Health Insurance & Protection

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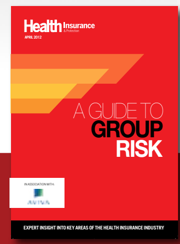

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THE MAGAZINE FOR HEALTH INSURANCE AND PROTECTION SPECIALISTS

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Health Insurance

Informa UK Limited
119 Farringdon Road,
London, EC1R 3DA
fax: 020-7017 4194
tel: 020-7017
+ extensions as below

EDITOR
David Sawers • ext.4154
david.sawers@informa.com

STAFF WRITER
Tessa Norman • ext.7515
tessa.norman@informa.com

EDITORIAL CONSULTANT
Andrew Green

TECHNICAL EDITOR
Andy Couchman

SALES DIRECTOR AND ASSOCIATE PUBLISHER
Matthew Brookes • ext.6779
matthew.brookes@informa.com

DEPUTY ADVERTISMENT MANAGER
Annalisa Russell De Clifford • ext.4124
annalisa.declifford@informa.com

SENIOR DESIGNER
Paul Pancham

PRODUCTION MANAGER
Fleur Cage • ext.5322
fleur.cage@informa.com

MARKETING AND CIRCULATION MANAGER
Savinder Degun • ext.4750
savinder.degun@informa.com

AWARDS AND EVENTS EXECUTIVE
Nikki Handley • ext.4751
nikki.handley@informa.com

FREE SUBSCRIPTION ENQUIRIES
healthinsurance@informa.com

PAID SUBSCRIPTION ENQUIRIES
subscriptions@informa.com

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Email: subscriptions@informa.com

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AN INDUSTRY ON THE MOVE

Why mobile apps could help the health insurance and protection market to grow

"App, app and away"..."Appy days"..."App's the way to do it"..."It's all appening"....That's right, the *Health Insurance* team managed to while away an entire morning coming up with increasingly corny headlines to go on this month's front cover to announce the launch of our new app for iPhone and iPad.

In the end, we thought we'd just get on with simply producing top quality content to keep our latest service for readers ticking over.

As you'll find when you download the brand new app – available free at the App store on iTunes now – you can now have access to *Health Insurance*'s award-winning journalism on the move, when you are visiting clients, or simply wherever and whenever you like.

Many of the features from the *Health Insurance* website – www.hi-mag.com – are there. You can use the app to focus in on latest news and analysis in a specific product area, keep up to date with latest industry appointments in our People Moves section, see what our columnists have to say in our Insider View channel, or just flick through it to make sure you're staying up to speed.

To celebrate the launch of our new service, this month we decided to take a look and see what other apps are available that might be of use to health insurance and protection intermediaries. You can see what ones caught our eye on page 22. It's clear that some providers have grasped the nettle and launched apps that are of real value to advisers – and of interest to clients too.

Other providers that we spoke to tell us that they have apps under development. We're watching this space and will of course be first to tell you who and when launches them in the months to come.

It is important that those providers which are still to get into this space do so quickly. Not just for their own benefit of course – they're losing ground by the day on those who do already offer mobile apps – but for the benefit of the health insurance industry as a whole.

Much is said of the importance of using technology to grow the market and there is no more tangible evidence of this than the case of mobile apps. Some health insurance and protection apps that we looked at weren't just nice-to-haves – they actually empower advisers and clients in a way that can't really be achieved through any other medium today.

Not only that, but as smartphones, iPads and other tablet devices become more mainstream, clients will begin to expect apps as a matter of course. So let's hope that more providers – and indeed intermediaries – launch their apps soon.

In the meantime, app's all from me...

DAVID SAWERS, EDITOR

If you would like to comment on this, or on any of the issues raised in the magazine, please email david.sawers@informa.com

in brief ...

SMALL BUSINESS ILL HEALTH

Four in ten (40%) bosses of small companies continue to work from their sick beds when ill, rather than take time off to recover because there is nobody else to pick up their work. A study among 250 small businesses, carried out for Bupa, shows that bosses are also battling mental as well as physical strain. With financial pressure and a lack of resources hampering succession planning, around a third of SME bosses (31%) said that their business would collapse if they were to take time off. Nearly two thirds (62%) of small business bosses say that employee absence is negatively affecting their business, contributing to a drop of up to 10% in turnover.

EMPLOYERS IN DARK ON ABSENCE

A third (32%) of UK employers do not know how many days employees are absent through ill-health annually, according to this year's Aon Hewitt *Benefits and Trends Survey*. Of the 185 employers surveyed who could give a figure, 60% said they were not very confident of its accuracy. Over half (53%) of respondents admitted that they do not measure the total cost of employee healthcare. A further 14% did not know whether their organisations measure the total cost of health.

CORRECTION:

ALLIANZ WORLDWIDE CARE

An article in the March 2012 issue of *Health Insurance* ("International PMI – managing chronic conditions") quoted Dr Ulrike Sucher of Allianz Worldwide Care as saying: "Certain chronic conditions, for example allergies, have little impact on the insurance risk and would require a surcharge or exclusion". Due to an error in the production process, this is incorrect. Dr Sucher did in fact say: "Certain chronic conditions, for example allergies, have little impact on the insurance risk and would not require a surcharge or exclusion."

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OFT refers private healthcare market to Competition Commission

TESSA NORMAN AND DAVID SAWERS

The Office of Fair Trading's (OFT) decision to refer the private healthcare market to the Competition Commission represents an opportunity to stamp out bad practices in the sector, private medical insurance (PMI) providers have said.

But there are differing views on the potential outcome of the decision, with insurers ostensibly happier with it than some private hospital providers and doctors' groups.

This month the OFT confirmed it has referred the private healthcare market to the Competition Commission for further investigation over concerns that full treatment costs are not always transparent for patients, and that there is a lack of easily comparable information on the quality and costs of services.

Dr Natalie-Jane Macdonald, managing director of Bupa Health and Wellbeing, Britain's largest PMI provider, said she was pleased with the decision and hopes it leads to scrutiny of rising costs in private healthcare.

She said: "For too long, the cost of private healthcare has been rising to unsustainable levels, in large part because of a lack of competition and efficiency in the private hospital market and among consultants in private practice."

AXA PPP healthcare, Britain's second largest PMI provider, said that it shares the OFT's concerns that it can be difficult for consumers, GPs and insurers to make informed choices between competing providers on the basis of the quality and value of their services.

AXA PPP commercial director Fergus Craig added that consumers would be "very surprised and disappointed" to learn that the OFT found a number of inducements being paid to specialists in return for using particular hospitals or clinics.

He said: "Our view is that specialists have a duty to ensure that their patients receive appropriate and cost-effective treatment. Inducements of the kind noted by the OFT will inevitably give rise to concerns that they increase costs and incentivise unnecessary tests and treatment. We hope that this review will lead to an end to these market practices."

But doctors' representatives and some hospital groups expressed disappointment at some issues that the OFT did not point to in making its decision.

The British Medical Association's Private Practice Committee, the Federation of Independent Practitioners Organisations and the Association of Anesthesthetists of Great Britain and Ireland all said they would have liked the OFT to ask the Competition Commission to investigate what they believe to be restrictive conditions placed on consultants by private medical insurers.

Britain's largest private hospital group, BMI Healthcare, meanwhile, said it was "disappointed" by the OFT's decision which it said would "actually harm customers".

BMI said in a statement: "BMI Healthcare disagrees with the OFT's findings on issues of concentration among private health providers, the countervailing power of private medical insurers to negotiate competitive rates, and on alleged barriers to entry into the market to provide private health services."

It also said the referral to the Competition Commission will impose "immense" costs on the industry and is based on a "flawed analysis" which it claims is driven by "certain segments within private healthcare wishing to use the regulatory system to advance their own narrow commercial interests".

Meanwhile, two other hospital groups responded to the OFT's decision by clashing over the issue of competition in the London private healthcare market.

David Mobbs, group chief executive at Nuffield Health, said: "In some areas, including London, there is a monopoly by one provider, with competitors unable to break into or develop in the market. Not only is this anti-competitive but it is entirely at odds with the concept of patient choice."

But HCA International claimed that London is in fact the most competitive part of the UK healthcare market.

In a statement HCA said: "HCA's six London hospitals compete with nine other private hospitals and more than 20 NHS private patient units. It's clear, therefore, that London is the most competitive part of the UK market."

Background information, including the OFT's 141-page report looking into the private healthcare market, is available at www.oft.gov.uk

AREAS OF CONCERN IDENTIFIED BY THE OFT

- **A lack of easily comparable information available to patients and their GPs on the quality and costs of private healthcare services**
- **There are only a limited number of significant private healthcare providers and larger health insurance providers at a national level**
- **A number of the features of the private healthcare market combine to create significant barriers to new competitors entering the market and being able to offer private patients greater choice**

in brief ...

NHS REFORMS PASSED

Controversial proposed reforms to the NHS survived their final parliamentary test when the House of Lords approved the Health & Social Care Bill. Under the reforms, the private sector is likely to play a far greater role in the provision of NHS services which will now be commissioned by GPs as opposed to local health authorities. Opponents say it marks a "privatisation" of the NHS although supporters argue that greater competition will result in improved services and greater efficiency.

FINANCE DIRECTORS UNAWARE OF GIP

Widespread misunderstanding about group income protection (GIP) among finance directors is holding back take up of the product, according to research by Unum.

A survey carried out by *Financial Director* magazine on behalf of the insurer shows that one in 10 finance directors do not know what GIP actually is. Furthermore, 40% wrongly believe that the product pays out if employees are made redundant, and although a quarter said it was of direct benefit to their company, 74% did not provide it.

A fifth of those who did not provide it said the reason was a lack of awareness among management and HR, while a further 48% said it was too expensive to set up or maintain.

HEALTH INSURANCE STAFF WRITER

Health Insurance is delighted to announce the appointment of Tessa Norman as staff writer.

Tessa joins *Health Insurance* after covering the mortgage and IFA market at *Mortgage Strategy*.

A graduate of the University of Sheffield, Tessa has also worked at online news provider Adfero and holds a postgraduate diploma in magazine journalism from Harlow College. Please send news and views to her at **tessa.norman@informa.com**.

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Health Insurance Provider Awards 2012 – voting now open

The countdown to the 2012 Health Insurance Awards has begun with the launch of the voting for your providers of the year.

Last year Aviva Health UK retained the Health Insurance Company of the Year Award, as well as the top gongs in the group and individual PMI categories. Will it scoop another hat trick – or do even better – this time around or have other providers stepped up their efforts enough to secure your vote?

Voting is open to all UK-based independent intermediaries who actively advise on and sell health insurance and protection products for the majority of categories, although the Best Long-Term Care Provider Award is limited to advisers with the CF8 qualification. In addition, overseas brokers are entitled to vote in the Best International PMI Provider category, although they must be registered readers of *Health Insurance* or our daily news alert service.

Once again we are offering a prize of £250 in amazon.co.uk vouchers to one lucky winner drawn at random as a thank you for voting. All intermediaries advising on relevant health and protection products in the UK are eligible to vote and overseas brokers can vote for best international PMI provider. Voting takes place online at **www.hi-mag.com/awards** and closes in late July.

Look out for the launch next month of the Health Insurance Intermediary Awards, where will be asking for entries from advisory firms which have demonstrated excellence throughout the course of the past year.

HI's Intermediary of Year 2011 opens its first London office

The winner of last year's Health Insurance Intermediary of the Year Award has built on that success by opening a new office in London – its first in the capital.

Jelf said that it is also recruiting a number of high profile personalities in the health insurance industry to spearhead its growth plans in London and the South East.

Doug Rice, formerly of Cigna HealthCare, has already joined the intermediary as director of healthcare, while Ronjit Bose – who has held roles at Standard Life Healthcare, PruHealth and Bupa International – joins as commercial director, to head up its marketing team as well as lead generation and proposition development.

Initially a team of six will work from the London office covering both healthcare and risk, including Chris Cannon who has been promoted to the position of business development manager. In addition, three members of Jelf's non-health insurance broking team will work there, with two more permanent members due to start shortly.

On a visit to the new office in Farringdon in central London, *Health Insurance* was told by Glenn Thomas, managing director of Jelf Employee Benefits, that the intermediary already manages a portfolio of largely

Doug Rice: Looking to grow Jelf's footprint in London and the South East

SME clients in the capital and has a number of introducers of business. A director of corporate and London is being recruited to focus Jelf's activities on growing its mid-to-large corporate client base in London and the South East, he added.

Thomas said: "Having been with Jelf since we were a small business, the opening of a London office is great to see and an exciting part of our growth plans. A presence in London is also important if we are to continue to build our position as one of the leading employee benefits businesses in the UK, which will also be helped by the likes of Doug and Ronjit further strengthening our existing team."

Thomas added that he believes Jelf is now the largest SME private medical insurance intermediary in the country and "top ten" in group risk.

JELF'S HEALTHCARE HIGHLIGHTS

1989	Jelf founded
1997	Introduces healthcare proposition
2001	Acquires Corporate Healthcare Management
2003	Acquires Pontin & Stein
2004	Floats on Alternative Investment Market (AIM)
2004-2008	Acquires 32 businesses including Lampier, Manson and Clarke Roxburgh
2005	Acquires Farndale Hammond (Healthwise)
2007	Acquires SPS Wellbeing
2008	Launches Jelf Employee Benefits, the marriage of Jelf Wellbeing and Jelf Corporate Healthcare; Jelf Financial Planning attains Chartered Status
2011	Jelf Insurance Brokers attains Chartered Status
2012	Opens London office

in brief ...

