



**FENCHURCH GENERAL
INSURANCE COMPANY**



GROUP DISABILITY

2021 UPDATE

**A Focus on Mental Health
and Disability Claims**

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GROUP DISABILITY

2021 UPDATE

Group Disability Update - 2021, A Vision Forward

It would be an understatement to suggest 2020 was an interesting and challenging year but with it now in our rear-view mirror, we are looking to 2021 with guarded optimism. We, at Fenchurch General wanted to share some of the interesting analysis within our own claims' data in relation to broader industry trends.

As a boutique specialist disability carrier, Fenchurch is very aware of its unique role in preserving the viability of its customers' benefits plan and its duty as steward of those premiums to pay claims responsibly and achieve rate stability.

What Does This Mean?

- It means taking a communicative approach with our customers; be it Distribution Partner, Employer and Employee.
- It means treating employees with dignity and respect during a time of uncertainty.
- It means validating claims using an evidence based medical model and ensuring accountability through the claim service chain.
- It means promoting and funding appropriate treatment and measuring efficacy.
- It means deploying the appropriate medical and vocational specialists to work with employers and employees with the common goal of return to work.





Mental Health Claims Rates 25% Lower than Industry Average



Through Fenchurch's unique product portfolio, experience operating in traditionally tough to insure, non-standard industries, and leveraging a broad range of adjudication and return to work tools helps our clients to experience mental health related claims payments 25% lower than industry averages.



The Fenchurch approach is balanced, demonstrating an empathetic understanding while at the same time ensuring primary health care providers follow an evidence based objective medical model. We invoke the accountability tools at our disposal that serve as checks and balances in the claim process to ensure accuracy of payment in our role as stewards of employees' premiums.



Fenchurch has developed innovative disability programs such as the **Accident & Serious Illness Disability (ASID) Plan and our Hybrid Disability Plan**, in parallel to standard Long-Term Disability. These products provide options to our partners that assist in stabilizing rates and experience while simultaneously offering their employees the protections and access to rehabilitative treatment to successfully return to work in the event of a claim.



Through these strategic products, underwriting and claim initiatives, Fenchurch has been successful in delivering positive rate stabilization and certainty to its clients on a multi-year basis.





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Fenchurch General Is Here To Help

One of those ways is through the promotion of health and wellness to our customers. Very shortly, every group member on claim will be offered FREE access to the Fenchurch You 2.0 Wellness App in partnership with Besurance Corporation. Using promo-code: **General**, you may try it too by downloading the app from Google Play or the App Store:



The You 2.0 platform and activities were developed using evidence based health and behavioural science. The research incorporated review of academic literature, wellness/healthy lifestyle books and curated on-line wellness articles. The research was undertaken by naturopathic doctors who are regarded as holistic experts in lifestyle management and preventative health. The work of the naturopathic doctors was supplemented by data research undertaken by actuaries and data scientists. Based on our research, pillars of wellness were condensed into four categories – physical, mental, nutritional and financial. Micro-activities were developed to instill behavioural changes and initiate wellness for individuals.

On A Personal Level...

While compiling research for this report, I was interested to learn “In Canada, only 1 out of 5 children who need mental health services receives them.” Coincidentally, my daughter in Grade 11 was writing her own report on Mental Health, and the following paragraph was compelling:

Ever since we were little, we were taught about our physical health, but we were never taught about our mental health and the effect it has on our overall well being. Our parents and trusted adults constantly say they don't want to teach us about struggles or issues because they think it could scare us, or it could be traumatizing at a young age. In reality the traumatizing and scary aspect is that so many of us suffer from depression, anxiety, ADHD, OCD, etc. and we were never provided the means by which to communicate comfortably to anyone or develop or learn coping strategies.

She and her cohort represent the next generation of employers/employees and members. It is imperative we, as an industry, listen and acknowledge their voices.

We hope the following information is useful, and please feel free to reach out to me directly to discuss any questions, comments or insights to be shared.



