

[A look at CI Claims Statistics – Money Marketing \(April 2006\)](#)

After a lot of fuss in recent months we now have the claims statistics from the UK's main critical illness insurance providers and what interesting reading they make. Before I detail my findings however I would like to remind you that in July 2005, through this comment section, I predicted that with the release of these statistics we would hear much applause as insurers did what was asked of them (read MM it is all there), followed by some collective booing as people worked out the stories behind the statistics (just pick up the weekend press and you will see what I mean) and that this would then be followed by the naïve amongst us attempting to compare the providers performance based on their stats.

In truth I had hoped that everyone would understand the complexities of trying to compare insurers with their different pricing bias, age of book, data collection methods etc. and yet already one commentator has included in their regular bulletin the following *“On the subject of publishing CI claim stats we will be compiling a comparison table of all the stats published so far, which will be available soon”*.

Any such table will result in flawed conclusions, not least because of the amusing antics employed by the insurers to make the data as incomparable as possible. Some insurer's stats cover 2004 others 2005, some span the calendar years and are then for either 8, 9 12 or 36 months, some use 'numbers of case' others use 'value of cases'. If I didn't know better I might think that the insurers had collaborated and contrived to all report in a slightly different way, surely not!

If we are not to use the information for comparison purposes what use is it? Well it has certainly helped me to understand the extent and size of the non-disclosure time bomb which, on the evidence provided, will turn out to be a WMD.

I have annualised and extrapolated all the data and found that, 20% of claims are declined with 55% of these due to non-disclosure. These unpaid non-disclosure claims amount over £53 million, or just over £1 million a week and all because the form wasn't filled in properly!

Take these numbers and garnish with comments from senior insurance managers involved in claims *“We sometimes find when a claim is rejected due to non-disclosure that the customer accuses their adviser of omitting important medical facts from the application form, facts the customer says were disclosed to the adviser”* and *“We often decline claims and the policyholder says that the adviser told them it was OK not to disclose information”* and you can almost imagine the 'Claim to Gain' businesses salivating at their prospect of their next feast.

During the last few weeks my colleagues and I have met hundreds of advisers through our Learn More, Earn More training, during which we highlight such issues and it is fair to say many hadn't fully appreciated the state of the market generally and the issues we now all face. Typically they tell us that someone really ought to be doing something about this, which of course at LifeQuote we are through Express Underwriting, but we are not the whole industry.

The ABI are doing their bit to reduce the risks to their members producing guidance on application form design, full of sensible stuff like shorten questions, avoid trawling, highlight important text, and include more warnings. However these measures only deal with the 'what' and not the 'when', the 'who' and the 'how'.

As for advisers they should heed the words of Darwin *“It is not the strongest of the species that survives, nor the most intelligent. It is the one that is the most adaptable to change.”*

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