

As the Aids scourge continues to spread, there is talk in the insurance industry of introducing life assurance cover for HIV positive clients.

The move, which is expected to spark controversy in the industry, may end the discrimination that local insurance companies have against Aids patients in life insurance.

Industry reports said the issue of having an insurance cover for HIV positive clients was raised at a symposium held last year, when concern was raised over lack of insurance cover for Aids victims.

At the symposium South Africa was given as an example of one of the few countries that offer life policies for people with Aids.

It was felt that the same system should be tried in Kenya.

Old Mutual Life Assurance Company Limited of South Africa, is expected to be the first company to offer such services in Kenya on the same lines as in South Africa.

According to Mr Ambrose Rachier of Kenya Ethical and Legal Network, a lawyer who has dealt with several Aids cases, insurance companies in Kenya still feel that Aids is a more obvious risk which should not be covered.

"Insurance companies should classify Aids with other terminal diseases which are covered by insurance as they are all terminal ailments," argued Mr Rachier.

He said although insurers insist on the time factor in deaths caused by Aids, natural death is certain but time is not certain.

He said Aids should be listed among the other terminal ailments for the purpose of insurance cover.

Currently, most companies in Kenya do not give full life cover for people who die of Aids.

"If someone who is already insured died of Aids, we only give back premiums," said Ms Ann Kiungu, the Customer Services Officer of American Life Insurance Company (ALICO).

But according to Mr Stewart Laird Henderson, the General Manager of Old Mutual Kenya, there is not enough data on Aids patients and the disease in East Africa to enable insurance companies to price premiums.

"There is contradicting information concerning the disease. The Government gives one figure and the non-governmental organisations a different story," he said in an interview last week.

"In life assurance, any risk is insurable. The only difference is in the premiums," he said.

Mr Henderson said calculations of premiums were based on mortality occurrence rate in a particular population.

"This is what we are lacking in Kenya," he said.

Mr Henderson said other terminal diseases are classified under the Living Assurance Policy which is priced according to the statistical data available.

Industry sources said local insurance companies were not willing to venture into covering Aids patients fearing it may prove too expensive to contain.

Firm's plan to insure Aids victims sparks fresh interest in issue

WHAT INSURANCE COMPANIES NEED TO OFFER AIDS COVER

- Reliable data on mortality rate of the population.
- Financial ability of the victim to pay a high premium
- Frequent medical tests of the client

FEATURES OF AN AIDS POLICY

- High premiums
- No stock market risk
- High fixed returns
- Direct payment of premiums to insurance companies



Mr Henderson: "Data on mortality occurrence rate in the population lacking to help in the calculation of premiums."

By MISHAEL ONDIEKI

"Companies have not built up funds to cater for the disease," the sources argued.

Despite the risk, once reliable data is available on Aids, Old Mutual GM says it will introduce the cover.

Responding to claims of discrimination, Mr Henderson said there was nothing like that in business as every one is out to make profits.

"Would anyone say that we discriminate against men since we give women five years older a cover similar to men their juniors? We do not discriminate against any one," said Mr Henderson.

He said the decision to cover five years older women under the same policy with men their junior was because of the available data in the region indicating that women live five years longer than men.

"In Kenya, therefore, we have not introduced the policy since we are still working on statistics and mortality tables," he said and added: "There is a possibility of the policy coming up soon."

He said life premiums were based on the mortality level primary table on which pricing is pegged.

He said when pricing was being done on mortality level, which covered other terminal diseases, Aids had not come to the scene.

Other industry sources said if insurance companies do not vet HIV positive people, claims were bound to shoot up and lead to the collapse of the industry.

They said insurance companies were not only undertaking medical tests for prospective policy seekers but also doing general medical tests before giving

cover.

"Insurance companies have always carried general physical examinations, laboratory urinalysis, chest x-rays and blood test, under which Aids fall," said the source.

Mr Henderson said data took long to be evaluated before Aids was put within the policy.

Mr Henderson, who is also the Chairman of the Life Insurance Council of Kenya and the Vice-Chairman of the Association of Kenya insurers, said the premium for the cover was higher compared to the ordinary ones.

"The premiums cost between 40 and 50 per cent higher depending on the age of the person," he said.

He said in South Africa, people whose Aids symptoms are not fully blown up were eligible for insurance cover.

However, the policyholders are subjected to frequent medical tests probably at an interval of five years.

He said when the company finally decides to cover Aids victims in Kenya, the whole deci-

sion would be based on the statistics found locally.

South Africa was also the first country to introduce cover for patients with other terminal diseases before the practice spread to Europe.

But local insurance industry insiders said it may not be fair to compare Kenya and South Africa because of the difference in development.

They argued that Kenya has a thin insurance market which cannot afford to experiment compared to South Africa.

"South Africans have taken the lead in the insurance industry. They are pioneering the move but we cannot compare ourselves with them," said the insiders.

South Africa also pioneered policies for organ transplant, a cover which later spread worldwide.

At the moment, some insurance companies give cover to people with terminal diseases like cancer.

Old Mutual gives cover to heart attack patients, stroke vic-

tims, coronary artery surgery, kidney failure, major organ transplant, paraplegia, major burns, blindness and coma.

A few other companies in Kenya cover some of the ailments.

A company like British American Insurance covers even cancer. However, a company like Allico does not touch any of them.

"The law cannot compel companies to give policies to infected persons. They always argue that they are in business and must make profits," said Mr Rachier.

The normal process in getting a life cover insurance is for the prospective client to undergo a general medical checkup.

"We cannot insure or even assure a life we do not know its status. We have to get a medical report from a doctor and the report covers from the urinalysis test to HIV."

For those who a medical check-up is not necessary, the cover's limit is Sh150,000 at the time of death, whether one dies of Aids on any other ailment.

"It is unfortunate that we have not developed to the point of insuring Aids patient," said Ms Kiungu. "If our prospective clients tests HIV positive, we refer the person to his doctor who is to explain the reason of denying the person a cover," she added.

If a client contracts the disease after taking the policy, Allico will pay back only the premiums.

Old Mutual and British American however, provide a full cover so long as the patient tested negative during the time of being insured.

Last week in America, Illinois Insurance company become the first US insurer to offer life assurance policies for HIV sufferers.

It is the first policy to recognise the medical advances which have increased the life expectancy of HIV patients.

Not surprisingly, the premiums will be steep.

The company said terminally ill patients have extremely short life expectancies thereby creating overall crippling effect on their day to day lives.

"There is no dignity in one facing ones last days of life in poverty."

"They gain a limited opportunity to find emotional and financial security with dignity."

The face value of the policy is paid back upon death of the insured.

Life expectancy can range from between 12 to 60 months.

The other features of an Aids victim policy include no stock market risk, high fixed returns and direct premium payments to insurance companies.

In Australia last week, a spectre of non-disclosure emerged at the centre of a dispute about payment under Australian life insurance policy of an HIV sufferer.

The insured was alleged to have been diagnosed as HIV positive two years before he purchased the policy now in dispute.

The insured, living in Texas, sold his policy to a US company in the business of buying policies from terminally ill insured at discounted rates. He has since died.