A METHOD OF MANAGING AN INSURANCE PLAN AND A SYSTEM THEREFOR

BACKGROUND OF THE INVENTION

The present invention relates to a method of managing an insurance plan and a system therefor.

On the occurrence of a life changing adverse event, there is often a need for additional finance to help cope with the effects of the event.

Until now, individuals have been able to purchase fixed amounts of life, disability or severe illness insurance before an event to be paid out on the occurrence of severe illness or disability.

However, after the event has happened, it is often the case that the event was not covered, not adequately covered and/or the money has run out. This could lead to an individual having to sell his assets (for example his car or house) or redeem his investments on unfavourable terms.

The present invention seeks to address this.

SUMMARY

According to one example embodiment there is provided a method of managing an insurance plan, the method including:

receiving data relating to a life insurance policy of an insured person, the life insurance policy relating to in the event of the insured person dying, paying a predetermined amount to beneficiaries nominated in terms of the life insurance policy;

receiving data relating to the occurrence of an insured event to the insured person, the insured event being an event other than dying;

on the occurrence of the insured event transmitting data including an instruction to pay an amount of funds to the insured person; and

reducing the predetermined amount to be paid to the beneficiaries nominated in terms of the life insurance policy upon the death of the insured person by an amount related to the amount of funds paid to the insured person for the insured event.

The amount of the reduction of the predetermined amount is calculated based on a set of conversion factors.

The insured event may be a life changing adverse event.

The life changing adverse event may be one of the group consisting of: severe illness, capital disability, very high health medical expenses, a motor vehicle accident, spouse or child sickness or disability, converting cover into cash to meet the funding needs associated with longevity, death of a person other than the insured life and adverse moments in investment values.

The predetermined amount to be paid to the beneficiaries nominated in terms of the life insurance policy upon the death of the insured person is reduced by a predetermined ratio to the amount of funds paid to the insured person for the insured event.

Typically, the reduction is greater than the amount of funds paid to the insured person for the insured event.

In one example embodiment the ratio is altered depending on the life changing adverse event.

According to another example embodiment there is provided a system for managing an insurance plan, the system including:

a receiving module for receiving data relating to a life insurance policy of an insured person, the life insurance policy relating to in the event of the insured person dying, paying a predetermined amount to beneficiaries nominated in terms of the life insurance policy, the receiving module for receiving further data relating to the occurrence of an insured event to the insured person, the insured event being an event other than dying;

a calculation module to calculate a reduction in the predetermined amount to be paid to the beneficiaries nominated in terms of the life insurance policy upon the death of the insured person by an amount related to an amount of funds to be paid to the insured person for the insured event; and

a transmitting module to, on the occurrence of the insured event, transmit data including an instruction to pay an amount of funds to the insured person.

BRIEF DESCRIPTION OF THE DRAWINGS

Figure 1 is a block diagram illustrating an example system to implement the methodologies described herein; and

Figure 2 is a block diagram illustrating an example embodiment method.

DESCRIPTION OF EMBODIMENTS

The present invention relates to a method of managing an insurance plan and a system therefor.

Referring to Figure 1, an information processing system 10 may include a server 12 that includes a number of modules to implement an example embodiment.

In one example embodiment, the modules described below may be implemented by a machine-readable medium embodying instructions which, when executed by a machine, cause the machine to perform any of the methods described above.

In another example embodiment the modules may be implemented using firmware programmed specifically to execute the method described herein.

It will be appreciated that embodiments of the present invention are not limited to such architecture, and could equally well find application in a distributed, or peer-to-peer, architecture system. Thus the modules illustrated could be located on one or more servers operated by one or more institutions.

It will also be appreciated that in any of these cases the modules form a physical apparatus with physical modules specifically for executing the steps of the method described herein.

In the illustrated example embodiment, the server 12 includes a receiving module 14 to receive data and to write the data to a memory 16.

The memory 16 is typically in the form of a database associated with the server 12.

The receiving module 14 receives data including data relating to a life insurance policy of an insured person, the life insurance policy relating to in the event of the insured person dying, paying a predetermined amount to beneficiaries nominated in terms of the life insurance policy.

The receiving module 14 also receiving data relating to the occurrence of an insured event to the insured person, the insured event being an event other than dying.

The life changing adverse event may be one of the group consisting of: severe illness, capital disability, very high health medical expenses, a motor vehicle accident, spouse or child sickness or disability, converting cover into cash to meet the funding needs associated with longevity, death of a person other than the insured life and adverse moments in investment values.

