

Actuaries Summit

Think Differently



**Actuaries
Institute**

21-23 May 2017 • Grand Hyatt Melbourne





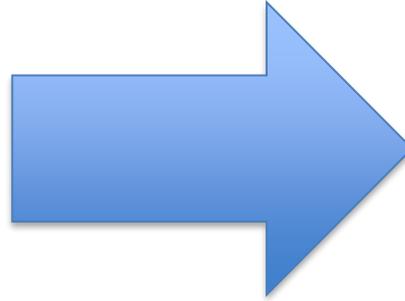
Building consumer trust in the life industry - alternative approaches to recent issues

Kim Cohen

© Kim Cohen

*This presentation has been prepared for the Actuaries Institute 2017 Actuaries Summit.
The Institute Council wishes it to be understood that opinions put forward herein are not necessarily those of the
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Actuaries Challenge







**'78% believe Life Insurance is
important
42% believe their insurer will
be there at the time of need'**

PwC survey of 2,002 respondents
(representative sample of Australia), April
2016



You can't buy trust



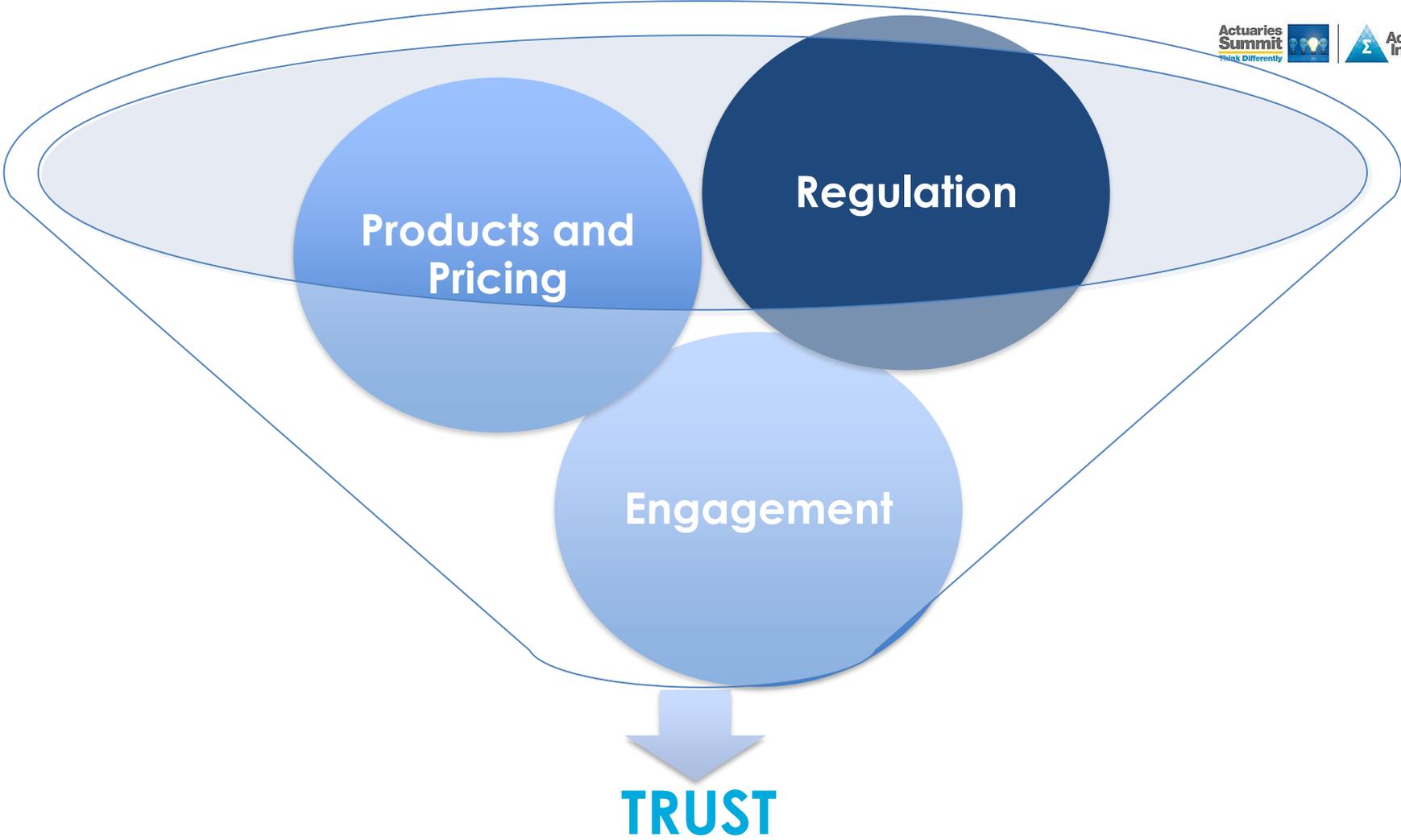


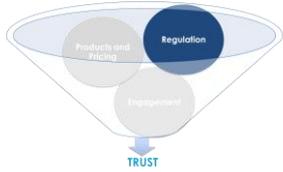
Products and
Pricing

Regulation

Engagement

TRUST





By law...

- Insurance Contracts Act 1984 s13
- a statutory obligation on both parties to act with the **utmost good faith**

Insurer



- Superannuation Industry (Supervision) Act 1993 s52 (2) (c)
- to perform the trustee's duties and exercise the trustee's powers in the **best interests of the beneficiaries;**
- (d) (i) to **give priority to the duties to and interests of the beneficiaries** over the duties to and interests of other persons

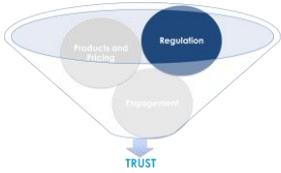
Trustee



- FoFA: Division 2 of Part 7.7A of the Corporations Act 2001 (Cth)
- **act in the best interests of their clients** (section 961B)
