HEALTH & PROTECTION

HOUSE OF LORDS ROUNDTABLE REPORT

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INDIVIDUAL PRIVATE MEDICAL INSURANCE: MANAGING GROWTH IN AN EXPANDING MARKET

INTRODUCING OUR PANEL

Peter Lurie,
managing director,
ProActive Medical & Life

Alex Mhandu,
head of healthcare,
Alan Boswell Group

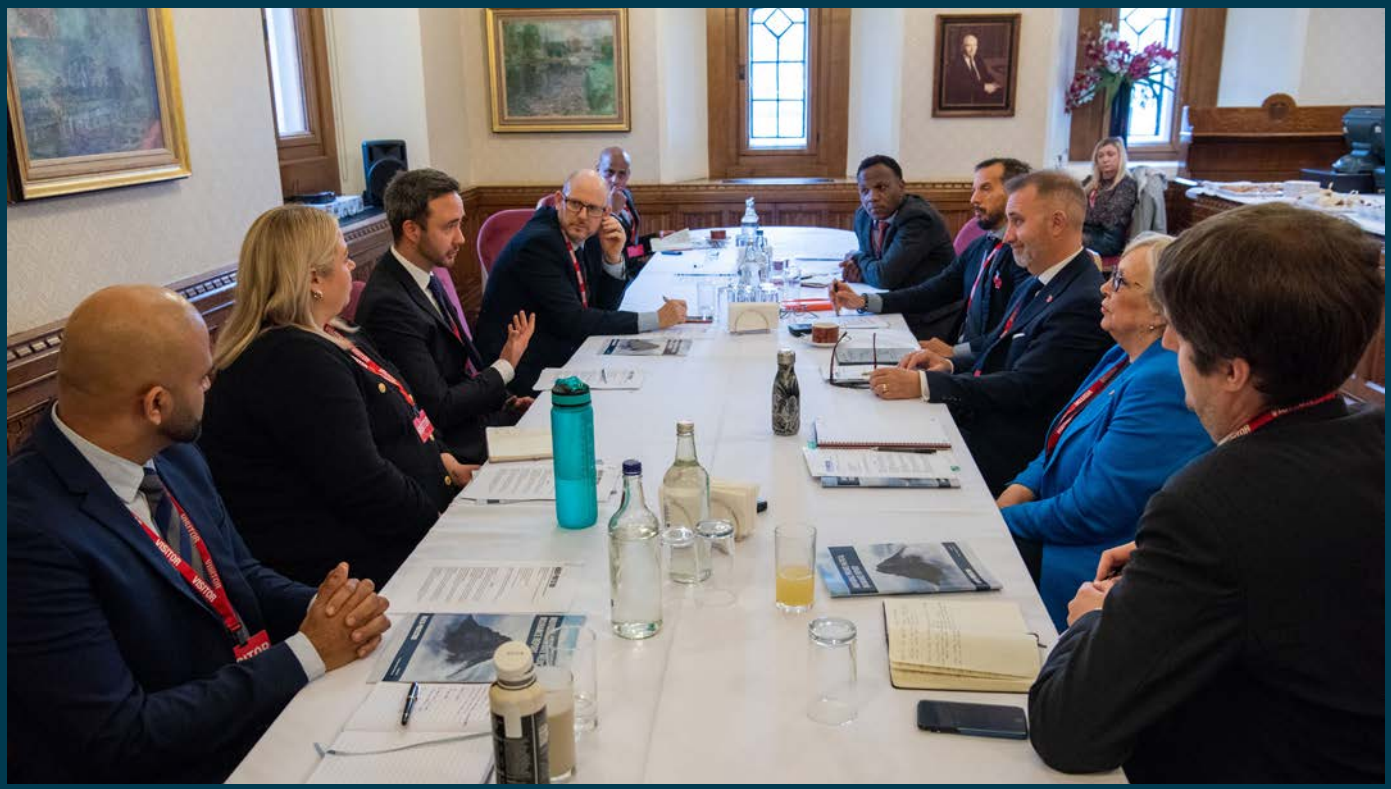
Kim Powell,
partnership manager,
ActiveQuote