AMII/CII QUALIFICATION

A specific membership designation for health insurance and protection intermediaries, Cert CII (Health and Protection), has been announced by the Association of Medical Insurance Intermediaries (AMII) and the Chartered Insurance Institute (CII). To qualify for the new designation, candidates must pass a mandatory unit, "Insurance, legal and regulatory" (IF1), plus a minimum of two optional units from "Healthcare insurance products" (IF7), "Private medical insurance" (790), "Financial protection" (R05), and "Group Risk" (GR1). GRiD, the trade body which represents the group risk industry, said it was "delighted" that group protection has been included in the new qualification.

RETIREMENT ILL HEALTH FEARS

Intermediaries are seeing growing concerns about ill health in retirement among their clients, according to MetLife. Research carried out by the provider shows that 57% of retired people have become more worried about their health or that of their partner since retiring. Among those aged 75 and over, that figure rises to 73%. The survey also reveals that 16% of IFAs have been asked by clients about the financial impact of ill health on retirement planning.

DEPENDANTS WARNING

Just under half (45%) of Brits have others financially dependent on their income for basic everyday living costs such as food and housing, according to the latest "Dependency Index" from insurer LV=. The research shows that 29% of those with financial dependants never expect to become dependant-free. Of those that do, people expect to have to wait until an average age of 51 before they are free of dependants. However, half of couples have no life cover or income protection in place, while only 11% have both.

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ADL deadlock as protection providers juggle other priorities

TESSA NORMAN

Consumers could face a long wait before other providers follow Aviva's lead and offer more income protection (IP) policies on an own occupation basis.

Last month Aviva overhauled its IP policy, reviewing the list of jobs it will insure on an own occupation basis so that 95% of occupations will now be underwritten in this way rather than on a suited occupation basis or according to activities of daily living (ADL) or other list-based criteria.

IP policies underwritten on an ADL basis – where claimants must prove they are unable to complete two or three basic physical tasks from a list – have come under heavy criticism in recent months, following several cases where such policies have not paid out.

Following Aviva's announcement, other providers such as Bright Grey and Scottish Provident have said they are looking to review their policies in a similar way, but commentators say an industry-wide movement will be difficult to achieve.

Tom Conner, head of protection at Drewberry Insurance, the specialist London-based financial adviser, said: "The ADL definition is highly restrictive and offers a very poor level of cover, as someone would have to be pretty much bed-bound for this type of policy to pay out.

"Many providers are taking a closer look at the occupations they cover under own occupation as they want to remain competitive and also because they are coming under pressure from the recent negative press coverage on ADL definitions."

But he added: "I don't think providers will ever stop offering ADL definitions unless their hands are forced, because there are certain risky occupations such as construction jobs that they simply do not want to insure on an own occupation basis."

Jerry Brown, the former head of underwriting and claims at reinsurer Swiss Re, said he only expects to see gradual changes from other providers over the next year or so.

He added: "There is no consensus on the issue at the moment so I

Roger Edwards of Bright Grey and Scottish Provident: RDR and EU gender directive means systems changes are challenging

doubt the Association of British Insurers [ABI] will get involved. The best thing that could happen would be if providers were forced to publish claims statistics for IP in the same way they do for critical illness [CI]."

But Roger Edwards, proposition director at Bright Grey and Scottish Provident, said it would be difficult for providers to publish IP claims statistics because of discrepancies between different firms' policies.

He said: "With CI, in most cases the claimant either passes the definition or they do not, but with IP there are lots of potential ambiguities such as the fact that some insurers reassess definitions after the first year of a claim."

Edwards said Bright Grey and Scottish Provident are reviewing their occupational databases to see how many other jobs could be moved into the own occupation category and at what cost.

He said: "Price is a key issue that has been largely missed from this debate. I would love to be able to offer everyone own occupation but for some people it will not be affordable.

"However, discussions with reassurers and pricing will be the easy part; the harder part will be changing all our systems, which needs to be timetabled in with other non-negotiable changes this year such as the Retail Distribution Review and the EU gender directive. Hopefully we will launch our new IP definitions before 2013 but it is probably too early to say at this stage."

The ABI told *Health Insurance* that it currently has no plans to alter its definitions or best practice guidelines for IP, and said that if providers were to stop offering ADL-based definitions, certain groups of consumers would be excluded from taking out IP altogether.

A spokesperson for the ABI said: "No insurer wants to have definitions that are unclear. But if insurers decided not to use activities-based definitions, they wouldn't be able to offer cover to people who aren't in paid employment, such as homemakers for example.

"This would be unfortunate because it can have a huge financial impact on a household if the homemaker becomes seriously ill."

Protection consultant Kevin Carr said he believes the gap between own occupation and ADL is too wide.

But he added: "If you were to offer own occupation to everyone then that would cause a Treating Customers Fairly issue because it would push the prices up too high for many."

INCOME PROTECTION DEFINITIONS OF INCAPACITY

Own occupation – Pays out should the claimant suffer sickness or injury that prevents them from doing their own job.

Suited occupation – Pays out should the claimant be unable to return to any job for which they are suited, based on their skills, qualifications and experience.

Any occupation – Pays out should the claimant be unable to return to any work for which they are medically able.

Activities of daily living or working – Pays out only if the claimant can prove that they cannot complete two or more basic tasks from a list.

in brief ...

Bluefin's Nick Burns will be chief executive of combined business

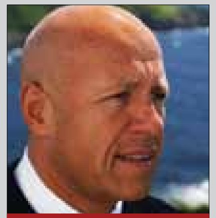
CAPITA SNAPS UP BLUEFIN EBC BUSINESS

Outsourcing giant Capita is to acquire Bluefin's employee benefits consulting business from AXA. The deal – AXA is selling Bluefin Corporate Consulting (BCC) for a cash consideration of £50m on a cash-free, debt-free basis – will see the insurer retain the Bluefin trading name and the BCC business will be known as Capita Hartshead. Bluefin's other operations, including Bluefin Insurance Group and Bluefin Personal Consulting are not part of the transaction.

AXA PPP boss Keith Gibbs: Deal opens up 'new and growing' area

AXA UK COMPLETES HEALTH-ON LINE DEAL

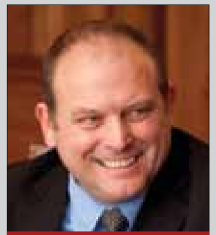
AXA UK has completed the acquisition of specialist online health insurance provider Health-on-Line. AXA said the acquisition demonstrated "a concerted bid" to grow the private medical insurance market by attracting new market entrants. AXA PPP healthcare has been Bournemouth-based Health-on-Line's underwriter and claims handler since 2005.



Chase Templeton boss Kevin Amphlett: Another 'major' deal soon

MORE CHASE TEMPLETON ACQUISITIONS

Chase Templeton has acquired the individual client banks of two members of its network of appointed representatives (ARs). This month sees the acquisition of the individual book of Best Health's business and follows a similar deal undertaken with The Healthcare Specialists, which completed earlier this year. A spokesman stressed that it has acquired only the individual books of the two ARs and not the businesses themselves.



ADVO boss Larry Bulmer: On hunt for more targets

ADVO BUYS HEALTH CARE PLUS

ADVO Group has acquired Oxfordshire-based specialist healthcare intermediary Health Care Plus for an undisclosed sum. Health Care Plus, which was established in 1994, will retain the Abingdon office, adding to ADVO's presence in London and Maidstone. It was owned by Sue Smith who will remain with Health Care Plus following the acquisition.

Kauders: Blossoms continues to 'cherish' independence

HCA INTERNATIONAL TAKES STAKE IN BLOSSOMS

HCA International, which owns six private hospitals and ten outpatient and diagnostic centres in and around London, is making a financial investment and becoming a formal shareholder in Blossoms Healthcare, the provider of primary care and occupational health (OH) services. The Blossoms leadership team of Dr Nigel Smith, Dr Albert Ferrante and Magnus Kauders are remaining with the business. Last year HCA acquired Rood Lane Medical Group, which competes with Blossoms in the primary care and OH sector.

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in brief ...

SALARIES UNCHANGED

Employers are likely to put a greater emphasis on the benefit schemes they offer employees in order to make up for low pay rises, according to Aon Hewitt. The latest salary survey from the firm shows that salary increases in the UK remained unchanged at 3.2% over the past six months. While this is better aligned with inflation than during the previous six-month period – the Consumer Prices Index (CPI) hit a high of 5.2% in September 2011 – it is still lower than the current CPI rate of 3.6%.

CRITICAL ILLNESS STATS

More providers have released critical illness (CI) claims statistics for 2011. Legal & General paid 93.2% of claims, Friends Life paid 90% of claims, Aviva paid 94.1%, AEGON paid 93% and Scottish Provident paid 91%. Most CI providers now routinely pay out on more than 90%.

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DKV Globality unveils new brand and structure for TPAs

An international private medical insurance (iPMI) provider has developed a new brand to represent what it claims to be a unique approach to dealing with third party administrators (TPAs).

DKV Globality said its new service approach links up TPAs through a common IT platform – something not common in the iPMI market – and through one brand, "Globalites".

Revealing the strategy exclusively to *Health Insurance*, DKV Globality chief operating officer Jeroen van de Velde said that the provider, which is part of Munich Health, believes no other providers take the same approach to working with TPAs.

iPMI providers typically deal with local TPAs in different parts of the world on a case-by-case basis. But van de Velde said that DKV Globality's new approach means that the partners it works follow unified processes and structures developed by DKV Globality itself, as opposed to following their own working patterns on an ad hoc basis.

DKV Globality's van de Velde: New brand and structure ensures trust and contains costs

Van de Velde said that most iPMI providers use either "a central approach, a partially-owned decentral approach, or a partially-contracted decentral approach".

"None, however, have the usages of TPAs as part of a strategic network approach," he said.

A single "visual and verbal" concept for all internal and external communication channels, platforms, tools and materials has been introduced. This, plus a new telephone routing system which connects one Globalite to another and to DKV Globality's claims department – itself known as "Globalite Central" – means that when a client gets in touch with their insurer, they feel that they are doing just that, as opposed to feeling that they are contacting a separate company, van de Velde said.

Before a deal is signed with a TPA and they can become a Globalite, it has to go through a rigorous audit by DKV Globality, van de Velde said, and must meet at least 20 qualifications and requirements set by the insurer, including their servicing at least 25,000 lives per year as a TPA.

Van de Velde said: "We have not only set a basic structure which we are convinced will best answer to customer' requirements in building trust. With this structure we will also be able to best contain the costs in the interests of keeping premiums on a stable competitive level."

Look out for an analysis of how providers work with TPAs in a forthcoming issue.

Speed, stability, service and innovation all key to meeting needs of protection advisers

■ Exclusive survey suggests almost half of *Health Insurance* readers have seen increase in protection business
■ But *HI* sister company Datamonitor says providers must stay on their toes if they are to meet their demands

LAUREN KENNEDY, ASSOCIATE ANALYST, DATAMONITOR

Financial advisers want to grow their share of the protection market by partnering with innovative providers, with speed, stability, and service quality all crucial too, according to an exclusive survey conducted of *Health Insurance* readers.

The survey, carried out in partnership with *Health Insurance's* sister company Datamonitor, shows that providers need to ensure that they remain innovative and efficient if they are to retain interest from advisers who are reporting an increase in business levels over recent months.

In fact, around half (46%) of advisers surveyed saw an increase in business from new clients over the last six months, while 38% of advisers saw an increase in business levels from existing customers and 22% agreed that there had been an increase in the persistency of policies. To continue this upwards trend advisers will demand innovative methods to enhance efficiency of their role and the survey suggests they will be looking for providers who extend their relationship past the point of sale.

An increase in new business levels highlights increased activity present in the protection market and advisers are looking to partner with providers to assist in maintaining these levels of business in line with an increased need for financial protection.

Those providers who can make the advisory role easier will be the most sought after. The survey suggests that advisers think that applications can be speedier, with 60% saying this needs to be addressed if they are going to continue carrying out business with providers. Over two-thirds (67%) of survey respondents said they want a more efficient after-sales service from providers. The survey also reveals that 68% of advisers deemed an instant quote online as another desired essential product feature. An instant online quote allows advisers to give a timely response to their clients' wishes and should not be overlooked as an area for improvement. The quality of service from providers will be the differentiating factor as the protection industry moves away from a focus on price.

The survey also suggests that advisers are not only looking for high levels of service from providers. The financial stability of a provider is also crucial to advisers in deciding on retaining their provider relationship.

Advisers are also demanding that providers take a look at product design. According to the survey, 42% of advisers are looking for greater product innovation from insurers. With 58% of advisers contacting their existing clients for a protection review, providers need to offer products designed with the needs of the post-recessionary consumer in mind. New and innovative products will also aid advisers who are actively seeking opportunities to attract new clients to the protection market. The survey suggests that providers cannot rely on commission alone as an incentive as only 56% of advisers believe commission was a defining feature in recommending a particular product. Firms who remain complacent will struggle to ignite adviser interest in their product offering no matter how competitive their pricing structure is.