It will be appreciated that on the occurrence of a life changing adverse event, there is often a need for additional finance to help cope with the effects of the event.

In the present embodiment, on the occurrence of at least one of a defined set of adverse events, the insured person will be able to effectively access their life cover by converting it at a conversion ratio into cash.

For example, the conversion ratio of stage IV cancer is, for example, 2:1. An insured person who gets stage IV cancer will be able access their life cover at a conversion rate of R1 now for every R2 of life cover used. This may be used to pay for new treatments overseas or help cope with the impacts on the family, for example.

Thus, if the insured person has life cover of R500,000 and they feel they require now R100,000 to deal with the present adverse event, they would receive a cash payment of R100,000 and their life cover would be reduced by a ratio of 2:1, being reduced by R200,000 to a new life cover value of R300,000.

Thus, if after the adverse event and the drawdown of R200,000 the insured person dies, their beneficiaries will only be paid out R300,000.

In another example, if the insured person's spouse gets severely ill, his cover can be converted to cash to help with rehabilitation.

In one embodiment, the amount required is selected by the insured person. In an example, the selection is entered by the insured person into a computer and transmitted over a communications network 24 to be received by the receiving module 14.

On the occurrence of the insured event, a calculation module 18 calculates the above conversion and reduces the predetermined amount to be paid to the beneficiaries nominated in terms of the life insurance policy upon the death of the insured person by an amount related to the amount of funds paid to the insured person for the insured event, as described above.

A message is then transmitted including an instruction to pay an amount of funds to the insured person. Where the payment is to be effected by the server 12 the message is internally transmitted between modules.

However, where the payment is to be made by a third party financial system, the message is transmitted to a server of the third party financial system over the communications network 24 by a transmitting module 22.

The predetermined amount to be paid to the beneficiaries nominated in terms of the life insurance policy upon the death of the insured person is reduced by a predetermined ratio to the amount of funds paid to the insured person for the insured event as has been described above.

In one example embodiment the ratio is altered depending on the life changing adverse event according to the following table:

	Category	**Severity**	**Conversion rate**
Insured Person	Severe Illness	A	2:1
		B	3:1
		C	4:1
		D	8:1
	Capital Disability	A	2:1
		B	3:1
	Retirement	Reaching age 80	6:1
		Reaching age 85	4:1
		Reaching age 90	3:1
		Reaching age 95	2:1
		Reaching age 100	1.5:1
Spouse	Severe Illness	A	6:1
		B	8:1
		C	10:1
		D	12:1
	Capital Disability	A	6:1
		B	8:1

In the example the severities are used to grade how much of the life cover could be converted into cash with A getting the highest conversion and D getting a lower conversion.

Put another way, the more severe the life changing adverse event the smaller the ratio will be.

Thus it will be appreciated that in the above example, the amount of the reduction of the predetermined amount is calculated based on the set of conversion factors in the table.

Another example conversion ratio is as follows (the cents indicating how much of R1 life cover will be paid to the insured person in cash):

Stage 4 cancer
Prostate - 70c
Malignant melanoma - 75c
Ovarian - 85c
Pancreas - 85c
Stomach - 75c
Colorectal - 75c
Esophagus - 85c
Lung cancer - 85c
Soft tissue sarcoma - 70c
Bone sarcoma - 35c
Brain tumours WHOgrade 3 and 4 - 80c

Organ transplants
Heart - 35c
Lung - 45c
Heart & lung - 55c
Liver - 35c
Pancreas - 35c
Bone marrow - 35c

Gastrointestinal tract

Liver failure - 65c

Portal hypertension - 65c

Neurological disorders

Motor neuron disease - 35c

Multiple sclerosis - 35c

Parkinson's - 35c

Stroke - 35c

Alzheimer disease - 35c

Dementia - 35c

Dementia due to stroke - 45c

CVS

Permanent ejection fraction of less than 30% - 35c

Respiratory system

Permanent Dco<40% or FEV1<40%, FVC<40 - 45 c

Renal

Stage 4 or 5 renal impairment - 65c

Connective tissue disorders

Scleroderma - 70c

PAN - 70c

Wegeners - 70c

SLE with renal impairment - 70c

Rheumatoid Arthritis with renal or cardiac impairment - 70c

It will be appreciated that the above are examples of how the conversation ratio could be implemented but other conversion ratios could also be applied to different conditions to those listed above.