- **prioritise the client's interests** (section 961J).

Adviser





Festival of Life Insurance

Actuaries
Summit
Think Differently



Actuaries
Institute

The Sydney Morning Herald

NEWS SITE OF THE YEAR

Business

OCTOBER 12 2016

SAVE PRINT LI

Life insurer declines 37 per cent of total permanent disability claims

 Sarah Danckert  

Show comments

AUGUST 6 2016

SAI

Devils are in the detail in super life insurance

Adele Ferguson | Ruth Williams

Show comments

COMMENT AUGUST 6 2016

Lipstick on the piggy banks won't cut it

 Adele Ferguson  

ANALYSIS OCTOBER 15 2016

SAVE PRINT

Australia's super funds scrambling to fix super life insurance

 Ruth Williams  

Show comments

THE  AGE

CBD OCTOBER 12 2016

Insurers can no longer spy on you in the loo

 Sarah Danckert  

COMMENT FEBRUARY 27 2017

SAVE PRINT LICENSE ARTICLE

Many of us don't even know we have life insurance. Often it's worthless

Jessica Irvine

COMMENT OCTOBER 11 2016

Life insurance and the Wild West

 Adele Ferguson  

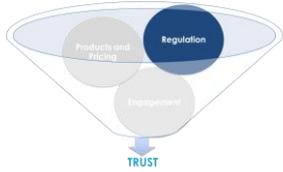
Show



Casual workers paying for 'junk' superannuation life insurance they don't know they have

Exclusive by business reporter Andrew Robertson

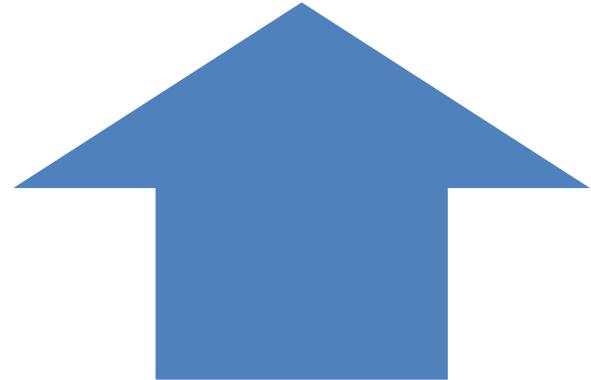
Updated 17 Mar 2017, 11:25am

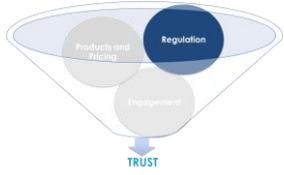


She'll be right

16 March 2017, **ASIC** Deputy Chair Peter Kell acknowledged the “**intense media, government and regulatory scrutiny** in relation to conduct and culture concerns”