Datamonitor forecasts a modest growth figure of 3.5% for the protection market over the next five years to 2016. More than half (52%) of advisers believe that sales of non-mortgage related term assurance will only increase slightly in 2012. Mortgage-related term, critical illness and income protection received similar results with 46%, 43% and 47% of advisers respectively expecting sales to increase only slightly over the next 12 months.

Regulatory pressures and continuing economic uncertainty will be defining features of the UK protection market in 2012. Advisers and providers alike will be looking for innovative solutions to the challenges they face. However, these challenges present opportunities for protection. In practice, the Retail Distribution Review will ignite adviser interest in pure protection. Advisers will be the key to driving home the need for protection to consumers. Providers need to listen to advisers' demands to retain established partnerships and acquire new ones. The growth of new customers can only be sustained if insurers adapt their products to provide an efficient and timely offering to advisers. This will have to be honed if providers are serious about growing their share of the protection market.

The full report will be available from the end of April on the Datamonitor Financial Services Research Store at ***www.datamonitor.com/store***
Associate analyst Lauren Kennedy's contact details are: ***lauren.kennedy@informa.com***

ESSENTIAL PRODUCT FEATURES DEMANDED BY ADVISERS

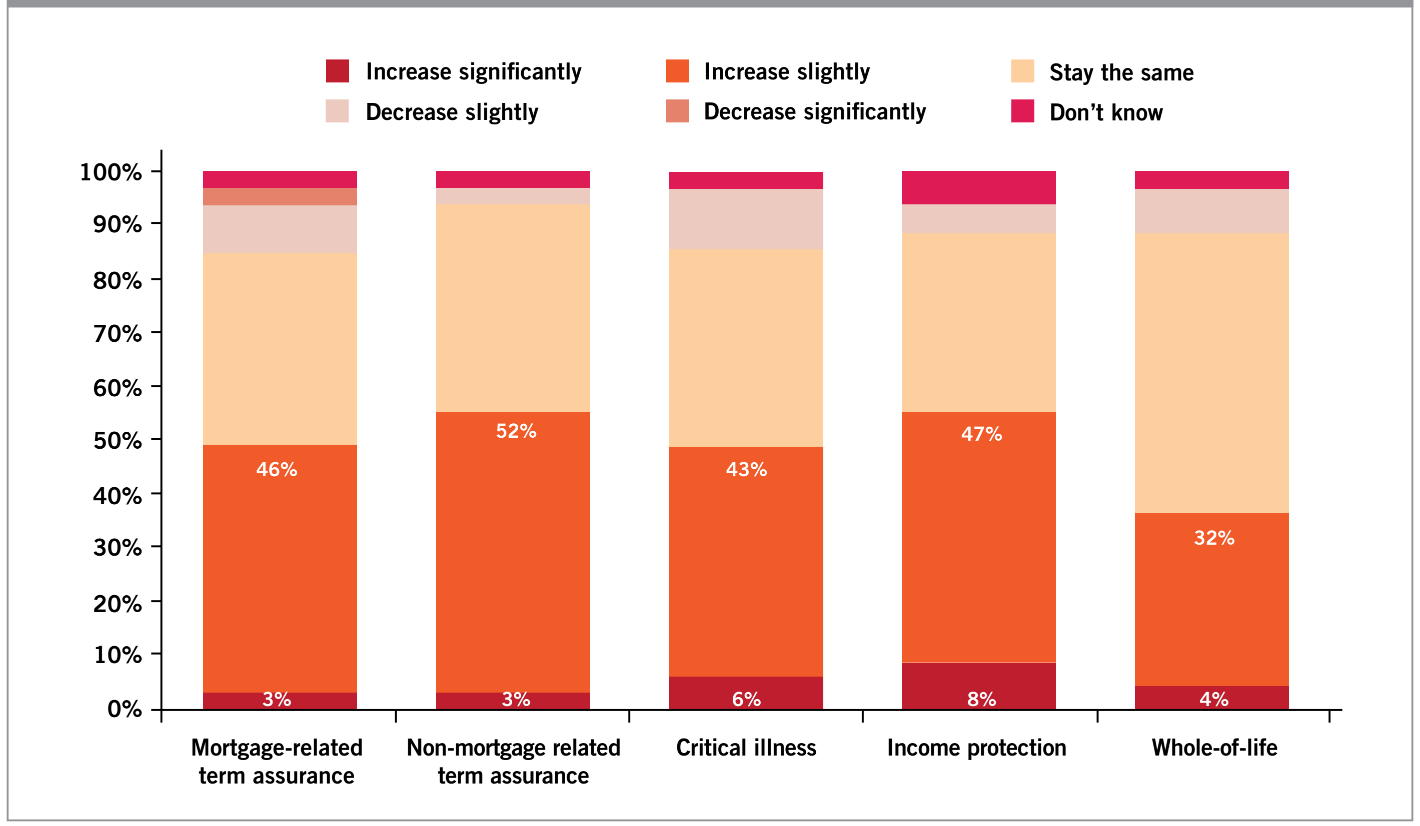
■ TERM ASSURANCE – **83%** of advisers demand clear policy documents

■ WHOLE OF LIFE – **70%** of advisers look for providers who offer guaranteed premiums throughout the period of the policy

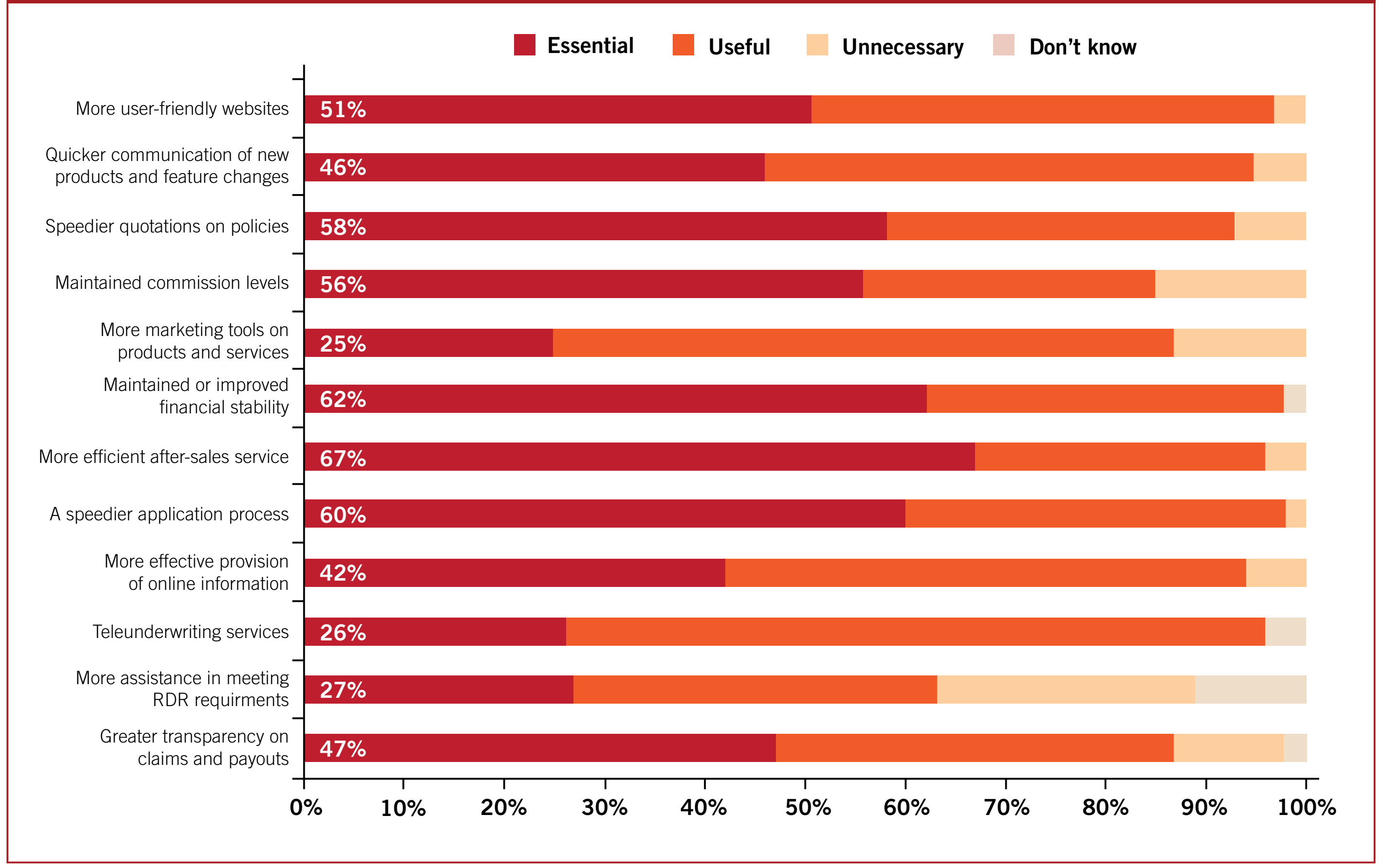
■ CRITICAL ILLNESS – **52%** of advisers seek clearer definitions of the conditions covered by the policy

■ INCOME PROTECTION – **75%** of advisers want to see own occupation covered in the policy

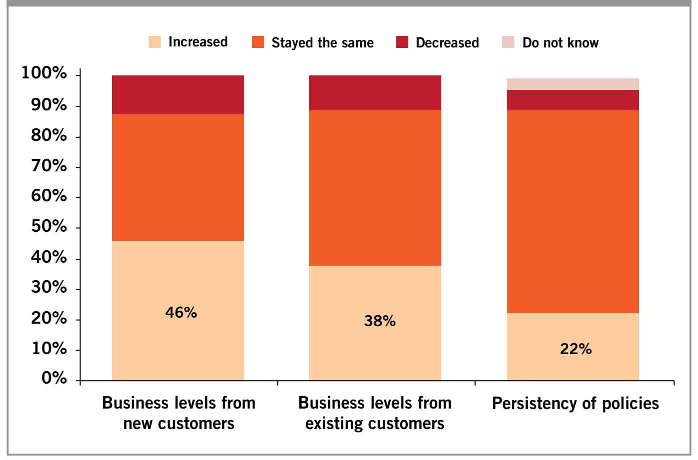
IN GENERAL, HOW DO YOU EXPECT SALES OF THESE PRODUCTS TO CHANGE OVER THE NEXT SIX MONTHS?



HOW ESSENTIAL IS IT THAT PROTECTION PROVIDERS PROVIDE THE FOLLOWING TO ENSURE YOU CONTINUE TO DO BUSINESS WITH THEM THROUGHOUT ECONOMIC UNCERTAINTY?

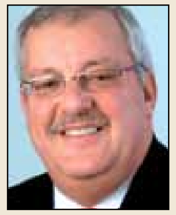


OVER THE LAST SIX MONTHS, HAVE THE FOLLOWING INCREASED, DECREASED OR STAYED THE SAME?



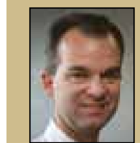
Appointments

ASSOCIATION OF MEDICAL INSURANCE INTERMEDIARIES



Wayne Pontin has been appointed chairman of the Association of Medical Insurance Intermediaries (AMII). Pontin *(pictured)*, who was a member of the AMII executive committee from 2007 to 2010 and is currently sales director (West) of Jelf Employee Benefits, succeeds Andrew Tripp, who has been AMII's chairman for the last two years. Tripp also steps down from the executive committee having been a member since March 2007, including serving as AMII's treasurer. In addition to Pontin's appointment, other AMII changes announced include the appointment of Brian Walters from Regency Health as vice chair and two new committee members, Stuart Scullion of The Private Health Partnership – who has been deputy chairman of a PMI Focus Group at BIBA in the past – and Sue Smith of Health Care Plus. Debbie Kleiner Gaines of Best Health UK remains treasurer for a further year. Lindsey Joseph of LEBC Corporate Healthcare Solutions, Hazel Gregory of Medical Insurance Services and Graeme Godfrey of Best Go Private remain on the executive committee. John Miller of Bell Healthcare and Isobel Skeates of Direct Healthline have stepped down as executive committee members after completing their three-year terms of office. AMII also announced that Liz Nualls, business relationship manager of Aviva UK Health, joins the executive committee for a two-year period as the insurer representative. She succeeds Mike Wagg of Simplyhealth who has stepped down from the role of insurer representative after completing his two year term.

BUPA

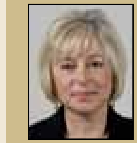


Bupa has appointed Dr Paul Zollinger-Read as its new group medical director. He succeeds Dr Andrew Valance-Owen who has retired after 17 years with Bupa. Dr Zollinger-Read joins Bupa from NHS Midlands and East Strategic Health Authority, where he was director of commissioning development. He is also medical adviser and primary care lead for healthcare think tank The King's Fund. Previously, he was the chief executive of five primary care trusts, and a practising GP for over 20 years.

STAYSURE

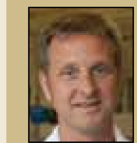
Staysure, the over 50s insurance specialist, has named Benita Landman as its new health, life and protection sales manager. Prior to joining Staysure Landman worked at Countrywide Financial Services for three years as a customer development and sales manager. Before this, she worked at Barclays for 18 years in various roles.

BENEFEX



Benefex has confirmed the appointment of Carol Porter in the new role of commercial director, Benefex Financial Solutions Ltd. Porter joins Benefex from Gallagher Heath, where she was director – client services for Gallagher Employee Benefits. Prior to Gallagher, Porter worked in the City for various employee benefit consultancies including Jardine Lloyd Thompson and Enrich.