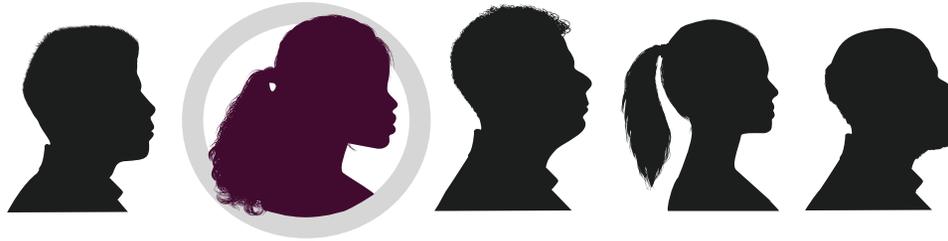
Scott Knight

S. Scott Knight
Chief Operating Officer & EVP Claims
Direct: 437-226-7159
Email: Scott@fenchurchgeneral.com



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*It's All About
Mental Health...*



“In any given year, 1 in 5 people in Canada will personally experience a mental health problem or illness.”

Over the past 20 years, we have witnessed a steady increase in awareness and openness around mental health and this ongoing de-stigmatization is to be celebrated – no one should be permitted to suffer alone or in silence.

According to Canadian Mental Health Association:



Approximately 8% of adults will experience major depression at some time in their lives.



About 1% of Canadians will experience bipolar disorder (or manic depression).



By age 40, about 50% of the population will have or have had a mental illness.



Schizophrenia affects 1% of the Canadian population.

The Societal Impact is Enormous and Increasing:



Mental health issues account for more than \$6 billion in lost productivity (from absenteeism, presenteeism and turnover) in 2011.



According to Statistics Canada, Canadians in the lowest income bracket are 3-4 times more likely than those in the highest income bracket to say that their mental health is fair to poor.



21.4% of the working population in Canada currently experience mental health conditions, which can affect their productivity.



Mental health conditions account for approximately 30% of short- and long-term disability claims and are rated one of the top three drivers of such claims by more than 80% of Canadian employers.



If unaddressed, the impact of mental health conditions on lost productivity will cost Canadian businesses \$198 billion over the next 30 years.



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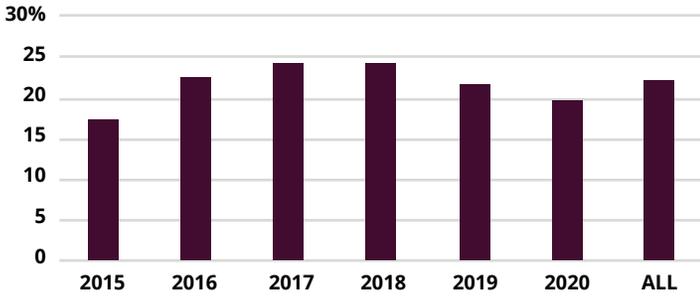


*The Fenchurch
Experience...*

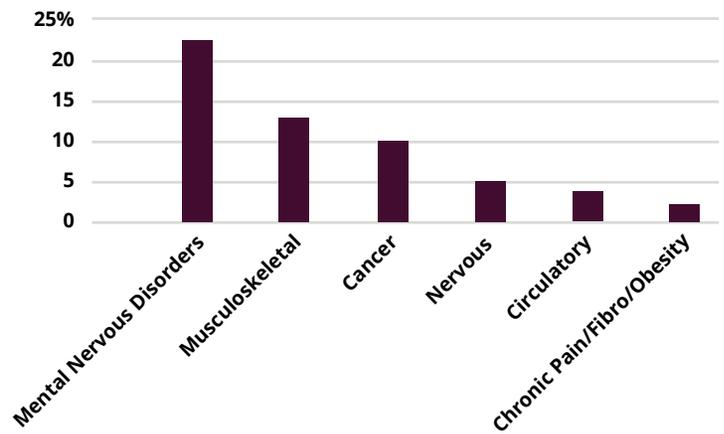
The Fenchurch Experience

As a disability specialist, our experience within claims and specifically as it relates to mental health has been very stable. While the rest of the industry is currently reporting experience in excess of 30%, Fenchurch has remained slightly above 20% year over year since 2015.