An example of implementation using the above is as follows. Mr A has R1,000,000 life cover. He is diagnosed with stage 4 stomach cancer.

The example above allows him to receive 75c for each rand of life cover he chooses to access and he can therefore access up to R1,000,000 from his life cover for cancer and receive a payment of R750,000. The amount of life cover the client can exercise may depend on different qualifying criteria.

Thus it will be appreciated that the method effectively turns existing life insurance cover into a bank account and allows individuals who have experienced an adverse event to draw cash out of their life cover at a conversion factor to access funding when they need it to meet their obligations. It allows the transferability of life cover which is payable on death to be used while alive to finance the impact of the life changing event.

It enables the transfer of benefits from one unused benefit to another needed one at the time of the event and so applies across benefits, across financial needs (e.g. health, short term, investments) and across lives.

In an alternate embodiment, the insurance policy used to fund the insured event at a predetermined ration is an insurance policy other than a life insurance policy. The working of the reduction and payment are the same as has been described above.

CLAIMS:

1. A method of managing an insurance plan, the method including:

   receiving data relating to a life insurance policy of an insured person, the life insurance policy relating to in the event of the insured person dying, paying a predetermined amount to beneficiaries nominated in terms of the life insurance policy;

   receiving data relating to the occurrence of an insured event to the insured person, the insured event being an event other than dying;

   on the occurrence of the insured event transmitting data including an instruction to pay an amount of funds to the insured person; and

   reducing the predetermined amount to be paid to the beneficiaries nominated in terms of the life insurance policy upon the death of the insured person by an amount related to the amount of funds paid to the insured person for the insured event.

2. A method according to claim 1 wherein the amount of the reduction of the predetermined amount is calculated based on a set of conversion factors.

3. A method according to claim 1 wherein the insured event is a life changing adverse event.

4. A method according to claim 3 wherein the life changing adverse event is one of the group consisting of: severe illness, capital disability, very high health medical expenses, a motor vehicle accident, spouse or child sickness or disability, converting cover into cash to meet the funding needs associated with longevity, death of a person other than the insured life and adverse moments in investment values.

5. A method according to claim 1 wherein the predetermined amount to be paid to the beneficiaries nominated in terms of the life insurance policy upon the death of the insured person is reduced by a predetermined ratio to the amount of funds paid to the insured person for the insured event.

6. A method according to claim 5 wherein the reduction is greater than the amount of funds paid to the insured person for the insured event.

7. A method according to claim 5 wherein the ratio is altered depending on the life changing adverse event.

8. A method according to claim 5 wherein the more severe the life changing adverse event the smaller the ratio will be.

9. A system for managing an insurance plan, the system including:

a receiving module for receiving data relating to a life insurance policy of an insured person, the life insurance policy relating to in the event of the insured person dying, paying a predetermined amount to beneficiaries nominated in terms of the life insurance policy, the receiving module for receiving further data relating to the occurrence of an insured event to the insured person, the insured event being an event other than dying;

a calculation module to calculate a reduction in the predetermined amount to be paid to the beneficiaries nominated in terms of the life insurance policy upon the death of the insured person by an amount related to an amount of funds to be paid to the insured person for the insured event; and

a transmitting module to, on the occurrence of the insured event, transmit data including an instruction to pay an amount of funds to the insured person.

10. A system according to claim 9 wherein the calculation module calculates the amount of the reduction based on a set of conversion factors.

11. A system according to claim 9 wherein the insured event is a life changing adverse event.

12. A system according to claim 11 wherein the life changing adverse event is one of the group consisting of: severe illness, capital disability, very high health medical expenses, a motor vehicle accident, spouse or child sickness or disability, converting cover into cash to meet the funding needs associated with longevity, death of a person other than the insured life and adverse moments in investment values.

13. A system according to claim 9 wherein the calculation module reduces the predetermined amount to be paid to the beneficiaries nominated in terms of the life insurance policy upon the death of the insured person by a predetermined ratio to the amount of funds paid to the insured person for the insured event.

14. A system according to claim 13 wherein the reduction is greater than the amount of funds paid to the insured person for the insured event.

15. A system according to claim 13 wherein the calculation module alters the ratio depending on the life changing adverse event.

16. A system according to claim 9 wherein the more severe the life changing adverse event the smaller the ratio will be.