AVIVA UK HEALTH

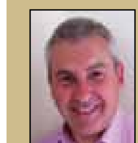


Aviva UK Health has appointed Andrew Watkinson to the new role of customer relations director. Based in the organisation's operation in Sheffield, Watkinson joins Aviva with 20 years' experience in the banking industry. He joins Aviva from HSBC-First Direct.

BRITISH FRIENDLY SOCIETY

British Friendly Society has appointed Alan Waddington as national account manager. Waddington was most recently head of life and health insurance at Staysure and also spent two years running a regional sales team at PruProtect and PruHealth. Waddington also spent five years as director of sales and operations for Mortgage1, a division of Mortgage Support Network. He also has 21 years experience in banking with RBS.

SKANDIA UK



Skandia has announced the appointment of Ian Jefferies as head of protection. Most recently Jefferies was head of sales and marketing at Ageas Protect and prior to that he led the protection and investment marketing teams at Friends Provident.

RGA UK

RGA UK has appointed Simon Wainwright as its new managing director. Wainwright succeeds David Gulland who left RGA UK last year and replaces Olav Cuiper, currently RGA head of Europe and South Africa, who had assumed the UK managing director role on an interim basis. Wainwright has almost 30 years of experience in financial services and has had roles at Nationwide Building Society, Clerical Medical Investment Group, Midland Bank and HSBC.

BEST DOCTORS

Best Doctors, the provider of expert second medical opinion services, has announced the promotion of Steve Haynes to director of client management for Europe and Dave Marcus to head of client management for the UK. Haynes *(pictured)* has worked for Best Doctors for over four years as UK business manager. Marcus, meanwhile, joined Best Doctors as key client manager in 2010, having worked at Bupa for over 20 years.

AON HEWITT

Linda Torr has been appointed senior consultant at the Global Benefits Practice of Aon Hewitt. Torr began her career with AXA PPP healthcare in the insurer's national accounts department, before moving to JLT where she managed the consultant's health and risk teams. She then joined Gissings (now Enrich) as head of employee wellness, before joining PIFC Consulting, later to be Bluefin, where she was head of international.

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ADVERTISING FEATURE

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iPMI SURGERY

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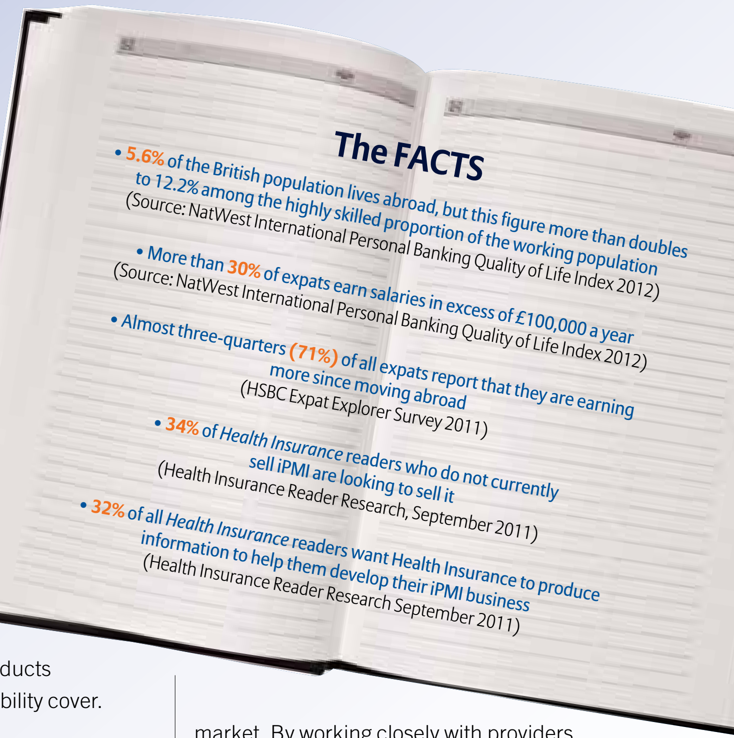

In the face of increased competition, the need for forward planning and alternative income streams has never been more important for insurance and financial intermediaries in the UK. Andrew Seale, Regional General Manager for UK, Italy and Middle East at Allianz Worldwide Care highlights the benefits of entering the international private medical insurance (iPMI) market to intermediaries who are currently considering it.

GROWTH MARKET

In contrast to the UK domestic market where intermediaries face significant competition when trying to win and retain clients, the iPMI sector is not only large enough to accommodate new intermediaries, it is also estimated to be growing by more than 12% a year. This growth is linked to companies looking to diversify and expand their operations into territories that demonstrate better returns and future optimism. With the negative economic situation in Europe, companies are going further afield into BRIC countries (Brazil, Russia, India and China) where iPMI is a required benefit for employees and their families. This requirement will not be addressed by their UK domestic health insurance policies.

EARNING POTENTIAL

Consistent growth and less competition add up to make the iPMI industry a very attractive long-term proposition. For intermediaries looking to grow their revenue base in a sector that shows no signs of slowing down in the near future, moving into iPMI could help them to protect as well as grow their business. The premiums charged in the iPMI market can be up to (or in excess of) four times that of UK subscriptions, leading to much larger revenue potential.

CROSS-SELLING OPPORTUNITIES

The provision of iPMI also offers opportunities to cross-sell additional products to corporate groups. Sending employees on overseas assignments is an expensive and time consuming process, so clients prefer to limit the number of Intermediaries are well placed to offer advice to clients and help place other insurance products with them such as life and disability cover.

SUPPORT

Though the market is specialised in nature, iPMI providers are on hand to offer advice and support to intermediaries looking to enter the market. By working closely with providers, intermediaries can leverage their market knowledge and international experience. Together, they can benefit from the rewards of this dynamic growth sector.

Ask Andy

Regional General Manager, Allianz Worldwide Care

"Few other insurance arenas offer double-figure growth, reduced competition and high revenues, while the opportunity to cross-sell other products is an added bonus. Entering iPMI needn't be complicated and brokers shouldn't be put off by any apparent complexities. If you're considering this market and have any concerns, please feel free to contact me."

"In next month's issue we'll look at making preparations to enter the iPMI market, with advice on choosing the right staff and selecting insurance partners."

CONTACT DETAILS

Tel/Fax:............+44 1732 866547
Mobile:............+44 7824 636889
Email:...............andy.seale@allianzworldwidecare.com

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SOCIAL MEDIA IS JUST FOR THE YOUNG (AND OTHER MYTHS)

Some reasons why the health insurance and protection industry needs to get online

MARCIA REID
Managing director, Finchers Consulting

Marcia Reid has held senior roles at Bupa, HSA (now Simplyhealth) and Lorica Consulting (now Lorica Employee Benefits)

Recently, at a corporate conference, a live twitter feed graced the stage. Buoyed by large quantities of corporate-funded wine, a young tweeter was too frank about her boss and was sacked the following day. A common story? Probably. But social media is about so much more than young people behaving badly and is a growth area for the health insurance industry. Here are some myths:

Social media is new. Not really. Social interaction is about communication and engagement, as old as language itself. What is new is the definition of social media – "online tools that people use to share content, profiles, opinion, insights, experiences and media itself, thus facilitating conversations and interactions online between groups of people".

Social media only suits certain businesses. Not true. Social media is now core to daily life. A staggering1.2 billion smartphones were sold worldwide in 2009 alone. If you have staff, customers, and suppliers – you have a real time route to them through social media. Our industry is ripe for expansion through this.

Every company should have a social media policy. True. An organisation must give employees clear guidance on acceptable behaviour. More importantly, it should assess how social media can be used to promote its products or services and have a contingency plan for damage limitation when negative comments are broadcast. In a global survey, 79% respondents stated that they followed companies on a social network to learn more about a brand.

twitter is just for following celebrities: Absolutely not. twitter is a positive goldmine of business-related information. Bupa alone appears to have 17 official twitter accounts providing real-time updates to their target audience.

Apps have limited use in a regulated environment: Not true. There is enormous scope for downloadable information. In the same way that individuals monitor their bank accounts, claims tracking, rules and benefits and remaining cover can all be accessed instantly. There are some exciting apps emerging in the wellness space, including a healthy lifestyle tracker and competitive game recently launched by getHealth.

Social media has little value for intermediaries. Again, not true. You can add value through employee engagement, advising your clients on low cost methods of disseminating information and raising positive profile for healthcare benefits.

Social media is instant. Of course it is. If you are posting regularly your target audience can access important information immediately. But time, effort, and fact checking is crucial in producing interesting and engaging copy. It's also a great way to receive instant feedback from your customers.

Any publicity is good. Not so. In the world of social media, a customer complaint can go viral with devastating effects.

There are many rules governing social media. Just one caveat emptor (buyer beware) – "If you wouldn't say it offline – don't say it online".

Why not join the online revolution by downloading the new Health Insurance app now? Turn to page 22.

AGE IS JUST A NUMBER – OR IS IT TIME FOR A PMI RETHINK?

Yes, age must be taken into account in managing risk, but the goal posts have moved

Apparently 70 is the new 50 – just ask Joan Collins! Even when it comes to government pensions, for some women 66 is the new 60 and now Tesco has become the first major employer to raise its pension age from 65 to 67.

Life expectancy in the UK continues to rise and is now 78 for males and 82 for females. Incidence of the top five cancers at 65 years is 1,600 per 100,000, half as much again at 74 and doubled at 85. Deaths from heart disease have halved over the past 30 years. The stats go on. Yes, the NHS is stretched as we live longer but much of this is due to better management of chronic disease of the elderly, an area that does not impact on standard UK health insurance plans. It's a harsh, but inescapable, fact that in health insurance terms, death can be cheaper than survival, but many of the long-term health issues faced by the population will be classified as chronic.

In a nutshell, we are living longer and despite obesity and some other chronic conditions, in general we are healthier than our predecessors. We are having to work longer and the results of Dame Carol Black's occupational health review estimated that we are healthier when we are working (apparently work is good for you!). So maybe it is time to question the pricing bands for experience-rated (claims-rated) corporate health plans.

"Has the dual banding for members, 0-64 years and 65 years and over become outdated?"

Has the dual banding for members, 0-64 years and 65 years and over become outdated? I presume that insurers are monitoring the risk posed by, for instance, 65 to 70 year-olds but would be surprised if it hasn't changed over the past generation and will continue to evolve as people stay in work longer. "Retiree" no longer necessarily means "65 and over".

Of course age must be taken into account in managing risk, but the goal posts have moved and maybe the industry should move with them. Age-rated schemes have always included separate pricing bands as age increases, yet larger corporate schemes put everyone over 65 into one pot of risk. I accept that a 65 year-old may be more likely to claim than a 50 year-old (50 is the new 35 by the way) but there are many more fit and healthy 65 year-olds working than there were a decade ago and maybe one additional pricing tier could be a good idea.

Perhaps it's time for the private medical insurance pricing policy for large corporates to change to reflect the changing demographic of the UK workforce.

LIFE, LONGEVITY AND LIABILITY

A new hidden threat – or opportunity – for the protection industry?

TONY LEVENE
freelance personal finance journalist

WINNER of the Association of British Insurers Lifetime Achievement in Financial Journalism Award 2009

There's a new development/threat/opportunity in life cover. It could just be an interesting change. Or it could be a multi-billion hit for some in the financial world. Or it could be a new way forward for products that are time-expired.

It's called PPO. Now, possibly many are trying to calculate how many long lunches I've recently had or wondering just how the army of fact checkers *Health Insurance* employs have let such a basic error through.

But no, this is not about PPI (payment protection insurance) – not even the role of media (myself included) in exposing it or a list of the excuses the banks came up with to sell it (you know, "the peace of mind" or "they had everything explained to them" lines). Instead, it really is PPO. That stands for periodical payment orders and while few have heard of them, they increasingly represent a different way of settling serious motor and other injury claims to the traditional headline lump sum.

In the past, someone who suffered an accident that left them irreversibly or long-term crippled would reach a settlement, either in or out of court, with the guilty party's insurer for a lump sum.

What's wrong with that? Plenty. Insurance is supposed to put people or property back in the condition it was before the incident. A crashed car is repaired, a burnt out house is rebuilt, and someone who is injured should be paid until the injury disappears, allowing them to return to a normal life.

But that may never happen to someone whose injuries are so bad they are irreparable. The best they can hope for is care for the rest of their lives.

Headline-grabbing injury settlements should provide this. They don't – thanks to the uncertainties of inflation, interest rate and investment markets, the possibility of further health deterioration, and the victim's longevity.

Whatever settlement is made, will it be adequate for continuing care 10, 20 years or more years down the line?

Cerys Edwards, now six, was a baby when she was hit by a teenager driving at over 70mph in a 30mph zone in 2006. She suffered irreparable spinal injuries.

In February, she was awarded £5m plus £450,000 a year for the rest of her life, a sum that could be adjusted for inflation so she will be not be worse off as a result of financial events that no one can control. As the judge said in the 1999 case of Wells vs. Wells, there is a flaw in making a settlement that requires a court to second-guess the future.