Marcia Reid,
non-executive director,
Sherwood Healthcare

Ian Sawyer,
commercial director,
Howden Life & Health

Sunny Solanki,
director,
UsayCompare

Alex Weir,
lead individual PMI adviser,
Drewberry



A NEW ERA FOR INDIVIDUAL PMI – DATA DRIVEN AND CLIENT CENTRIC

Health & Protection's first Individual Private Medical Insurance roundtable, held at the esteemed House of Lords, brought together a distinguished group of seven advisers from around the country to delve into the latest edition of the Individual Private Medical Insurance Report.

The spirited discussions around the evolving landscape of individual PMI highlighted the increasing demand for flexible and tailored plans, driven by factors such as rising healthcare costs, the after-effects of the pandemic and extended NHS waiting times.

On a personal note, this was also the first time that I had chaired one of our roundtable discussions, and I look forward to other roundtables in the future.

One key issue was guided care options and the role they play in the exponential growth of individual PMI. While these options can offer significant savings, it is crucial to ensure that clients fully understand the implications and limitations. Clear communication and transparency are essential to avoid misunderstandings.

The panel also explored the issue of service, not just from providers but from advisers as well, and the role that technology plays in that. The issue of call waiting times has subsided somewhat, but has not been forgotten, and there were still many other aspects of service to consider.

And another key theme that emerged was the need for greater data sharing between insurers and intermediaries, and what that means for being able to offer more informed advice and greater support to clients.

Looking to the future, the individual PMI market appears poised for continued growth. The panel was clear that by fostering strong partnerships and working together, the future for health insurance will mean clients new and old will be receiving the best possible care and support.

Richard Browne,
Deputy editor
Health & Protection

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WHAT IS BEHIND EXPONENTIAL GROWTH IN INDIVIDUAL PMI?

Graham Simons hears why advisers are integral to helping customers understand guided options as PMI demand soars

The individual private medical insurance (PMI) market is growing exponentially.

This is not just down to effective marketing of the product, but also to market forces, extensive press headlines and ongoing record NHS wait times, according to advisers who gathered at the House of Lords for Health & Protection's individual PMI roundtable.

However, PMI is not cheap, so guided options where insurers choose the consultants that customers can see are increasingly coming into their own as a way of mitigating these costs.

And advisers were clear that their role has perhaps never been more important in ensuring customers know exactly what they are signing up to.

FEAR DRIVING PEOPLE TO HANG ONTO COVER

"I think people are more interested in actually investing in their health now," Marcia Reid, non-executive director at Sherwood Healthcare, said.

"And clearly it was driven by the concerns about the NHS. So I would imagine the growth will continue."

Reid added older people are keen to maintain cover.

"From my experience of where I work, what we see is that the older generation are keeping their membership going," Reid pointed out.

"Whereas historically people get to a point where the premiums are so expensive they put the money in a fund instead, but I think fear is driving people to hang onto it."

SIGNIFICANT GROWTH

But advisers made clear the focus for insurers is on adding as well as retaining customers.

Ian Sawyer, commercial director at Howden Life & Health, said his firm had seen "significant" growth over the last two years.

"It's almost 100% growth in two years," Sawyer said.

"That's not all down to market demand. That is about different things that we do and also the advertising strategies of our partners.

"One of the areas where we've seen, interesting growth in is child-only. That's become around 12 to 14% of our sales now. That's interesting."

And Sawyer agreed with Reid's

assessment of market demographics.

"That's why the flexibility within the products in terms of excess options and guided options are so important so that there are metrics and mechanics to keep on top of the premium increases," he added.

MARKET FORCES, MEDIA COVERAGE AND NHS CHALLENGES

Sunny Solanki, director at Usay Compare, echoed Sawyer's sentiments on the growth of the market.

