

The third way - Money Marketing – October 2008

Just to break down some stereotypes which some of us may still hold. A recent Axa survey showed that when filling in insurance forms, 25% of men lied about the amount they drink, with 10% of women claiming to weigh less than they do. Who would have thought it?

The serious point to this research is to underline the fact that the capture of personal and medical information at point of sale is an incredibly risky business. As well as the above statistics, one in ten people admitted to lying about their smoking status in the hopes of achieving a preferable premium. Bear in mind that this only reflects what the respondents admitted to, the liars who told the truth, never mind the liars that were still lying...

One would presume that if, at point of claim, one of these falsehoods were to be cited as a reason for an insurer refusing to pay, not all of these clients would hold up their hands and admit that actually they were just seeing if they could get away with a cheaper monthly payment. A proportion would no doubt see if they could pass the blame elsewhere – the adviser who filled out the form, the wording of the application itself etc., in order to get their claim upheld.

If you doubt this logic, think back to the endowment miss-selling payouts – did everyone who received compensation really not understand the risks, or is there a chance that some knew they could get compensation and therefore developed a selective memory?

Many insurers, Axa included, are now offering tele-underwriting solutions in order to help avoid these risks. They estimate that policies underwritten in this way carry only a 1% risk of being declined due to non-disclosure (compared to 6% for paper applications).

This is obviously good business sense for the providers, and will help customers in the longer term since the policy they buy is actually worth something in the event of a claim. The benefits to the adviser are important too, saving time at point of sale by removing lengthy form filling as well as removing them from the firing line in case of a future dispute around any disclosures given (or not).

The main barrier left for most advisers I meet is service. They become reliant on a third party to contact the client promptly and provide good service to ensure their application becomes a reality.

We have recently launched an online scheduling facility, which allows the adviser to select a specific date and time slot for when their client can expect our call. This has been a real winner as it removes part of that uncertainty from the adviser's mind – they know what's going to happen and when and can therefore ensure it meets their client's expectations.

There is also confusion amongst sellers as to what firms mean by tele-underwriting. Some mean, as we do, collecting the full application details from the client on behalf of the adviser, whilst some insurers will still expect the seller to fill out the form with his/her client, which they may then follow up with a call to clarify some aspects of the disclosures given.

A combination of these approaches seems to me the logical way forward for all concerned. Let a specialist third party carry the burdens of time and risk where form filling is concerned, with the insurers themselves utilising some skilled staff to talk to the customers and mitigate the need for costly and time consuming GP reports.

This leaves the adviser free to get on with the actual business of giving advice, rather than worrying about whether their clients actually are eight stone, non smoking, tee-totalers.

By Phil Jeynes, Key Account Manager