The tragic Edwards case involves motor insurance. It could equally have been clinical negligence or other personal injury categories. In financial terms, it means that liability insurers – and their reinsurers – have had to become life insurers. They now have to make actuarial decisions as part of their reserving policies. And reinsurers will have to raise rates to reflect the uncertainty caused by the increased use of PPOs since their introduction in 2005. In the case of Cerys Edwards, they could still be paying seven or eight decades into the future and those payments could increase (or decrease) according to her medical situation.

"As a development, PPO cannot be ignored by the protection industry"

No part of the financial world is totally insulated from what happens elsewhere although some will let it pass them by or choose to put their heads in the sand. As a development, PPO cannot be ignored by the protection industry. A recent 89 page report for the London-based International Underwriting Association concludes that "PPOs present insurers with significant administration, reserving and reinsurance challenges" while accepting that "PPOs currently remain the most accurate method of quantifying damages for a claimant's future recurring financial loss," ensuring "they will continue to be a feature of the personal injury field".

As a result, PPOs may threaten the rates reinsurers charge on conventional protection products. Despite the likely objections this statement will receive from some actuaries, insurance is not an exact science. Reinsurers – where the buck stops – will have to increase reserves to cope with the new concept. And that could mean pushing up rates, if only a little, in other areas. Insurance company balance sheets will also have to be strengthened in case PPO use spreads – again that can mean higher premiums all round.

This is not about phoney whiplash claims. These can be controlled by better policing, improved fraud detection, enhanced checking of doctors who diagnose the condition, as well as higher sentences for false claims (although there is little sign of that as yet).

But where there are threats, there are opportunities which could mitigate fallout. The first – and the easiest – is for the life industry to sell its specialities in understanding longevity and the relationship of that to regular increasing payments. In other words, liability insurers who deal mainly with fixed sums and then walk away, need the expertise of the annuity industry with understanding of uncertainties over long time periods. Life companies could perhaps offer to take over the annual payments for the duration in return for a lump sum.

A second – and admittedly trickier proposition – is to actively market the financial help for the rest of your life concept. Currently, we have income protection which is geared to earnings but not to need – imagine someone who is wheelchair-bound as a result of a disease rather than an accident.

Or we have the critical illness (CI) lottery. A payment can come down to having the "right" medical condition. And then, it's a fixed sum. Recover and the policyholder could be quids in. Or, even assuming a payment's made, fail to recover and the money may run out. CI is three decades old – and showing it.

A new kind of policy where payments are made according to need and without the requirement to second-guess the length of that need or financial markets could prove an interesting proposition.

PROFESSIONAL LIFE

As head of Cigna's Global Individual International division, Phil Austin is developing and implementing the company's individual consumer strategy on an international scale. He is responsible for building the business segment and driving profitable growth, targeting high net worth and globally mobile individuals through various channels such as the internet, bancassurance and intermediaries in key global markets. Austin brings over 20 years of experience in global sales, marketing, product strategy and general management to the Cigna Global Health Options team. He returns to Cigna after serving as vice president of the European Group A&H (Accident and Health) Business for Chartis. He first joined Cigna International in 2002 as partnership director for the UK business. He went on to hold several positions within the organisation, including Health, Life & Accident (HL&A) Europe sales & marketing director and interim CEO for HL&A Europe.

LIFE OUTSIDE OF INSURANCE

Based in Cigna's Glasgow office three days a week with frequent, extended trips to North America and Asia Pacific, Phil Austin is happiest spending time at home in Winchester, England with his wife and four young children. When not performing "Evel Knievel cycling stunts" for the kids ("it's a long story!"), Austin is a keen rugby enthusiast and avid golfer.

PHIL AUSTIN

HEAD OF GLOBAL iPMI, CIGNA GLOBAL HEALTH OPTIONS

Cigna enjoys an excellent reputation in the group international private medical insurance sector and now it is turning its attentions to the individual market. *Health Insurance* editor David Sawers meets the man taking on the challenge

Returning to Cigna to drive forward the insurer's push into the individual international private medical insurance (iPMI) market was an opportunity, Phil Austin tells me, that was too good to miss.

After all, the provider enjoys a solid reputation among brokers in terms of both domestic and international corporate healthcare. Cigna is one of the world's largest medical insurers. And the iPMI market is said – although meaningful independent data remains hard to come by – to be booming.

But, I point out, while Cigna has packed a punch in terms of group iPMI for some time now, individual expat health cover is a relatively new – and already crowded – market for it. That, though, is not a major issue, Austin says.

"We are new into the individual international healthcare business, yes, but you have to look at Cigna's heritage over many, many years that has supported large corporate customers in terms of satisfaction," says Austin, who rejoined the insurer last year after a spell with Chartis. "We are taking the same service principle and putting it into the individual market. Brokers should know that our individual product is probably one of the best products in the market in terms of coverage and service. And we're supporting it with our many, many years as a service provider."

It is certainly clear that Cigna sees the individual iPMI market as a key one and has realigned its international business accordingly. When Cigna launched Cigna Global Health Options – its new individual iPMI business line – towards the end of 2010, the latter was operating as part of Cigna International Expatriate Benefits (CIEB). Then, in order to give the international individual business line more strategic focus, it was formally moved to its own business line in the summer of 2011, before Austin was appointed in October to head it up.

MANAGEMENT TEAM AND STRUCTURE

The new structure means that there are now four business lines which constitute "Cigna International". Operating in parallel to Cigna Global Health Options, Cigna Global Expatriate Benefits provides international group PMI and incorporates Cigna Global Health Benefits (formerly CIEB) and also Vanbreda International, the provider which Cigna acquired in 2010. Cigna HealthCare Benefits provides domestic group cover in the UK and Spain, while Cigna Health, Life & Accident provides short-term risk-based products such as critical illness, personal accident and term assurance cover.

The management team heading up the new structure includes Andrew Kielty, who is president, Cigna Global Health Benefits, while Sheldon Kenton, another figure well know to the UK broker market, is global head of sales and client management. While both Kielty and Kenton are based in Delaware in the US, another senior figure, Wouter Reggers, who joined Cigna with Vanbreda, is managing director, Cigna Global Health Benefits, Europe, and is based in Antwerp, Belgium. Austin, meanwhile reports into Mike Ross, senior vice president, individual private medical insurance & business development.

It is a structure and a management team which Austin believes will enable Cigna to translate its experience and success in the group iPMI market into the individual sector. It is one that is appealing to him professionally too.

"We're known for quality, customer care and service and we're taking it to the individual market which is not something Cigna's really done before," he says. "So the challenge was just too good to not come back. It had the international focus, it was very strategically important to Cigna [...] in terms of our global strategy. Most of my career has been starting something new and really trying to grow and develop."

Austin's career to date has seen him take on a number of roles which have made him familiar with many of the key players in both the insurer and intermediary communities in the UK.

"We have a strong presence in the UK broker market and Cigna has a high recognition factor," he explains, "especially in the corporate arena for both domestic and international healthcare – which means they're prepared to listen to what we have to offer."

Cigna, Austin explains, is offering a "very high end, high net worth product" – at least to begin with.

"It is what people would expect from Cigna, in terms of high level benefits," he says. "The one thing we found with high net worths is they don't mind paying the money but they want the best product possible. They don't want to be going to a hospital in Brazil, for example, and suddenly finding out its limitations."

EXPANDING THE MARKET

Plans are afoot, however, to expand the offering to a broader group of customers too.

"We are generating a huge amount of leads across a mass continuum of people," Austin says. "There are the high net worths, the mass affluents, the affluents, teachers, travellers and so on. So we are looking to bring a mid-range product later this year. It will be low level benefits which would meet the needs of some of those affluent people who are looking for a lower range product."

> *"We are new into the individual international healthcare business, yes, but you have to look at Cigna's heritage over many, many years that has supported large corporate customers"*

Cigna Global Health Options has plans, Austin continues, to expand the individual iPMI market as opposed to just simply grabbing a share of the existing continuation and group leaver market. New products and propositions will be developed to that end, he says.

"In most markets there is a limited amount of international individual healthcare business written at the moment," Austin explains. "From what we've seen most brokers have group leavers and continuations. There are a few brokers who concentrate on individuals but at the moment it's quite limited."

He continues: "If we want to truly work with brokers and expand we have to offer more products and services so we have to be able to offer them new methods of underwriting business, switch business with these continuations. So there will be a new wave coming through from Global Health Options around products and services."

Austin stresses that while product is key, there are other things that iPMI providers need to do to stand out from the pack. Additional services and website capabilities are just two areas that brokers need to consider when choosing a provider to work with, while paying claims should of course be a given.

"It's not just about claiming, it's about the value that you can offer somebody when they're overseas as well," he says.

Integral to that, Austin says, is the development of online capabilities and in August of last year the provider launched its online broker portal, "Cigna Global Intermediary Zone", allowing brokers to offer the Cigna Global Health Options plan direct to their individual clients.

According to Austin, a "key differentiator" is Cigna Global Health Options' ability to provide full online medical underwriting. The portal also offers a quick quote tool, e-customer fulfilment with all clients' documents accessible to brokers and their customers "within one working day", as well as real time underwriting decisions, providing no further information is required.

"We're continually enhancing our online services and proposition for customers and brokers alike," Austin says. "And as well as facilitating e-commerce functionality, we bolster this with our dedicated intermediary support team who have the capability to set-up quotes and policies on an intermediary's behalf."

The majority of Cigna Global Health Options' employees are based in an office in Glasgow, Scotland, with the operational and customer service team housed in the provider's office just down the road in Greenock. Furthermore, Cigna Global Health Options is currently hiring a European business development manager (BDM) – who will look to support intermediaries in the UK – and also has dedicated BDMs based in the US, Hong Kong and Singapore, Austin explains.

> *"It's not just about claiming, it's about the value that you can offer somebody when they're overseas as well"*

"Our view is very much that you get a local person who has the relationships," Austin says. "Every market's different in terms of legal complexities and its healthcare system, so it's about having a local guy who truly understands the market and the brokers."

Austin views his own role as being "the glue" that holds the Cigna Global Health Options proposition together.

"I want to make sure that my guys in the [relevant] country can get on and do the job which they need to do, which is working through the brokers," he says. "My job is to make sure that the right products, the right services are in the market and then when we're looking at doing deals just to make sure I'm touching the right points within the Cigna businesses."

PARTNERSHIPS

Austin himself spends a good deal of time liasing with brokers – and other business partners – around the globe.

Cigna Global Health Options works with a number of third parties, including Grand United Corporate Health in Australia, Saudi Arabian Insurance Company in the Middle East, Medical Administrators International in France, CZ in the Netherlands, China Merchants Group in China and TKK in India.

"I do still spend a lot of time fronting pitches, in front of brokers, in front of banks and insurance companies because again it's a huge opportunity through these third party affiliates to sell international healthcare," he says.

"My background has always been sales and marketing," he continues. "That's my life, I love sales and marketing. And my job now as general manager is to take a business line and grow it across multiple lines across international businesses. The forefront of any business is about growing sales."

Austin says he enjoys "the buzz" of "making markets work" and developing them through multi-channels. The international aspect of his role is one he finds particularly stimulating.

"In Asia at the moment we are developing relationships with banks, we're working direct to the consumer and we're working through brokers as well," he explains. "There are some similarities across brokers, across the world. But there are some nuances when you get to these markets around how you transact business, how you deal with people. It's a slightly different buzz and there are different ways that people work."

It certainly seems, at least, that the travelling is not even taking its toll as he embraces the challenge of driving forward Cigna's push into the individual iPMI market.

"Once you're used to working across multiple time zones with different people, different deals, it just becomes something you either love or you hate," he says. "I enjoy nothing more than getting on a plane and heading off to Asia or America or wherever to do deals with brokers or partners."

MOBILE APPS

THE HEALTH INSURANCE AND PROTECTION INDUSTRY ON THE MOVE

Britain's communications regulator Ofcom says that around one in three adults in the UK now use a smartphone. Industry analyst Gartner says some 665 million tablet computers such as iPads will be in use by the end of 2016. And Apple says there are now more than 500,000 apps now available in its App Store.

We thought it was about time that we saw if the health insurance and protection industry is keeping pace.

In fact, we went even better than that. And the result is the *Health Insurance* app – the industry's first ever dedicated app for iPhone and iPad. It's available to download now, for free, by searching for "Health Insurance magazine" in the App Store (where most of the other featured apps here are available).

Why not check it out now? And after that, why not check out some of these other apps that could help you deal with your health and protection clients while on the move? We'd love to know what you think, so please drop us a line at getintouch@hi-mag.com. And if there are any other health & protection apps out there you think we should be checking out, we'd love to hear about them.

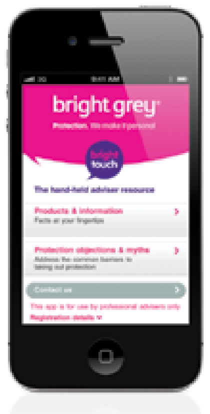
HEALTH INSURANCE MAGAZINE

READER APP (FREE – IPHONE, IPOD TOUCH AND IPAD)

The HI app is the only app currently developed by a health insurance and protection journal. In fact, we think it's a first for the UK insurance publishing market as a whole. The HI App brings you detailed news and analysis within all product areas – and more.

- The news feed is refreshed automatically or manually and the app homepage gives users a snapshot of the most recent top headlines at any time
- Simple navigation to access the specific news users want to read
- Ability to read news on the go – once a news story is uploaded it is "cached" within the app so users can read the news anytime, anywhere, even if their not online
- App includes users' favourite sections from www.hi-mag.com including Insider View and People Moves
- Users can choose how they want to view news – users can customise their preferences to modify font size and switch between wi-fi and 3G download options

HEALTH INSURANCE RATING: We'd best leave it for users to decide...