"Since 2021 we've seen exponential growth in PMI policies sold. Again, it's not all down to what we're doing. A lot of it is market forces, media headlines and the NHS challenges.

"Tying this in with where we are looking for younger people to join the market, there is evidence to suggest this customer group has grown.

"And we are finding insurers suggesting that there are now slightly younger demographics looking into private healthcare, not hugely, but that group is growing."

EXPLAINING GUIDED OPTIONS FULLY

Against this backdrop of market growth and ongoing cost of living challenges, guided options are coming into their own.

For Peter Lurie, managing director of ProActive Medical & Life, the key to these options is explaining them fully and making sure that the client understands exactly what is meant by "guided".

Lurie noted he has had cases where his advisers could not have explained what this means any more than they had, but the client was still confused over what a guided option actually involves.

"We've had cases where we've explained it and couldn't explain it more than we have done, and they still have a problem," Lurie explained.

"I had one client this week who said he wanted to really look at upping all that," Lurie revealed.

"But now the problem is that the insurer won't allow him to up the hospitals on his list because he's got a pending operation.

"Even if it's on the NHS, they still won't allow them to up their hospitals - which I also think is a little bit strange from the insurer's perspective.

"In this case he can't have cover for that because it was a pre-existing condition. He knows he's getting all his treatment on the NHS. He's still on a guided option. He still wants to increase his hospital list.

"But the insurers are saying no because you've got something planned with the NHS. We're not going to allow you to increase it.

"It doesn't help the client and it could potentially help the insurer."

Where insurers appear inflexible over guided options, client relationships are key Alex Mhandu, head of healthcare at Alan Boswell Group, noted.

He supported the guided option, but said: "It's about us educating them.

"You need to let them know what they are signing up for.

"We're talking about PMI being expensive because it is - but there's certainly a huge place for it, especially in the current climate." ▶

Ian Sawyer


Alex Mhandu (left)

LOCATION, LOCATION, LOCATION

Mhandu also maintained that location of the business is a key factor.

"A lot of it is also down to location as well," Mhandu said. "We're Norwich-based in a Norfolk farming community.

"We've got some really good hospitals there. Guided options have been so good for our clients because of the choice, the consultants and the hospitals in our area.

"It works a treat. It lowers the cost. When policies become unsustainable, it's the best solution.

"You find that it's almost a no-brainer for a lot of these clients in our area just because you're going to use the same consultant, the same facilities. So it's a good solution."

Kim Powell, partnership manager at ActiveQuote, said 90% of the firm's new business is now guided options.

"So we actually default our panel because it's price comparison," Powell said. "So when a customer sees the panel they automatically see guided options.

"It just works. You've got a customer that's going through that price comparison journey and it's price driven. So all of ours are defaulted that way at the moment."

COMMUNICATION IS KEY

Customer complaints was also a hot topic raised by advisers, with Powell pointing out confusion around guided options is a key factor behind these grievances.

"It definitely caused a rise in complaints for us," Powell explained. "They do make up quite a large amount of our complaints.


Kim Powell

"But it's all down to the understanding as well. We put in quite a lot of measures in place in terms of discrepancies, making sure certain things are mentioned.

"So it's getting the advisers to step away from putting any kind of indication as to what exactly is going to happen, just to say the insurer is going to select those for you.

"It's a tricky one to manage, but we've definitely seen the complaints come back down again. Initially there was quite a lot."

LEATHER OR PLASTIC SEATS

For Sawyer, customers need to understand that guided options are a compromise.

"Customers need to understand what the compromise is," Sawyer explained. "You're accepting a discounted premium for a restriction in your choice.

"So the way we label it is either your choice or insurer choice."

While Reid interjected that that this choice could be a case of whether customers want leather or plastic seats, Sawyer rejected that analogy.

"They're all leather seats," Sawyer said.

