

The Actuarial Profession
making financial sense of the future

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Tele-Interviewing for Health Insurance

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Agenda

- Introduction
- Helen's story
- What is the problem
- Tele-Interviewing for Protection
- Learning from other countries
- Why Interview for Health Insurance
- The cost benefit for Protection
- The cost benefit for Health Insurance

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Introduction to MorganAsh

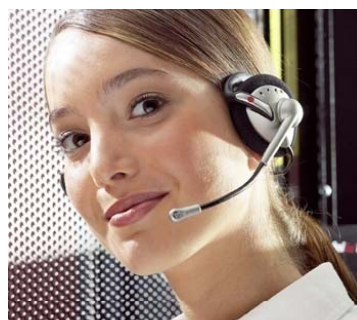
- Pioneered Tele-Interviewing in the UK, Ireland & Germany
- >30 Insurance company clients
- Completed >100,000 Interviews

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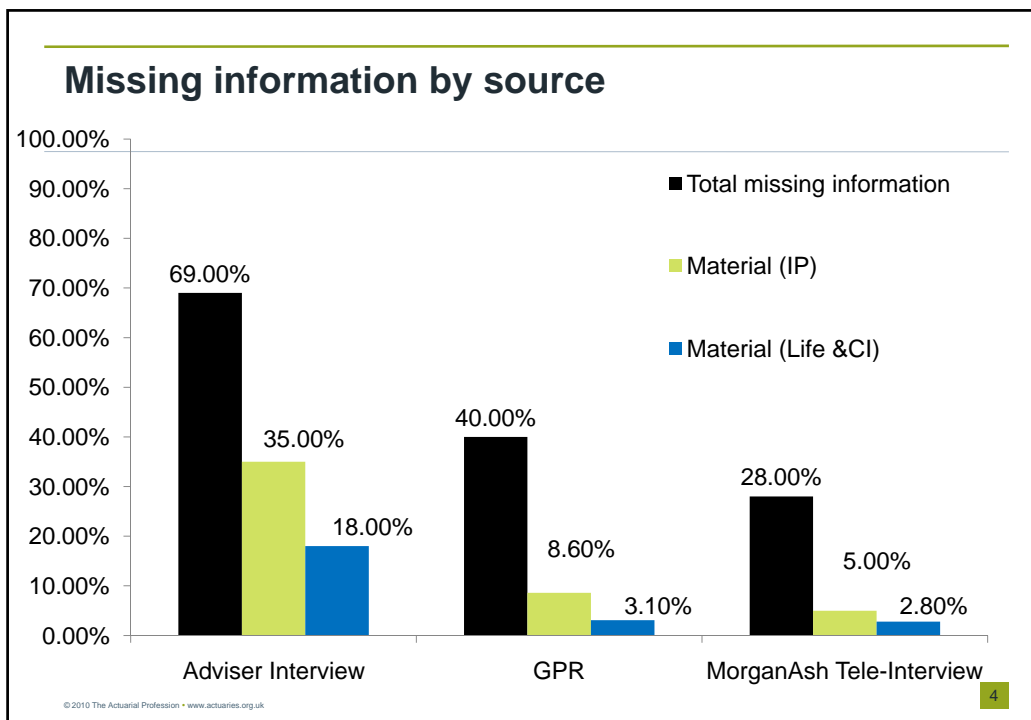
MorganAsh Tele-Interviewing

- An interview over the phone to collect medical and risk related information for applicants
- Covers all medical questions and sports, occupations etc.
- Interviewed by empathetic knowledgeable staff (nurses)



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MorganAsh - Tele-Interviewing success (1)

- Collection of information
 - Massive improvement compared to an application form
 - Non-disclosure reduced by factor of 10
 - Reinsurance companies offering 2-5% reduction due to this
 - Clarifies the duties of the applicant
- Customer experience
 - All surveys very positive
 - Complaints 1/4000

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MorganAsh Tele-Interviewing success (2)

- Sales experience
 - Positive
 - Makes life easier
- Claims experience
 - Greatly reduce contested claims
 - Contested claims >1/100,000
 - Eradicated the non-disclosure problem

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Helen's story – applying for Health Insurance

- Group scheme
- Completed application
 - Disclosed had breast lumps
 - Tests – all clear
- Policy
 - Exclude anything to do with breasts
- Results
 - “There's no point in that then”
 - Disenfranchised customer
 - Prefer to cancel or move provider

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What is the problem?