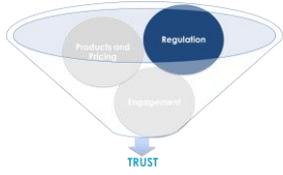
“one pleasing aspect of this is a **positive response** from many in the industry to address the concerns that have arisen. An example is the launch of the **Life Insurance Code of Practice** in October last year, which has sought to lift standards across the industry.”



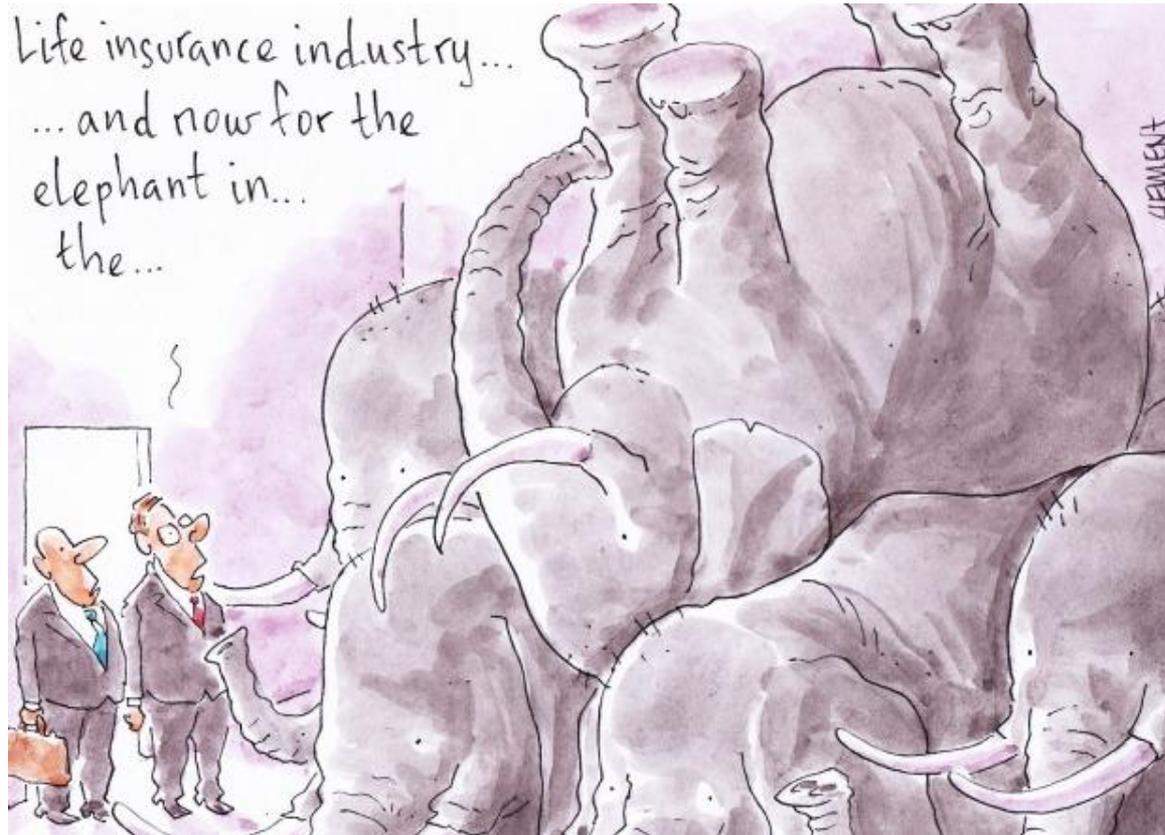


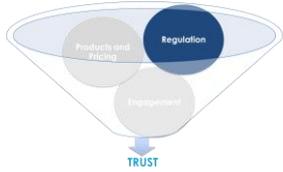
Rubber hits the road





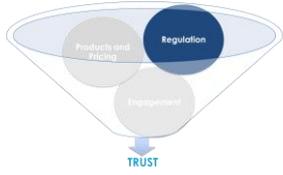
