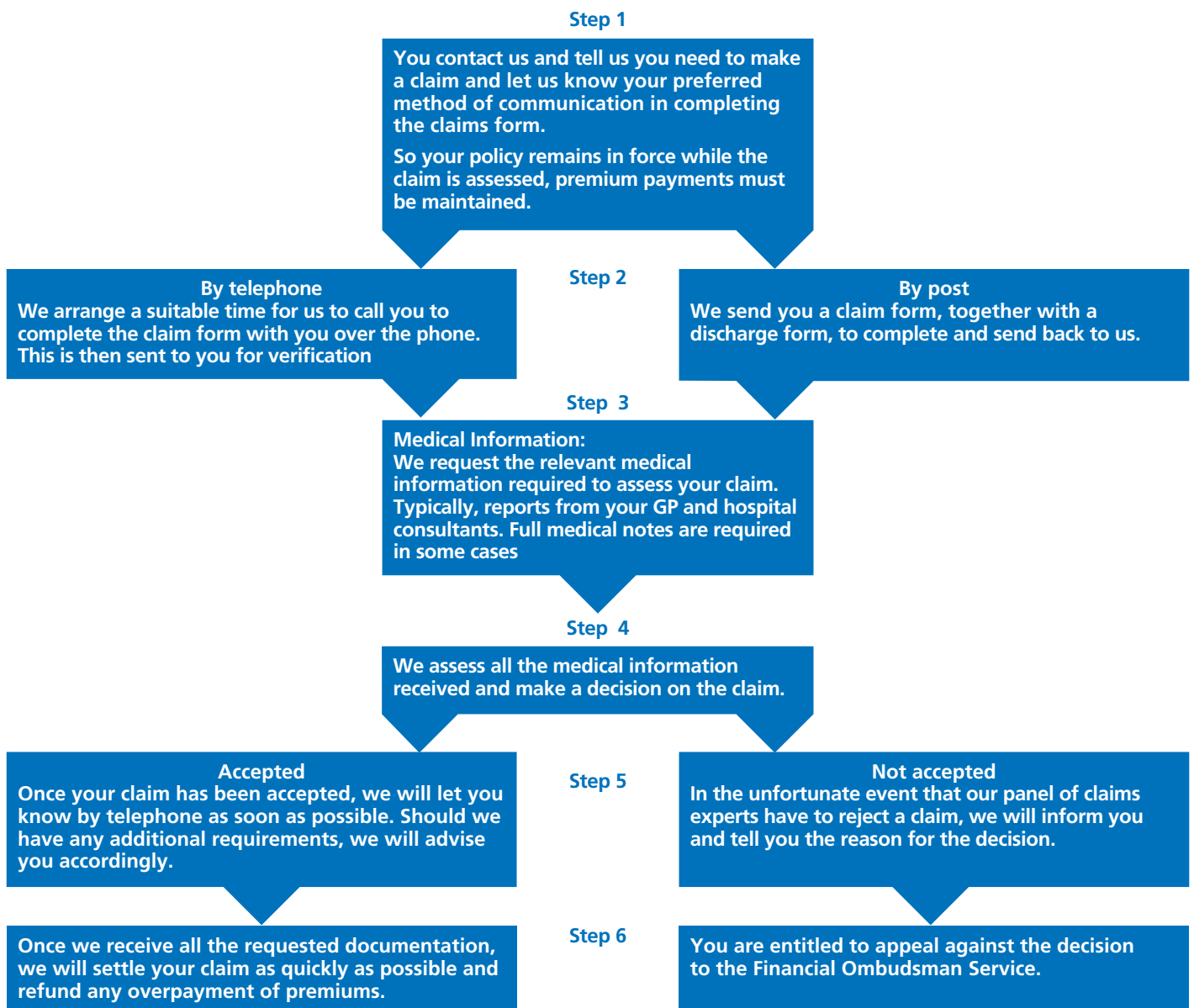
Wherever possible, take a copy of your application form and keep it safe so you can check your answers to see if you have forgotten to include any information. If you complete an electronic application, you will receive confirmation of your application to check.

If you remember any additional information after you have completed your application form, please contact your adviser to inform them of the additional information.

The claims process

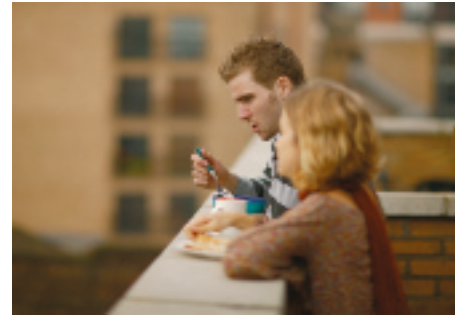


The emotional as well as physical well-being of our customers is very important to us. Our Critical Illness team have had specific, bespoke training in the skills required to be able to give helpful, empathetic, first class service and our claims process puts our customer at the heart of what we do.





Case studies



Case study A - Sunita Sharma

Sunita Sharma is a 37-year-old police officer, who lives in Coventry. She is married to Jetinder, a taxi driver, and they have one son, ten-year-old Sanjay.

Sunita understands the value of critical illness cover after she was diagnosed with lymphatic cancer in 2005. She claimed on her Norwich Union policy for life assurance with critical illness and used her payout to pay off her mortgage.

She said: "Having the policy made a lot of difference to our lives. I was getting sick pay but my husband works as a taxi-driver. Being self-employed meant he was not paid when he had to take time off work to look after me. It was a big relief to know that our mortgage was paid off."

Sunita said that she took time off after chemotherapy when her husband would also take time off work to look after her. Sunita is now back at work part-time.

She praised Norwich Union for its service and said: "I phoned the claim line and told them about my situation. They told me all the information they needed; I got it together and sent it to the administrators. Before I knew it, my claim was processed and there was no problem at all. The people I spoke to were very sympathetic and I am very happy with the service they provided."

Case study B - Jodi Weston Successfully claimed on a Norwich Union's Mortgage Life Insurance policy (which include critical illness cover)

Jodi Weston is 35 and works as a personnel manager for Sainsbury in Kent. She is a single mother to her nine-year-old daughter, Charlotte. She successfully claimed on her life insurance policy with critical illness cover after contracting breast cancer in 2004 and used the money she received to pay off

her mortgage. She said the payout meant she does not have to worry about her mortgage.

She said: "It was such a relief. Finding mortgage payments when I could not work would have been a worry. The payout meant I have been able to relax a lot more."

She took out the policy after consulting a financial adviser when re-mortgaging following her divorce.

Jodi is happy with the way Norwich Union dealt with her claim. She said: "I am very pleased with the way my claim was handled. It was quite an emotional time for me to put in the claim, but I dealt with one adviser who was very supportive. She was very thorough and just listened to me and helped me process the claim. She updated me all the time on what was happening and kept me informed."

Full written terms and conditions of Norwich Union's range of plans with critical illness and definitions of illnesses are available on request.



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