**Mental Health Claims by Year
2015 - 2020
(November 30/20)**



**LTD Claims Reported
All Years**



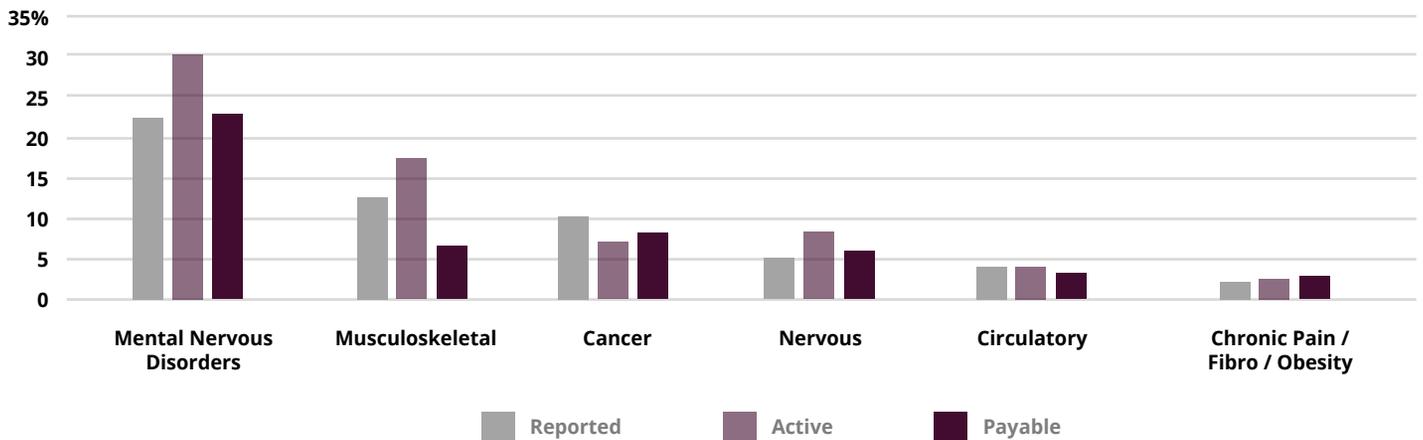
While it is true that Mental Health claims do exceed all other causes, incidence has stabilized overall and even slightly decreased over 2019-2020.

Cause of Disability - Active vs Payable

The most challenging claims are those that are primarily subjectively based and tend to evolve into unexpected development over time. Utilizing a first principles claims approach involving all stakeholders and building in the accountability of the primary healthcare team, one can see from the table below a significant proportion of the types of reported claims that were not objectively supported by the research literature and accepted medical models.

Our case managers adhere to Evidence Based Medicine and published Disability Guidelines in the conscientious, judicious and reasonable use of modern, best evidence in making decisions about the care of our claimants. Primary healthcare teams are held accountable, thus enabling our case managers to validate claims expeditiously and accurately.

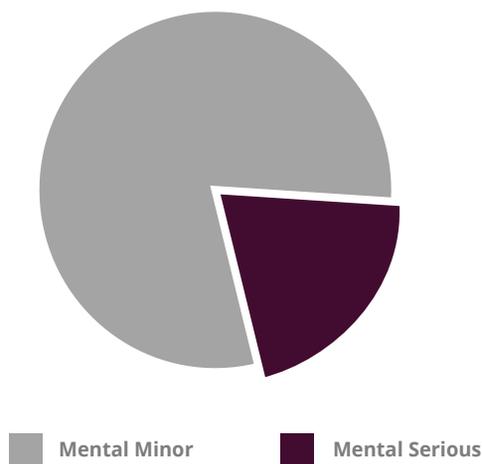
Our back to basics claims philosophy bears some interesting data associated with claims validation:



The Fenchurch Experience

77.4% of all mental health claims are classified as minor; including non-psychotic disorders, depression (not MDD), anxiety, mood disorders, mild affective disturbance and neurotic and personality disorders.