Up to scratch





Take your money and run

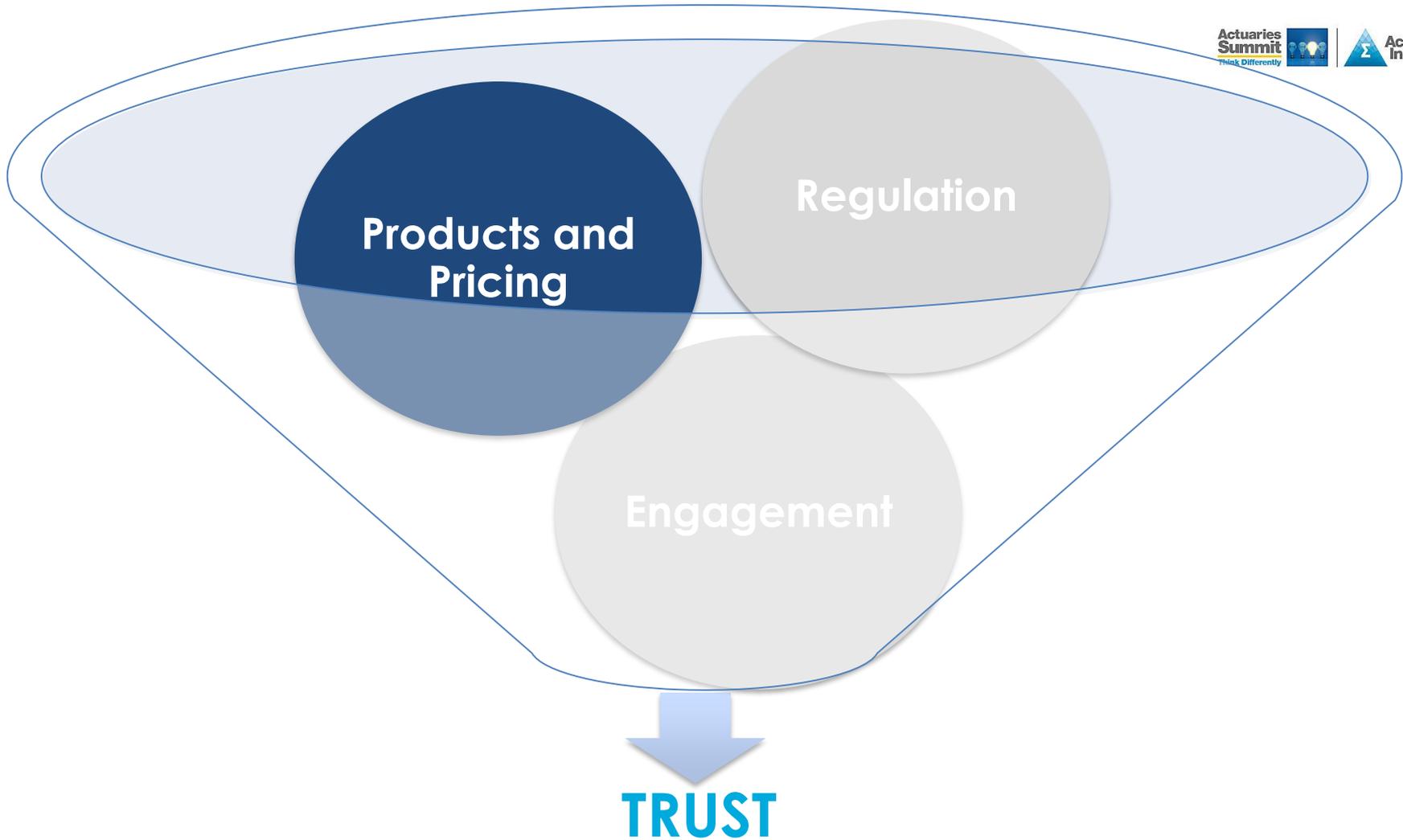




As good as new

BACK TO THE FUTURE







Poms know their onions





Ice is dangerous





Good work

Sunsuper



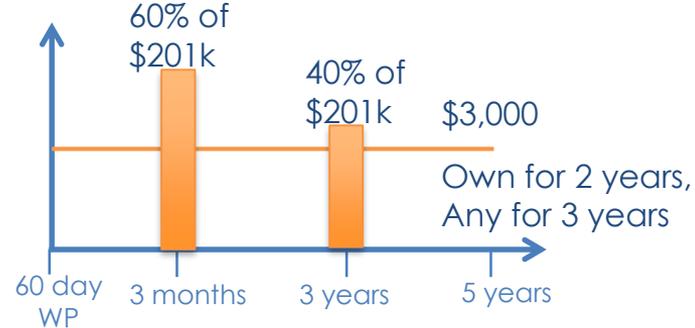
AustralianSuper



VicSuper



Catholic Super



PSSap



*Age Next 35 Default comparison



We're in this together



BOUGHT BY MANY

inspool



 **friendsurance**


**PEER
COVER**