"But you've got three to choose from and they're all comfy leather seats."

CONSULTANTS CHANGING CONTRACTS

Though even when the choice is clearly explained, this can all be scuppered by a consultant changing their contract as Lurie pointed out.

He revealed he had had a case involving a customer who had read all the fine print and thanks to a guided option with a buyback secured a 50% discount on his premium with his insurer.

"The only issue was he had a pending specialist operation which he needed with a specialist surgeon," Lurie said.

"And at first the insurer said no because he had this pending operation to go to guided option, but then they allowed him to do it," Lurie said.

"The problem came in when he actually needed to claim on that. They then turned around and said, this consultant's not on the guided list, but we'd made sure that he was.

"Eventually they came around and they said we will cover him because this is so specialist, and he was one of the only surgeons who could do this operation.

"So the customer managed to get it covered and was really happy in the end with that outcome.

"But the fight that we had to put in for that hadn't been a such a good point.

"It did work in this case, but had it been another insurer who was not as in tune with the market as his provider, we could have potentially had a big problem." ■


Peter Lurie

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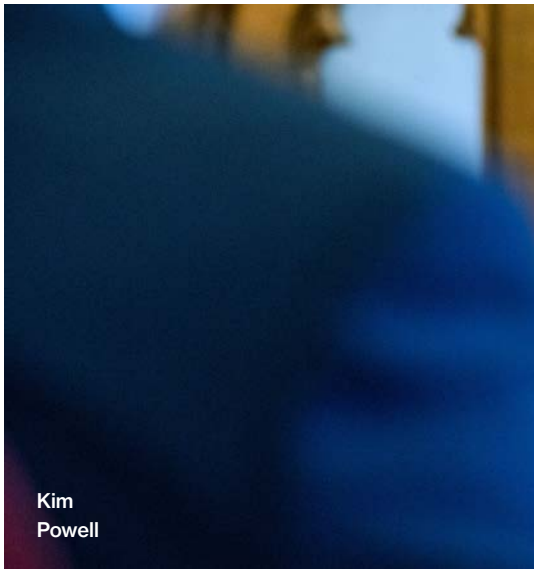
INSURER SERVICE LEVELS HAVE IMPROVED BUT THERE IS MORE TO DO

The issue of long call waiting times may now be in the past, but many advisers have not forgotten and see many other service issues **Richard Browne** hears


Kim Powell

A key concern for many advisers over the last 18 months has been the speed and quality of adviser and customer service offered by several insurers.

High on that list last year were call waiting times, with several providers struggling to keep up with increased demand, and complaints that some callers had to wait more than an hour to have their call answered.

Call waiting times and other service-related issues were a hot topic of animated conversation among the seven advisors who gathered at the House of Lords for Health & Protection's roundtable on individual private medical insurance. The group discussed both the frustrating experiences of the past and the positive strides made by some insurers to improve service standards. The general consensus among them was that the issue of call waiting had improved thanks to efforts by the providers.

But some advisers are still annoyed at how bad it was and how it was handled at the time.

And other issues have now come to the fore, though there are also some positive aspects.

INCONSISTENT QUALITY

Kim Powell, partnership manager at ActiveQuote said there are some insurers who are inconsistent, with service quality that goes up and down.

That has knock-on effects, as some providers continue to push for a larger share of new business, even though service in other areas is flagging.

Powell said: "There's one insurer that has quite significant issues. They are better, but they're still nowhere near what they should be."

But on the subject of underwriting for that company she said: "Sometimes it can take two even three weeks to underwrite, which is a long amount of time – especially when they're pushing for a bigger market share.

"They are taking on huge amounts of business and they're not being able to service it properly.

"And then you see other insurers in the market that will adjust their pricing so that they're not taking on too much business, so they can service it. So that is another approach."

Ian Sawyer, commercial director at Howden Life & Health agreed that some providers were overextending themselves and said: "They do not turn off the taps on your business and they still go out selling the product because they can without actually balancing that."

