




The Actuarial Profession
making financial sense of the future

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Added Value Services in Health and Protection


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Developing Products Around the Customer

- Are sales pressures obscuring the needs of the customer at point of claim?
- Should Added Value be a 'must have' rather than a 'nice to have'?
- Opportunities for new thinking on Health and Protection products and markets
 - Shifting away from the 'commodity'



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What is a Commodity?

"An article of trade. A product as opposed to a service."

Oxford English Dictionary

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An IFA View

"Some products are more commoditised than others"

"Just because something is a commodity doesn't mean that people don't need advice."

"Bells and whistles just confuse. There is enough complexity for the customer as it is."

"For a customer service to be accepted it has to be seen as part of the cover."

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An IFA View of Priorities

- Cover

Price

Cover and Price 'Mix'.
Key to justification of recommendation
- Best Advice
- Service

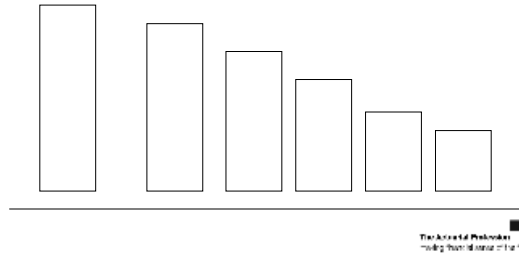
Service around the Transaction
- 'Added Value'
'Differentiation'

Sometimes useful as a 'tie break' but
largely ignored

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Are all Health & Protection Policies a Commodity? – A View on Relativities

Cash Plans Term CIC IP LTC PMI

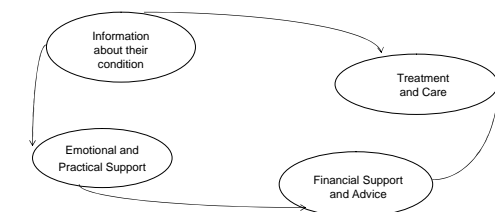


Challenges for Service Providers

- Promote REAL Added Value to the Cover/Price 'mix'
 - Must have, not nice to have
- Develop services responsive to real customer needs at point of claim
- Take the service out to the customer
 - Promote utilisation
 - contrast with 'Helplines'
- Informing the sales process
 - Testimonials
 - Live case studies

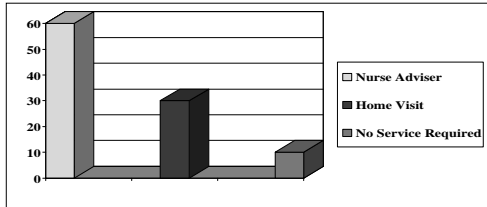
The Essential Protection
Making Your Difference in the Market

Understanding Customer Needs on Diagnosis – Example: Critical Illness



The Essential Protection
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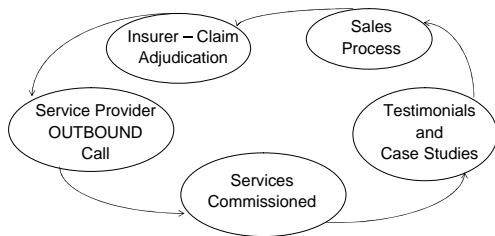
Service Utilisation % – Example: Critical Illness



Source: RED ARC Statistics for 4 CIC Insurers

The Realised Penetration
Making the Difference in the Value

REAL Added Value and Differentiation – A Virtuous Circle



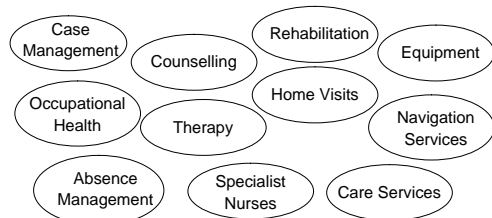
The Realised Penetration
Making the Difference in the Value

Ingredients for Successful Added Value

- Alignment of interests
 - Insurer and Service Provider
 - Product or Service differentiation
 - Themed sales campaigns
 - Retention/Loyalty strategies
 - Claims control
- REAL Added Value
 - Making a difference for the customer
 - Structured for utilisation
 - Outbound calls
 - taking the service to the customer
- Testimonials and Case Studies
 - Reinforce the sales process

The Realised Penetration
Making the Difference in the Value

Added Value 'Mix'



The Act of Parliament
making them a reality in the future

Hospital Cash Plans

- Advisory service for inpatient claimants
- New benefits, eg cancer
 - One-third of us will have cancer
 - Cash benefit plus emotional support
 - modest 'additional expenses' benefits
 - facility to trade up
- Opportunities in the Group Cash Plan Market
 - Support for SMEs

The Act of Parliament
making them a reality in the future

Term Assurance

- Terminal Illness Benefit
 - Advisory service for claimant and family
 - Emotional support through counselling
 - powerful, yet cheap to provide
- Opportunities in the Group Life market
 - Bereavement services
 - Support for HR personnel

The Act of Parliament
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Critical Illness

- Personal Nurse Advisor allocated
- Emotional support for claimant and family
 - Home Visit commissioned
 - Specialist nurse consultant
 - Therapy
 - Counselling
 - Services tailored to fill gaps in the NHS
- Making a real difference for the customer

The Ancestral Pathologies
Making Your Difference in the NHS

Income Protection

- Customer's needs are no different, eg heart attack
 - Income Protection v. Critical Illness
- Early medical interventions beneficial
 - Nurse outbound call
 - get the best out of the NHS
 - identify cases for rehabilitation
- Even workable in ASU environment

The Ancestral Pathologies
Making Your Difference in the NHS

Long Term Care

- Managed care
 - Direction and support at a sensitive time
 - Lack of familiarity with service and equipment provision
 - Sourcing and choosing nursing or residential home care
- Pre-funded capacity has disappeared
 - CP200 nailed the coffin
 - innovation will die with regulation
- Regulated initiatives still possible
 - Savings bond with added care services and advice
- Otherwise dependent on Government taking an insurance route

The Ancestral Pathologies
Making Your Difference in the NHS

Private Medical Insurance

- Strangely vibrant for a 'plateau' market
- New entrants
 - More product variants
 - stripped down cover recognising affordability issues
 - recognition of the 'self-pay' market
 - Services becoming more prominent
 - 'navigation'
 - post operative care and support
 - serious illnesses
 - help for 'acute to chronic' cases

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Some Positive Conclusions

- Signs are that the service market is moving towards real added value
 - Scottish Equitable EB – filled the market space vacated by Swiss Life (UK) in Group Critical Illness
 - Standard Life / Bright Grey – market research indicates IFA/consumer willingness to pay for real added value
 - LifeSearch – first major adviser to pay for clients to have real added value
- Positive developments elsewhere may influence insurance market
 - Employers
 - EAPs/EBCs
 - Unions
 - Affinity Groups

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Questions

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