BRIGHT GREY

"BRIGHT TOUCH" APP (FREE – IPHONE, IPOD TOUCH AND IPAD)

Bright Grey is one of the health insurance and protection industry's leading proponents of social media and it is no surprise that it sees the value of apps for financial advisers. Its "Bright Touch" app is designed to give advisers information at their fingertips about its personal and business menus.

- Product overviews
- Commonly asked questions
- Case studies from claimants
- Objection handling tools
- App also features commentary from an adviser talking about Bright Grey's "Helping Hand" counselling and support service
- App can be used to build a short customer profile and that information is carried through to objection handling screens
- Advisers can use the app either with clients in front of them, to prepare for meetings, or just to access statistics and facts quickly when they are out of the office

HEALTH INSURANCE RATING: 8/10 Add in a quote feature, and this could even beat Legal & General's protection app *(below)*.

LEGAL & GENERAL

PROTECTION APP (FREE – IPHONE, IPOD TOUCH AND IPAD)

Last September, Legal & General launched what it claimed to be the UK's first dedicated protection app for iPhones and iPads. Built for advisers, the app provides a quote facility that can be used when visiting clients.

- "Real time" protection quotes
- A "Tools" section that enables pre-selection of options to speed up the quote process
- Links to the Legal & General websites that give access to product information and literature
- Links to an adviser's contacts list to set up clients interested in protection and calendar to enable advisers to book appointments
- Pre-population of emails with the quote results so that advisers can email the details to themselves, their client or their administration team
- "Real time" marketing messages, product and pricing information

HEALTH INSURANCE RATING: 9/10 After launching an app for mortgage advisers in 2010, L&G is now also leading the way when it comes to protection apps

BUPA

BUPA "HEALTH FINDER" APP (FREE – IPHONE, IPOD TOUCH AND IPAD)

Bupa has developed a number of apps, although none yet specifically for intermediaries (well, none that we could find anyway). We found a Bupa app for runners and a general fitness one too. Here is one, though, that is particularly relevant to intermediaries' clients.

- Free mobile access to Bupa's health factsheets
- Users can search for specialists, hospitals, and Bupa centres in their area
- For users with Bupa health insurance, the app also provides a step-by-step guide to the claims process, stores membership details and saves details of their Bupa advisers in one place
- App also stores the pre-authorisation codes for customers' appointments as well as automatically updating their iPhone calendar with the date and time
- Works with Google maps and provides directions to a user's chosen facility

HEALTH INSURANCE RATING: 7/10 Not up there with Exeter Family Friendly and PruHealth yet *(see this page)*, but a good start nonetheless

AXA PPP HEALTHCARE

MEMBER APP (FREE – IPHONE, IPOD TOUCH AND IPAD)

AXA PPP healthcare is the only domestic private medical insurance (PMI) provider that we could find that offers an app that enables members to start their claims process on the move.

- Allows users to search for AXA PPP healthcare-approved hospitals and providers in their area, or by postcode, town or city
- Users can find out facts for over 180 medical conditions and health topics
- Users can start their claims process or ask a question

HEALTH INSURANCE RATING: 7/10 Similar to Bupa's "Health Finder", we're looking forward to seeing what's next from AXA PPP too

PRUHEALTH

QUOTE APP (IPAD – AVAILABLE TO INTERMEDIARIES REGISTERED FOR THE PRUHEALTH ADVISER ZONE)

Along with Exeter Family Friendly, PruHealth is leading the way when it comes to using apps to support intermediaries and to really bring PMI alive.

- App gives intermediaries the opportunity to quote on the road for Personal and Business (3-9 members) Healthcare
- Users can apply through the "app" on individual business
- App provides intermediaries with three plan options, for both Business Healthcare and Personal Healthcare quotes
- Touch screen technology means a quote can be tailored in seconds, allowing intermediaries to present several options to their clients quickly
- Within the quote tool there is also a hospital finder, product information on each module and details about PruHealth's Vitality programme

HEALTH INSURANCE RATING: 9/10 We want to see more apps like this that can bring PMI to life for clients – this one does just that

EXETER FAMILY FRIENDLY

HEALTH CHOICES FOR ME APP (FREE – IPAD)

To get hold of the app, which is not currently available at the App Store, the following link takes you straight to the download page: http://app.exeterfamily.co.uk

Exeter's new app has been designed to make it easy for intermediaries to quote and sell the provider's modular PMI plan for individuals Health Choices for Me.

- Touch screen technology enables intermediaries and clients to add or take away elements of cover represented by building blocks
- Simple system asks for basic details about client (eg smoker/non-smoker, age, gender, height and weight)
- Instant quotes
- Existing quotes can be retrieved easily

HEALTH INSURANCE RATING: 9/10 No, we don't love this app because Exeter are sponsoring ours, it's because it empowers clients and brokers alike. It's a perfect fit for a modular plan and the "building blocks" that clients can add or remove to see different cover and price options make PMI easy to understand. It's only available for iPad, but it wouldn't be possible to get this level of clarity on a small smartphone screen

A PROVIDER'S VIEW

EXETER FAMILY FRIENDLY

The development of the *Health Insurance* app for iPhone and iPad was made possible thanks to sponsorship from Exeter Family Friendly. Here, Nick Jones, the insurer's brand and marketing manager, explains why the provider chose to support it.

"With more and more people choosing tablets and smartphones to access media online, Exeter Family Friendly applauds *Health Insurance* for making this bold and forward-thinking move. The protection and healthcare insurance markets have to become more open and approachable to both consumers and advisers. The launch of the *Health Insurance* app will certainly help the latter access the news, information and comment they need on the go.

"Having just launched our first iPad app, to help advisers and consumers quote our modular private medical insurance plan 'Health Choices for Me' in a simple and engaging interface, the fit is a natural one. We're delighted with the positive reaction we have had from advisers so far and are sure that the same will be true of the *HI* app."

MENTAL HEALTH
IS IT TIME FOR A NEW APPROACH?

With stress now the number one reason for employee absence, is there a case to argue that insurers and intermediaries need to look again at their approach to mental health? Nic Paton reports

We will sadly never know whether, or to what extent, access to cognitive behavioural therapy (CBT) or some other form of mental health or psychiatric support would have helped David Charlesworth from Harrogate.

But the inquest in February into the death of the teacher, who set himself on fire in the car park of his school after becoming depressed about exam results, did highlight the importance of support being offered fast and proactively, with his GP chasing his local NHS trust in vain on four separate occasions to carry out an assessment for referral to such "talking therapies".

Such a tragic outcome may be, thankfully, as rare as it is extreme but the issue of mental ill-health nevertheless remains a very real one for employers and is, if anything, becoming increasingly pressing.

The Chartered Institute of Personnel and Development's annual absence survey, carried out in conjunction with Simplyhealth and published last October, calculated that, for the first time, stress had now overtaken musculoskeletal disorders (such as bad backs) as the most common cause of long-term sickness for both manual and non-manual workers.

And in recent weeks, an analysis of government sickness benefits claimant data by insurer Legal & General calculated that more than 260,000 people are claiming sickness benefits because of mental and behavioural disorders while research by academics from the universities of Nottingham and Ulster concluded that stress-related absence from work tends to rise by a quarter during times of austerity.

On top of this there have been calls for the government to appoint a Cabinet-level "Minister for Mental Health".

A BALANCING ACT

The challenge for both insurers and employers is how to square the circle between recognising mental ill-health is a growing problem that needs to be addressed if productive and healthy workforces are to be maintained (the relatively easy bit), but how to do so without completely breaking the bank (much harder).

One of the problems is that mental ill-health benefits, especially psychiatric benefits, have, rightly or wrongly, traditionally been seen as something of an expensive "nice to have" rather than a "must have" when it comes to budgeting for cover, particularly private medical insurance (PMI) cover.

"The focus has been more on the physical side of things and, yes, a lot of employers and brokers have cut back on psychiatric benefits," concedes Eugene Farrell, key accounts director at PMI provider AXA PPP healthcare and international director of the Employee Assistance Professionals Association. "But that is changing; it is now massively coming into the consciousness of employers. If you are not covering terribly well the biggest cause of absence in your workforce then you have a problem."

"There has been a tendency for psychiatric benefits to be seen as an easy option in terms of reducing costs," agrees Kirsty Jagielko, head of product management at Cigna HealthCare, another insurer. "Employers have been saying 'do we really need that cover, what is the benefit to us?'. A lot of the time, of course, these conditions are hidden. It is much easier to see the benefit from, say, fixing a hip."

Within this, another complication has traditionally been where to draw the line between chronic and recurrent.

"Chronic versus recurrent can be very hard to pin down when it comes to mental health. When something becomes chronic you can normally exclude it from the medical plan. But it is not like cancer where you have the pathology to refer to," argues Jagielko.

THE VIEW OF THREE EMPLOYEE BENEFIT CONSULTANTS

"What we have also seen over the past 10 years is the number of days benefit for inpatient treatment reducing from what used to be the standard of 90 days to 45 and then 28," suggests Sandra Hall, senior consultant at Lorica Employee Benefits. "There will be cases, of course, where companies have looked at the benefit they are providing and perhaps dropped days benefit because of liability issues or wanting to protect themselves. But that is not the main reason why we have seen levels reduce.

"It is more about access to treatment changing. Insurers are now looking at different pathways to facilitate quicker, easier access to, say, talking therapies. If an employer has a good occupational health service, or access to a good GP, it could be that the insurer will accept them as the initial referrer, perhaps to a network of CBT or psychotherapists."

More widely, we are already seeing insurers wrapping enhanced mental health benefits into their offers. Cigna, for example, in February enhanced its psychiatric benefit to offer a full refund on outpatient psychiatric care, and up to £15,000 for inpatient and day case treatment; it also provides access to online CBT therapy for less severe cases. Back in 2010, too, cash plan provider Westfield Health moved to include CBT as a core benefit within its corporate plans, in a move it argued was a first for the industry.

"Psychiatry and psychological treatments are coming of age now," AXA PPP's Farrell says. "There is a cost advantage, of course, in trying to avoid inpatient psychiatric care, so I think insurers will be inevitably leading the way. Others will follow and employers will start to ask questions about what they can expect and how it can work for them. It will be about blending it all together."

Employee assistance programmes (EAPs), structured telephone counselling, face-to-face counselling and CBT are all now becoming an additional "duty of care" priority for employers, suggests Matthew Judge, director at advisers Jelf Employee Benefits, though employers do need to be careful not to see them as a panacea.

"It is not the solution for everything, of course, but it can add value for stress-related problems," he explains. "Cash plans that offer a therapist benefit are probably not going to exhaustive, but they may give you a start."

"The focus has been more on the physical side of things and, yes, a lot of employers and brokers have cut back on psychiatric benefits. But that is changing"

Eugene Farrell, AXA PPP Healthcare

James Hall, head of health and risk at employee benefits firm Vebnet Services, equally sounds a cautionary note about relying too heavily on EAPs. While EAPs can be very useful in tackling mental health issues, their value can sometimes be undermined by elements of the service often being available as free-of-charge add-ons with other employee benefits, such as group income protection.

"As a result they are often not the priority and not communicated as effectively, and can be under-utilised," Vebnet's Hall says. Also, employees do not always seek the services of an EAP for advice on preventing issues, such as stress or depression, until after the issues become apparent. Generally it is only then when they will seek support."

He continues: "While we are seeing more and more employers looking to introduce basic health screens to help identify potential physical impairments, employers and the health insurance industry could go one step further and offer the same dedicated basic screens for mental health."

THE NHS

Finally, a key factor in this evolving picture is, of course, the sort of back-up the NHS can offer employers, or will be able to offer in the future. At one level, mental ill-health has become much more of a priority in recent years in terms of state provision.

The National Institute for Health and Clinical Excellence (NICE) has issued clinical best practice on the treatment of depression in adults and the government in February last year published a substantive new mental health strategy No Health Without Mental Health.

On top of this there has been the rolling out of the Improving Access to Psychological Therapies programme, which has been establishing a network of treatment centres for people with mild anxiety and depression. The government's Fit for Work service, not to mention the recent reviews of workplace health and absence have also put tackling mental as well as physical ill-health centre stage.

But with the NHS in flux as the government pushes through its controversial health reforms, employers may not be able to rely on it to be supporting employees with mental ill-health and may therefore need to continue to work closely with insurers to come up with affordable solutions.

As Jelf's Judge points out: "A lot of people will be waiting to see what happens in regards to the NHS reforms. Corporate UK may be forced to take on a greater burden of this risk."

Similarly, Lara Rendell, marketing manager at cash plan provider Health Shield, argues that, as stigma about discussing mental ill-health and frailty gradually lifts, employers increasingly are now seeing value in putting in place provision such as EAPs, alongside wider health and wellbeing programmes.

Whatever future models emerge, there will need to be structured, consistent approach from both employers and insurers, with Dr Doug Wright, head of clinical development at Aviva UK Health, suggesting the norm is likely to be a mix of early identification, access to talking therapies and then structured elements coming through PMI. There will probably be more use of CBT through group protection insurance as well as PMI, he also asserts.