But he said: "I do have sympathies as well. Post Covid Aviva said they moved from one in four policyholders making claims to one and three - that's a massive change.

"But you still have to put your resources in the right place and it just took them way too long."

CLAIMS SERVICE IS LACKING

Claims service is a particular sticking point for some advisers.

Alex Mhandu, head of healthcare at Alan Boswell Group said: "At the moment, we recommend insurers on the basis that should you need to make a claim, it's not just on price but its on everything else – or it should be.

"Give the client a choice - whether you're the biggest name, doesn't matter anymore."

He said service is lacking for some insurers.

"The support is there, it's improving - but it is nowhere near where it should be. We almost have to work harder. We have to do too much."

Several advisers had not forgotten the pain of long call waiting times.

Sawyer said: "To be asking people who are in need of treatment to be waiting 45 minutes is just unacceptable."

"Every insurer surely should have the principle that claims is what we're here to do. That's where we put our resources.

"Yet I see countless times in the health and the life insurance industry where that is not the case."

Other advisers commented that long waiting times put them in a difficult position with their customers.

Sawyer said his company had a solution for that, which was to warn customers upfront about the problems that they may experience when it comes time to make a claim.

BROKER SERVICE IS DECENT

But Sawyer said: "For claims service we shouldn't bash our partners because without them we are nothing.

"In terms of service, you've got to split it into three different groups. Broker service. policy service and claim service.

"Broker service is pretty good most often

– its our job to work out the differences between the products and the differences in aspects of the product. So we have to take responsibility there.

"They can't do our job for us and I don't want them to."

Alex Weir, lead individual PMI adviser at Drewberry agreed that insurer service was quite decent.

Weir said: "I generally find if you ask a question, support is there.

"What a lot of us perhaps need from the insurers is clarity."

Noting that there were so many differences between providers and their policies, he said: "It ranges so much by insurer you almost need an idiot-proof guide.

"Its why advisers are so important in the conversation, because it is the knowledge aspect that they bring."

BENEVOLENT VIEW

And Marcia Reid, non-executive director at Sherwood Healthcare also took a more benevolent view.

"It's very easy to beat up on insurers.

"But we work in an amazing industry and I don't think its too romantic to say that generally most private medical insurance clients get excellent service.

She added: "The point about consistency is probably more important."

"We all know if something goes wrong and the insurer deals with it well, you've actually got a really loyal client and some insurers are better at saying 'we messed up, we shouldn't have done it, we are going to make it better'.

"Others may say 'oh, our claims and service levels are really high' and we think: 'No - get real'.

"It is right to get the balance about how much we should do - but let's not beat up the insurers all the time.

"I feel that certainly in the roles I've had, my success has been because I've worked with insurers - not against them."

Peter Lurie, managing director of ProActive Medical & Life agreed and said: "In fact, when it comes to service-related issues for clients the one thing that we get right,is that we say at the first point of call - 'If you feel like you've got a problem or an issue, anything like like that, even if its before you make a claim - call us, okay?

"'Because at the end of the day we've sold the policy to you. We want to help you through it'.

"And that loyalty speaks volumes."

He also agreed that working with the insurer was key.

"If there's a complaint that comes through because of a service element with an insurer - working with the insurer is what gets you the results.

"Working against them is just going to push them away or make it more difficult for you.

"If you know in your heart of hearts that you've done the right thing for the client from the get go - then it makes the complaints procedure so much easier."

USE OF TECHNOLOGY

Technology is another aspect and making sure it is utilised properly. It can help if advisers work with the customer to help them to use the relevant apps.

Sunny Solanki, director of Usay Compare said: "A challenge is ensuring that the technology that the insurers have implemented is utulised, that the app is downloaded and people use it.

"People are now really savvy with phones and iPads".

He said that the technology is no longer just for the youth, and noted: "My grandfather is 100 years old, and he has an iPad.