- Simple application forms
 - Health info - simplistic
- Exclusions too blunt
 - Actuarially fine
 - Quick, cheap, simple
 - Liked by sales
- But
 - Consumer experience poor

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Learning from other countries (1)

- Spain
 - Many companies using Tele-Interviewing for Health
 - Increasing
- Short, simple interviews
 - Application over the phone
 - 15 minute interviews – replacing the application form
- Differences
 - No NHS
 - Different insurance environment
 - Philosophy

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Learning from other countries (2)

- Competition is high
 - Price is competitive and can not be increased
 - Lots of churn accepting pre-existing conditions
- Declining sales/volumes
- If you can not change price – then look at understanding costs and understanding risks

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Learning from other countries (3)

- Reason - Understand risk
 - Defining all pre-existing conditions
 - Distinguish costly important procedures
 - Evaluate premium price in group policies
 - Setting up funds for unexpected claims or expected claims
- Reason - Product development
 - Adding or excluding new procedures
 - Choosing between preferred plans and reimbursement plans
 - Creating new products

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Learning from other countries (4)

- Reason
 - Manage consumer expectation for the policy
 - We sell trust – we need to be trustworthy
- Reason
 - Manage consumer journey for the application
- Reason
 - Simplify application process for sales
 - Reduce form filling
- Reason
 - Reduce errors

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Understanding Tele-Interviewing for Protection

- Initial business rationale
 - Saving costs
 - Reduce GPR & further medical evidence
 - Reduce non-disclosure

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Understanding Tele-Interviewing for protection

- Present business case
 - Reduce costs
 - Reduce reinsurance rates – reduced non-disclosure
 - Increase sales
 - Make selling easier for advisers
 - Increased conversions rates
 - Improve consumer commitment – improved persistency
 - Embrace TCF
 - Facilitate new products and distribution channels

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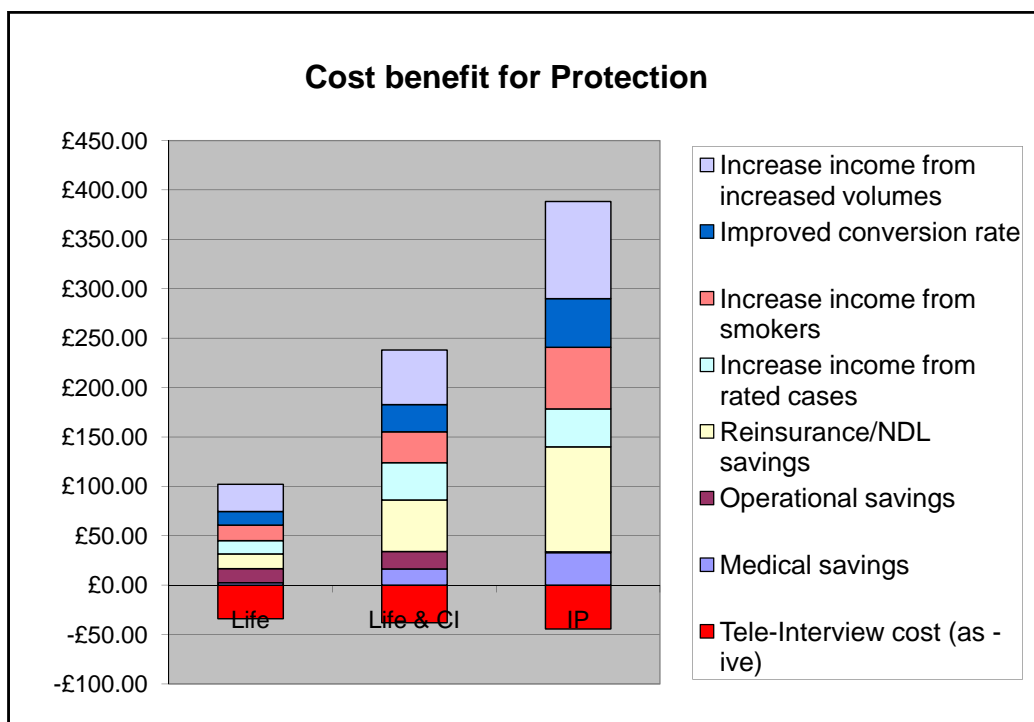
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Persistency

- Poor persistency result of unengaged consumers
- Persistency initiatives
 - Shutting the door after the horse has already bolted
- Better to gain consumer commitment initially
- Tele-Interview engenders commitment
 - Empathetic – we care
 - Personal – we care about You the individual
 - Thorough – this is important
 - Time given – we create a bond less likely to be broken

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Cost Benefit for Health Insurance

- Better customer experience
 - Reduced churn – increased persistency
 - Less antagonism at claims
- Better understanding of risk
 - Enables better risk management
- Improved administration
 - Reduced administration on forms
 - Increased speed of applications

Summary

- Tele-Interviewing highly successful in collecting medical information for protection insurance
 - Customer friendly
 - Sales friendly
 - Better information – better understanding of risk
 - Probably improves persistency
- We can do the same for Health Insurance
- People already doing it – successfully
- Use it as a tool to improve the way this cover is underwritten