"I do not think stress in the workplace is going away," agrees Howard Hughes, head of business marketing at Simplyhealth, the insurer. "I do think people are looking for help and, as an industry, we have a part to play in that. If employers are using intermediaries and they have policies that include psychiatric benefit within them we do need to be engaging with them and saying are you sure you want this? Too often they can be working to an old-fashioned model that might be expensive or ineffective."

CASH PLANS & PMI EXCESSES

NOT QUITE THE MARRIAGE MADE IN HEAVEN?

As cash plan providers continue to develop solutions to help employers and employees cover PMI excesses, Sam Barrett looks at some of the implications

Using a cash plan to mop up a medical insurance excess is a common sales strategy in the corporate arena. But, while it has been operated on an unofficial basis for the last few years, it has now been formalised with the launch of medical insurance excess cover by Simplyhealth and Medicash.

The two providers have taken slightly different approaches to offering the cover. On Simplyhealth's corporate cash plan it is available as an optional module. Three levels are available, starting at 25p per employee per week, which gives £100 of excess cover, and rising to 75p per employee per week for £300 of excess cover. Conversely, Medicash includes it automatically on its Proactive corporate plan, wrapping it up with its specialist consultation and diagnostic tests benefit. It has four benefit levels, starting at £1 a week for £200 of cover a year and rising to £5 a week for £400 of cover.

For Howard Hughes, head of employer marketing at Simplyhealth, formalising excess cover was a logical step.

"It makes sense," he says. "Advisers are shrewd and are selling cash plans to fit alongside medical insurance and soak up the excess. If it's going to be sold this way, we have to make sure it works properly."

Making sure it works properly is welcomed. Without a separate excess benefit, an employee would have to pay the excess and then send the excess statement letter they receive from the insurer on to the cash plan provider, claiming for it under the specialist consultation benefit.

Paul Gambon, head of sales at Medicash, says this was not always the smoothest of procedures.

"Having excess cover benefit does make it easier," he explains. "Not all medical insurance claims start with a specialist consultation and you could also run into problems where treatment ran across two policy years and two excess periods."

Additionally, given the complexity of the process, it required thorough communications to ensure that employees understood how to claim their excess payment so they did not feel out of pocket if an excess was introduced to cut costs.

EXCESS DISTRESS

But not everyone is happy to see cover for excesses being given such a prominent spot.

"They've taken a good idea and ruined it by making it too easy to claim on both products," says Mike Izzard, managing director of Premier Choice Group, the intermediary. "We've been recommending cash plans alongside medical insurance excesses for the last five years and it worked. This is a salesman's dream but there could be serious repercussions."

Recommending these excess plans is certainly something of a no-brainer for any healthcare adviser. By adding an excess to a medical insurance policy, they can generate sufficient discount to pay for a cash plan that, in addition to all the traditional benefits, also covers the excess that was introduced to pay for it. This could drive huge growth for the cash plan market.

But, for Nick Lipczynski, director of IHC, the specialist healthcare consultancy, the benefits simply do not stack up. He is concerned that the cash plan providers are offering so much more for, in some cases, no additional charge.

"Cash plan providers have offered their cash plans at between 75p and £1 a week, telling us how much they pay out but now we find that, for the same price, they are able to introduce, offer and encourage the use of an additional benefit, medical insurance excess cover," he explains.

The maths is certainly concerning. On average, one in five people claim on their medical insurance every year. On a level one premium with Medicash at £1 a week, the total annual premium for five people would be £260. Statistically, one person would claim a year, taking £100 of excess cover out of the premium pot. On top of this, administration costs of around £50 would need to be deducted, leaving a pot of £110 to cover all the other benefits the five people could claim.

"Either the cash plan providers have been misleading us or they are aggressively promoting unsustainable plans. This is not ethical or professional," Lipczynski adds.

> ***"Medical insurers will react: if they see an increase in usage, the level of discount will be reduced"***
>
> Steve Sharrock, Westfield Health

BEHAVIOURAL DISORDERS

Other cash plan providers are also concerned about this latest stage in product development. Brian Hall, sales and marketing director at BHSF, believes this is a result of increased competition in the market.

"There's a scramble for new business with cash plans getting commoditised into oblivion," he says. "The ones offering excess cover haven't thought through the consequences of what they're doing."

Stuart Scullion, managing director of the Private Health Partnership, is also worried about the sustainability of offering this additional benefit, especially at no extra cost.

> ***"The nature of insurance means that not everyone will claim but we will monitor it to make sure claims patterns don't change"***
>
> Paul Gambon, Medicash

"The smaller cash plan providers need distribution and niche benefits can help them achieve this," Scullion says. "It can backfire if everyone follows them or, worse, if it becomes unaffordable and they have to increase the cost or withdraw it."

There are also concerns about how excess cover will affect medical insurance. Steve Sharrock, head of intermediary sales at Westfield Health, believes that, as well as potentially driving up claims on cash plans, it will also change claims behaviour on medical insurance.

"A cash plan isn't a medical insurance cost control mechanism," he says. "Medical insurers are able to offer discounts on premiums to companies taking out an excess because they act as a claims deterrent. By allowing an employee to claim the excess through the cash plan it will remove this deterrent. Medical insurers will react: if they see an increase in usage, the level of discount will be reduced."

Should this happen, it would push up the overall cost of a company's healthcare. Often cash plans can be implemented cost-neutrally, with their premium covered by the savings generated by introducing an excess on the medical insurance policy. With a smaller discount, or none at all, employers could find themselves paying a full premium for their medical insurance with an additional premium for the cash plan, effectively cancelling out the excess benefit altogether.

MAKING IT WORK

Understandably, the cash plan providers offering excess cover argue that they are managing the risk. Gambon says his firm has been covering excesses informally since 2009 and is happy with the level of risk involved.

"The nature of insurance means that not everyone will claim but we will monitor it to make sure claims patterns don't change," he adds.

Hughes is also keen to reassure advisers that it will monitor claims on both its cash plan and its medical insurance.

"We do have a foot in both camps so will be able to see whether any changes in behaviour occur," he says. "It was already being used to cover excesses so we don't expect to see any significant changes in claims."

Further, while there are potential issues for cash plan providers, even the critics admit there are ways to use excess cover without affecting the sustainability of the product. For example, Scullion says he is comfortable using a cash plan to mop up an excess where only a small proportion of employees have medical insurance.

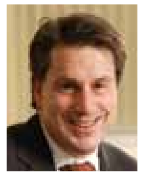
"We often implement a cash plan in these situations, using the savings to extend the cash plan to the entire workforce," he says. "You need critical mass to make it work."

Hall is also happy to offer excess cover in these situations.

"We do it if we're asked but you do have to charge for it," he adds. "I'm glad that Simplyhealth are charging for it: they do understand the cost implications."

Another instance where adding excess cover can work is when a policy has a particularly large excess, for instance £750, and the cash plan only looks to cover a small proportion of this, say £150. This model allows the cash plan provider to offer a capped benefit, in keeping with its model for other benefits, while also ensuring the medical insurance excess continues to work as a claims deterrent.

> ***"We do have a foot in both camps so will be able to see whether any changes in behaviour occur"***
>
> Howard Hughes, Simplyhealth



A more radical way to make excess cover viable in the long-term is to adjust the price of a cash plan. Simplyhealth is charging between 25p and 75p a week for its cover. This means that for every five employees on the £100 excess benefit level, £65 is collected over the course of a year. This would put Simplyhealth only slightly behind if medical insurance claims ran at 20%, which could probably be made up by a reduction in claims for specialist consultation benefit.

But, while Hughes believes this is the right price for the excess cover, he would like to see premiums increase across the market.

"The cash plan market is wedded to the £1 a week entry level product but it's putting a straitjacket on product development," he says. "You can't keep adding benefits at no extra cost. Even with a price increase, plans will continue to offer exceptional value for money."

SIMPLYHEALTH'S "SIMPLY CASH PLAN" MODULES

Simplyhealth's Simply Cash Plan starts from £1 per employee per week and under the "basic" plan provides cover for dental, optical consultations and scans, health screening and complementary therapies. The plan also includes a 24 hour helpline. Then, for an additional cost, employers can add on the following choices:

- **Employee assistance programme (15p per employee per week)**
- **Hospital and accident (30p per employee per week)**
- **New child benefit (20p per employee per week)**
- **Managing absence (25p per employee per week)**
- **PMI excess (Level 1 £100 at 25p per employee per week, Level 2 £200 at 50p per employee per week and Level 3 £300 at 75p per employee per week).**

THE PRODUCT

Paycare Go
from **Paycare**

CASH PLANS

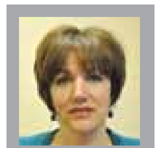
Paycare Go is a health cash plan aimed at young adults aged 18-24 (actually 24 years three months at outset). The logic of starting at age 18 is that it is the age at which many "free" NHS benefits stop. For example, many young people (unless they are in full-time education or are otherwise exempt or sometimes depending on which UK country they live in) will no longer be entitled to free prescriptions, eyecare or dentistry. However, most are likely to have little or low income, so affording such extra costs can be quite tough.

Paycare Go provides the following maximum annual benefits and a choice of two cover levels (Level 1 and Level 2).

	Level 1	Level 2
■ **Optical charges (100% of cost up to)**	£40	£80
■ **Dental charges (100% of cost up to)**	£40	£80
■ **Specialist consultations and tests (100% of cost up to)**	£75	£150
■ **Professional therapy (physiotherapy; osteopathy; chiropractic; acupuncture; homeopathy; hypnotherapy; and reflexology (100% of cost up to)**	£50	£100
■ **Inoculation/vaccination (100% of cost up to)**	£30	£60

There is also a 24/7 Paycare counselling and helpline. Level 1 plans cost £5 a month and Level 2 plans £10 a month. At age 25, the customer is transferred onto Paycare's Direct Plan. There is an initial 13 week waiting period, some restrictions on changing benefit levels and specialist and professional benefits cannot be claimed for pre-existing conditions. Premiums can be paid by parents or by the young person themselves.

WHAT THEY SAY


Gail Maltby
Chief executive, Paycare

Chief executive Gail Maltby said: "We believe Paycare Go will be seen by many parents as a great way of helping their offspring stay fit and well despite them having limited finance. We have to accept that in the eyes of many young people their priorities are much more likely to be food, drink, cars, clothes and the like, rather than good health. Giving them the gift of continued good health is a thoughtful present which will almost certainly be appreciated, whether in the short or long term."

WHAT WE SAY


Andy Couchman
FCII Cert PFS, technical editor, Health Insurance

"Young people can start to do a lot of things when they get to age 18 [voting and drinking in pubs for example – although not necessarily in that order]. One downside is that many previously free health benefits can, at that age or a bit older, become chargeable and, at a time when income is invariably low and expenditure high, that can be a problem.

"Paycare has recognised that and come up with an inexpensive solution that costs from little more than a pint of beer a month. For parents too, funding such a plan can make sense and saves having to work out what on earth you buy a young person for their birthday. It would be useful to have an annual premium option – making the plan ideal as a birthday present – and there are some cover limitations too, but overall this plan could appeal to parents [especially] but also to other relatives and could open up a potential new market for intermediaries too."

Health Insurance & Protection

RATING: 7.5 OUT OF 10

SELECT THIS PRODUCT FOR...

Young people aged 18 to 24 and a quarter, and their parents.

PROS

- ✔ **Health cash plan benefits for young people who are now starting to have to pay health costs.**
- ✔ **Can be funded by parents.**
- ✔ **Low monthly cost.**

CONS

- ✘ **Three month initial waiting period.**
- ✘ **Some pre-existing conditions not covered.**
- ✘ **Need to convert to another plan at age 25.**

THE COMPANY

Wolverhampton-based **Paycare** started life in 1874 with the aim of safeguarding factory foremen from doctors' bills. Today, the not for profit organisation is a major health cash plan provider and, since 1964, its charity trust has donated almost £2m to good causes.

CONTACT DETAILS

TELEPHONE
See website for most appropriate contact numbers.

WEBSITE
www.paycare.org

THE PRODUCT

Group Critical Illness Cover
from **Legal & General**

CRITICAL ILLNESS

Legal & General has made a series of changes to its existing group critical illness (CI) plan including:

- ■ Adding five more conditions. Aplastic anaemia, bacterial meningitis, cardiomyopathy, encephalitis, and liver failure have been added, taking the total to 38 conditions (when the "Additional" option is selected – otherwise, only 12 conditions are covered under the "Core" option).
- ■ The maximum benefit has been increased to the lower of £500,000 and five times scheme earnings.
- ■ A free cover (underwriting free) limit of £500,000 can apply to high earners.
- ■ The survival period has been cut from 30 days to 14 days.
- ■ The maximum benefit for spouses and registered civil partners has been increased to £150,000.
- ■ The maximum benefit level for employees joining a voluntary plan has been raised to the lower of £250,000 and five times P60 earnings.

Pre-existing and related conditions are not covered. The former is well explained in the literature (and online) but the latter is based on the opinion of L&G's medical adviser only and no examples are given of either.

Technical guides on both standard and voluntary schemes help explain the plan for intermediaries, although we had problems downloading these when this product review was written. Existing plans can be upgraded at no extra cost.

The minimum scheme size is usually 50 employees and children's cover (the lower of £20,000 or 25% of the member's benefit) is automatically included, regardless of the number of children. Target turnaround time on claims is five days from receipt of all documentation. There is also a 24/7 employee and managers' assistance programme called Worklife Solutions.