Marcia Reid


Sunny Solanki

"I find that clients who have downloaded the app are quicker to register and when they come to make a claim they say 'I've downloaded the app, let me see what I can do on it'."

But that means getting people to actually use the apps, so that they can get the most out of the services.

Advisers agreed that taking customers through the loading of the app and how to use it was very helpful in getting them to appreciate how convenient they can be.

Solanki said: "Its one of those things, that had you followed up and got somebody signed up to the app, you probably have a higher chance of keeping them, because they can make use of those services. Whether its health checks or whatever, they are there to be used."

Another technological issue is that of allowing greater ease with electronic signatures.

Powell said: "One of the only things that is letting some of them down is things like digital capability - things like signing on behalf of the customer, for example, to help make the onboarding process simpler."

Sawyer agreed, and noted: "Policy servicing is okay - but I'd like to see a lot more in terms of getting people to engage with the product and the app."

PRAISE FOR SOME COMPANIES

Some smaller companies came in for praise for their claims service, and as benchmarks for the industry.

Sawyer said: "Let's call out the good – companies like Freedom and The Exeter each have fantastic claims service.

"It's easy to say 'well, they're smaller insurers, they can' but surely that's the benchmark that the larger companies need to live up to.

"Because nothing can be secondary to claim service." ■

OPEN DATA THE NEXT PMI HURDLE

Data sharing from insurers to advisers is essential to fulfil Consumer Duty rules and enable great customer outcomes, **Owain Thomas** hears

Advisers want more data and openness from private medical insurers (PMIs) to help meet regulatory demands and provide better services to their clients.

This includes details of claims made by their customers and their pre-existing conditions, overall claims approval figures and lapse rates.

Those gathered for Health & Protection's individual private medical insurance roundtable at the House of Lords emphasised the importance of receiving greater information such as this from insurers.

They understood there were potential data protection hurdles to overcome in some respects, but felt there was not enough transparency or willingness from insurers to participate and address such issues.

DEARTH OF INFORMATION

As Howden Life & Health commercial director Ian Sawyer acknowledged, a significant element of recent Financial Conduct Authority (FCA) activity has put pressure on market players to provide greater data, insight and accountability to each other.

"We're all now under Consumer Duty tasked with verifying and checking on the insurer's product to make sure that it's fair value and it matches our target market," he said.

"In the general insurance (GI) and commercial insurance space they are awash with claims stats and claims information and data that they get from insurers.

"However, in our space we don't get anything, we don't get claims notifications, we're not even allowed to see the exclusions on a certificate because it's health-related."

Ian Sawyer

Peter Lurie

Sawyer said he understood there were some potential restrictions on this due to professional indemnity insurance cover limitations, but felt there was the option for keeping intermediaries far better informed about their customers.

"What should happen on every claim is that the insurer should say to the patient: 'You're starting to claim, we will share this information with your broker so they can advise you later, unless you opt out,'" he added.

INSURERS SHOULD TAKE THE LEAD

Peter Lurie, managing director of ProActive Medical & Life, suggested that while data control rules were partly responsible for the status quo, the situation meant there was a loss of trust between the regulator and the intermediary who sold the policy.

As a result he argued that engagement with the adviser should really be at an earlier stage in the process and insurers should take the lead.

"The consent should come when you sell the policy, so it's up to the insurer to put that consent in the application form, for example, and they won't do that," Lurie said.

"It's another administration headache so they don't want to do it."

Lurie also raised concerns that insurers were potentially deliberately withholding

information to avoid adviser scrutiny of the claims process and what was being approved.

"They'd like to keep their cards close to their chest because they don't want the broker getting involved in assisting the client with that claim in case they do not want to authorise it," he added.

SUPPORTING MARKET GROWTH

The panel also highlighted how important data sharing and co-operation was for growth in the wider market and that it was in the client's best interests for insurers to be sharing more data about the claims being made.