22.6% of mental health experiences are classified as major and include schizophrenia, paranoid conditions and major depressions - these disorders are typically chronic with a high degree of persistence.



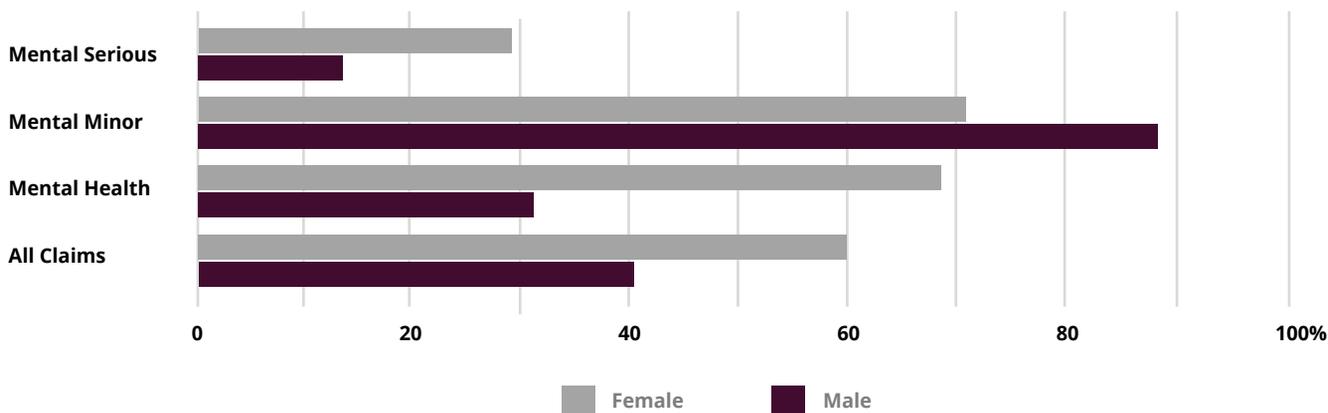
Mental Health Claim Severity

While it is true that Mental Health claims do exceed all other causes, incidence has stabilized overall and decreased recently.

The below table shows that females represent 69% of mental health claims which would be split to 70% minor vs. 30% major in severity. Contrasted by males representing 31% of mental health claims split to 87% minor and 13% major in severity. This experience is aligned with broader research that found women are found to have a 70% greater incidence of depression than men (Paul R. Albert, Why is depression more prevalent in women, Journal of Psychiatry and Neuroscience, 2015, July).

In review of all claims data the gender split is 51% female vs 44% male (5% no gender identified). The average age of claimants is 49.6 years at date of disability split by gender at 48.5 years for females and 51 years for males.

Mental Health Claims by Gender and Severity 2015-2020 (November 30/20)





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Looking To The Future...

The next generation of employees will have been brought up in a much more open and transparent mental health environment and while encouraged to discuss freely, clearly there is much work yet to be done.

The Canadian Mental Health Association Reports:

- It is estimated that 10-20% of Canadian youth are affected by a mental illness or disorder – the single most disabling group of disorders worldwide.
- Today, approximately 5% of male youth and 12% of female youth, age 12 to 19, have experienced a major depressive episode.
- Once depression is recognized, help can make a difference for 80% of people who are affected, allowing them to get back to their regular activities.
- Mental illness is increasingly threatening the lives of our children; with Canada's youth suicide rate the third highest in the industrialized world.
- Schizophrenia is youth's greatest disabler as it strikes most often in the 16 to 30 year age group, affecting an estimated one person in 100.
- Surpassed only by injuries, mental disorders in youth are ranked as the second highest hospital care expenditure in Canada.
- In Canada, only 1 out of 5 children who need mental health services receives them.



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