WHAT THEY SAY


Vanessa Sallows
Underwriting and benefits director, Legal & General

Underwriting and benefits director Vanessa Sallows said: "Employers and employees all over the country rely on CI cover to help them to cope with challenging circumstances. Expanding the range of illnesses that we cover means we can help more people when they are ill."

WHAT WE SAY


Andy Couchman
FCII Cert PFS, technical editor, Health Insurance

"We still have concerns that CI cover generally does not include all critical illnesses and that some of those that are covered [and, admittedly, the vast majority are covered] have definitions that are beyond the comprehension of most customers. That said, this is an industry issue not that of any provider.

"So far as this plan is concerned, we think that both pre-existing and related conditions could be better explained, especially by adding examples. Long-term protection insurers could learn from private medical insurance providers here – where cancer cover especially now has to be well explained, with examples given. Core cover only includes 12 conditions under L&G's plan, but 26 extra conditions can now be included, albeit at extra cost.

"Overall, L&G has introduced a raft of useful and positive changes that further enhance its reputation in this sector and should appeal both to potential clients and to intermediaries too."

Health Insurance & Protection

RATING: 7.5 OUT OF 10

SELECT THIS PRODUCT FOR...

Mid-sized firms wanting critical illness cover for employees.

PROS

- ✔ **Leading group CI provider.**
- ✔ **More conditions covered.**
- ✔ **Other improvements made.**

CONS

- ✘ **CI generally needs a big update to meet modern consumer needs.**
- ✘ **Examples of pre-existing and related conditions would be helpful.**
- ✘ **Core version only covers 12 critical illnesses.**

THE COMPANY

Established in 1836, **Legal & General** has over seven million UK customers and worldwide funds under management of £370bn. It is one of the biggest protection providers in both the individual and group markets.

CONTACT DETAILS

TELEPHONE
See website for most appropriate contact numbers.

WEBSITE
www.legalandgeneral.com

THE PRODUCT

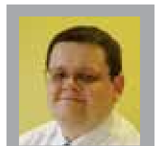
Lifestyle Plus
from Bright Grey

LIFE AND CRITICAL ILLNESS

Bright Grey has extended its existing simplified product Lifestyle plan by introducing a “plus” version of it. Effectively, the new plan adds TPD (total and permanent disability) and waiver of premium features to its existing life and critical illness (CI) proposition. The new plan features the following:

- Up to £500,000 life cover with or without CI benefit is available.
- The term of the policy can be between five and 40 years.
- 22 critical conditions are covered plus TPD. The 22 are: Alzheimer’s disease; aorta graft surgery; benign brain tumour; blindness; cancer; coma; coronary artery bypass graft; deafness; heart attack; heart valve replacement or repair; HIV infection; kidney failure; loss of hands or feet; loss of speech; major organ transplant; motor neurone disease; multiple sclerosis; paralysis of limbs; Parkinson’s disease; stroke; third degree burns; and traumatic head injury.
- Terminal illness is also covered (although not within the final year of the plan’s term).
- Waiver of premium, which Bright Grey has renamed as “Payment Cover for Sickness”. This has a 26 week deferred period.
- TPD is also covered and is subject to one of three possible definitions or may be unavailable for underwriting reasons. The three definitions are: own occupation, working tasks (being unable to do two from six tasks of walking; lifting; using a pen, pencil or keyboard; hearing; speech; and vision), and living tasks (failing three out of six tasks from washing; dressing; transferring; mobility; continenc; and feeding).
- Cover can be level, increasing or decreasing.
- Premiums start at £5 a month.
- Customers can go on risk in 15 minutes, following a “quick and easy signatureless process”.

WHAT THEY SAY



Ian Smart
Head of product development and technical support, Bright Grey

Head of product development and technical support, Ian Smart, said: “There are a growing number of advisers selling protection who want flexible products without the intricacies of the menu product. The addition of TPD and waiver of premium gives them that added flexibility and protection for their clients.”

WHAT WE SAY

Andy Couchman
FCII Cert PFS, technical editor, Health Insurance

“Many clients won’t want more than this from their CI cover. For those that do, other [more expensive] solutions are available. Bright Grey has packaged this plan well and also made it as easy to buy [and therefore also easy to sell] as possible. It won’t win any prizes for the breadth of its cover, but then that’s not the point – think of it as being like a base model of car, with a few extra added luxuries at very little extra cost; or as a ‘bridge’ product. With many consumer products, that is the package that is most popular, rather than the all-singing, all-dancing version we techies tend to love.”

Health Insurance & Protection

RATING: 6 OUT OF 10

SELECT THIS PRODUCT FOR...

Clients wanting simple CI cover, with or without life cover, but wanting a bit more than the basic Lifestyle plan.

PROS

- ✔ **Well-designed bridge product.**
- ✔ **Simple to sell and buy and quick too, with its signatureless application.**
- ✔ **Relatively easy for consumers to understand.**

CONS

- ✘ **Some CI plans offer more coverage (albeit usually with a lot more complexity).**
- ✘ **Task-related definitions (on TPD) are not widely understood by consumers.**
- ✘ **The customer’s occupation can be effectively re-underwritten if a claim is made.**

THE COMPANY

Bright Grey is one of the two protection arms (with Scottish Provident) of the Royal London Group. Royal London is the largest mutual life and pensions company in the UK, with funds under management of over £46bn. The group has over four million customers and employers almost 3,000 people.

CONTACT DETAILS

TELEPHONE
See website for most appropriate contact details.

WEBSITE
www.brightadviser.co.uk

A SIMPLE IDEA

Can heavy-handed compliance be compatible with simple products?

PETER LE BEAU MBE

I am getting very exercised about the big opportunity we have in developing simple products.

We have a very capable set of people working within the industry to this end. I have had an encouraging discussion about it with Carol Sergeant – the former Financial Services Authority director who is heading up a Treasury steering group on the issue – and, optimist that I am, I really do think something really good could happen. I see the spread of social media, the possibilities for using it to provide information and I sense a quiet determination within the industry to make something happen.

But then I think of the hordes of compliance people to whom an idea like this would be anathema. One of the big changes, especially in really large organisations, has been the inexorable rise of the business preventers, the pourers of cold water on ways to get products easily to people and to harness new ideas and new propositions to bring bright, informal ideas to the insurance-buying public. In an era where we talk wildly about innovation the reality is that for many organisations it is much more important to be compliant than innovative.

I find it ironic that in downsizing organisations we never think about downsizing compliance departments. In fact, I’ve never seen it happen. We have developed a culture, which spread initially from the US, that has thrown a straitjacket over organisations. It is more important not to be sued than to do anything constructive that might make it easier to provide new concepts to customers.

How often nowadays, when organising a meeting or a conference, do I wait for clearance on slide packs from compliance departments? The people I normally ask to speak are top-quality professionals who know the business inside out and they really don’t need the say-so of lawyers and an array of internal approval mechanisms before they share their thoughts with colleagues in the industry. Some of the disclaimers I have seen on these slide packs are frankly bizarre, completely unworkable and utterly pointless. But great organisations have to tie themselves in knots while a jobsworth tells them what they can say in public.

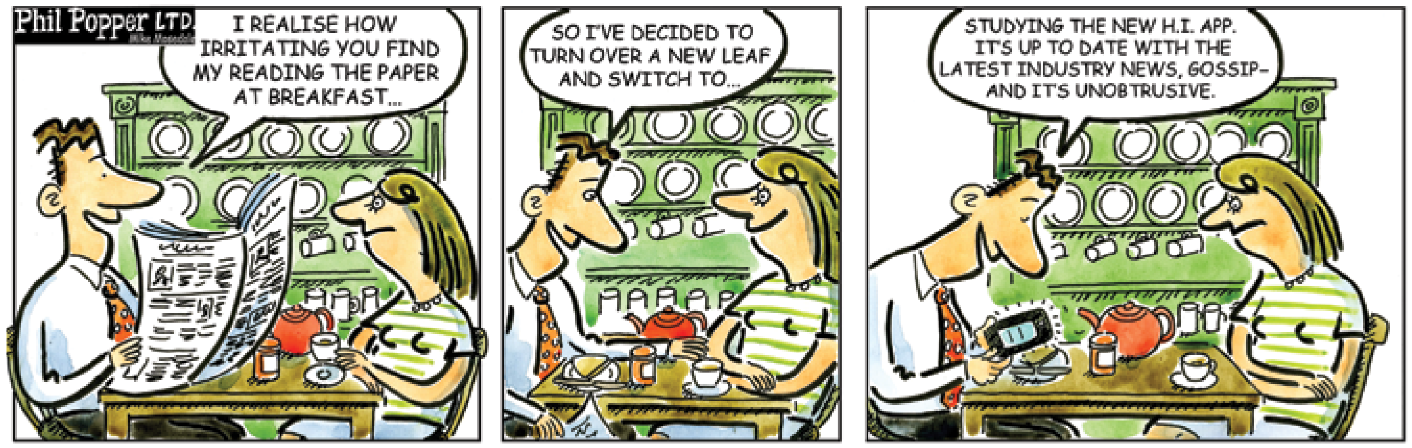
I’ve been in the industry for many years and I can never recall an occasion when something unsuitable was propagated by public utterance. Yet for some reason the thought-police must check everything before we say and debate it.

Pray tell me how this is compatible with simplicity, with thinking differently and freely about offering the public cover more easily. I doubt if you can – simply because it isn’t. Please, for the love of all that is worthwhile about this industry, ease the burden of compliance on this new undertaking— we need light touch compliance (if I haven’t invented a new oxymoron!).

HI BAROMETER

What are the HIs and LOs of the health insurance and protection industry this month?

HAVE YOU DOWNLOADED THE NEW FREE HEALTH INSURANCE APP FOR iPAD AND iPHONE? **TURN TO PAGE 22 TO READ MORE AND GO TO THE iTUNES STORE NOW FOR FREE ACCESS**



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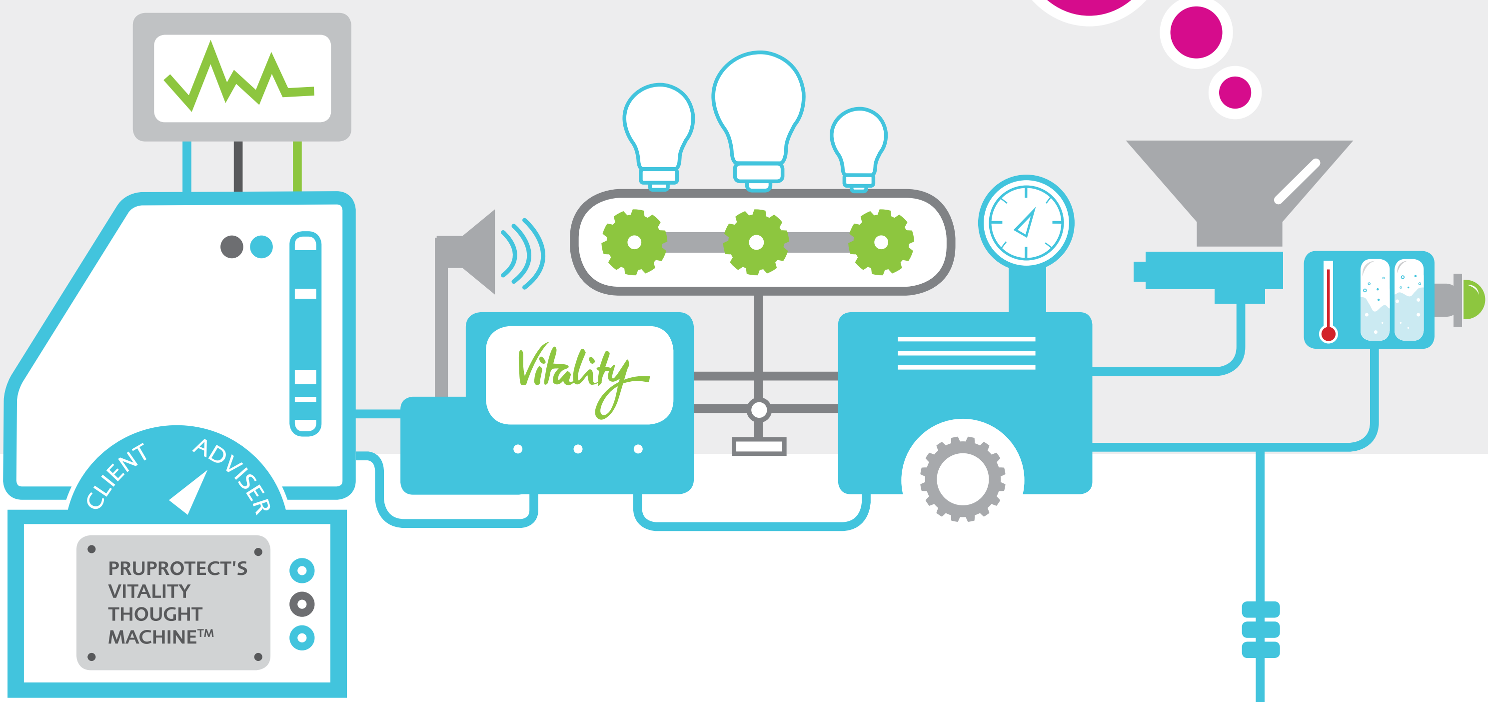

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