"Understanding what's happened to a client during a claims process will be vital if you want to continue this growth period, even though that growth is slowing," said Usay Compare director Sunny Solanki.

"How much do we want it to slow because if we're not giving the tools to continue that growth, it's going to be pretty difficult to do it.

"We're talking about the youth and technology, but something really simple, which is we've signed up this client, we'd like you to understand what's going on with the client.

"It allows us to help that customer journey, because it hasn't stopped at the point of sale, it is keeping them happy and maintaining the value of PMI long term."

ENSURING BEST ADVICE

And with an annual renewal process any claims can have a substantial effect on the premiums and more crucially eligibility for cover.

So the panel highlighted greater sharing of information around individual claims can improve this process and outcomes for the customer.

"That's not just at point of sale, you can provide a better experience long term," said Alex Weir, lead individual PMI adviser at Drewberry.

"You're coming up for the renewal, we're not spending an hour going through looking at reviewing the market because quite simply, they've had a claim that's pretty important.

"If they look to move anywhere else, they're not going to have cover, so I can therefore inform them that's probably not the way they want to go.

"It's good business then and good business long term, it's retention and quality at the same time, and restoring the confidence in the consumer, which is such an important part of what we do."

As Solanki agreed such information is a chance for advisers to ensure the customer is happy and being supported.

"If I got that claim notification through into my inbox, I'd be on the phone the next day to the client, adding value and asking them to please talk to me about their experience," he added.

LAPSE RATES

There were also calls for more insurer and market-wide information to be made available that would not directly involve individual customers but could be shared with them.

This would also empower advisers and enable them to give a greater understanding of the market to their clients.

"More generic information should be used, for example I'd like to know what the lapse rate is for an insurer because then you've got a bit of a comparison," said Sherwood Healthcare non-executive director Marcia Reid.

"You know how your book behaves but you don't necessarily know how the whole book is behaving, so I think that would be really helpful to know."

PUBLISH CLAIMS FIGURES

Likewise, the subject of overall claims approval rates for insurers was also raised.

It was noted that in the protection market insurers are far more open and transparent about the percentage of claims and number of claims they approve and the value of those claims paid.

This has been seen as a great success with advisers who operate in both sectors noting how it can be used to dispel consumer myths about insurers not paying claims.

And it can also be used to highlight areas of concerns that can improve practices from advisers and insurers.

All three editions of the Health & Protection Individual Private Medical Insurance Report have asked insurers for their claims paid data.

Encouragingly more insurers are sharing more data about their claims paid but the two largest traditional underwritten PMI providers, Axa Health and Bupa, are yet to do so at all.

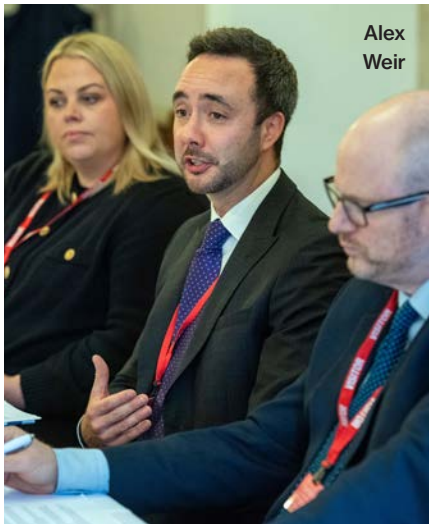
However the panel added that having insight from the report that the claims were mainly being declined because of pre-existing conditions was helpful to them and their businesses and clients.

"From a Consumer Duty point of view I'm more interested in the repudiation," noted Sawyer.

"How many claims are they getting and how many are being paid and that type of thing. That's high-level stats, we don't need any special information for it."

Referencing regulatory expectations, Sawyer continued: "Right now we are all tasked with going to the insurer and asking for this information and if we all do that we're going to have thousands of brokers asking for completely different information.

"Whereas we need central points to be able to collect that information in a consistent way and then convey it." ■



Alex Weir

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