Strength in numbers

BOUGHT BY MANY



Club together to buy insurance.
The bigger the group, the better the deal.

HOW DOES IT WORK?

Let us know about the things in your life that need insurance.



Join buying groups of people with similar interests and needs.



> See some examples

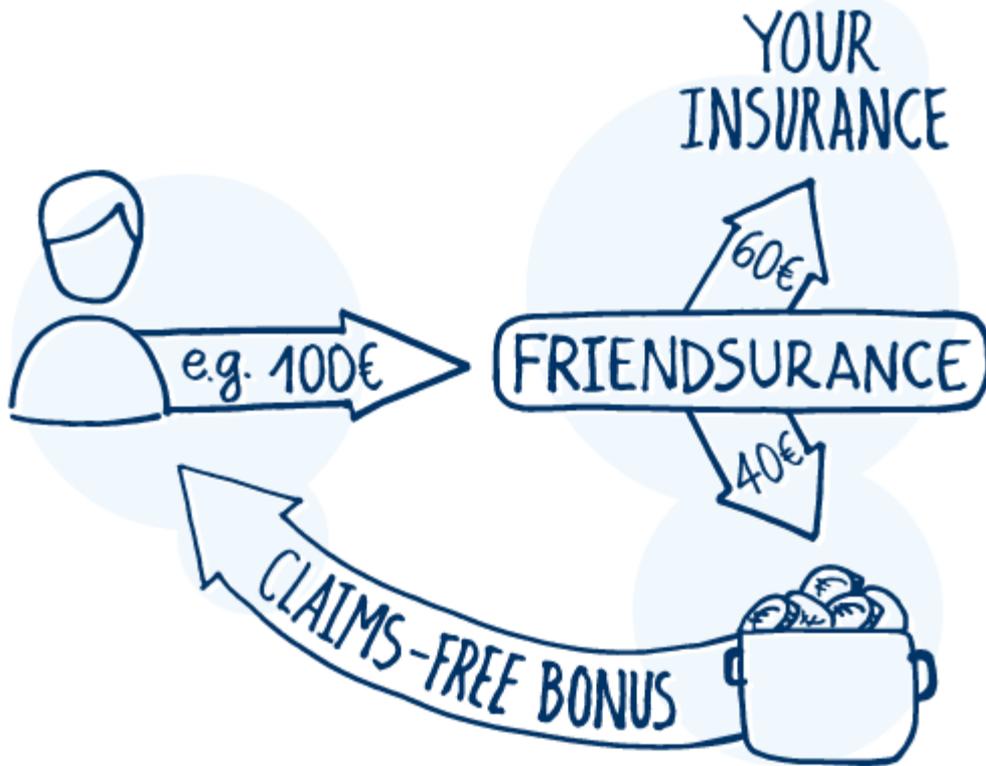
We negotiate with insurers to get the best deals for the group.



> Find out how we do this



Nothing like a good friend

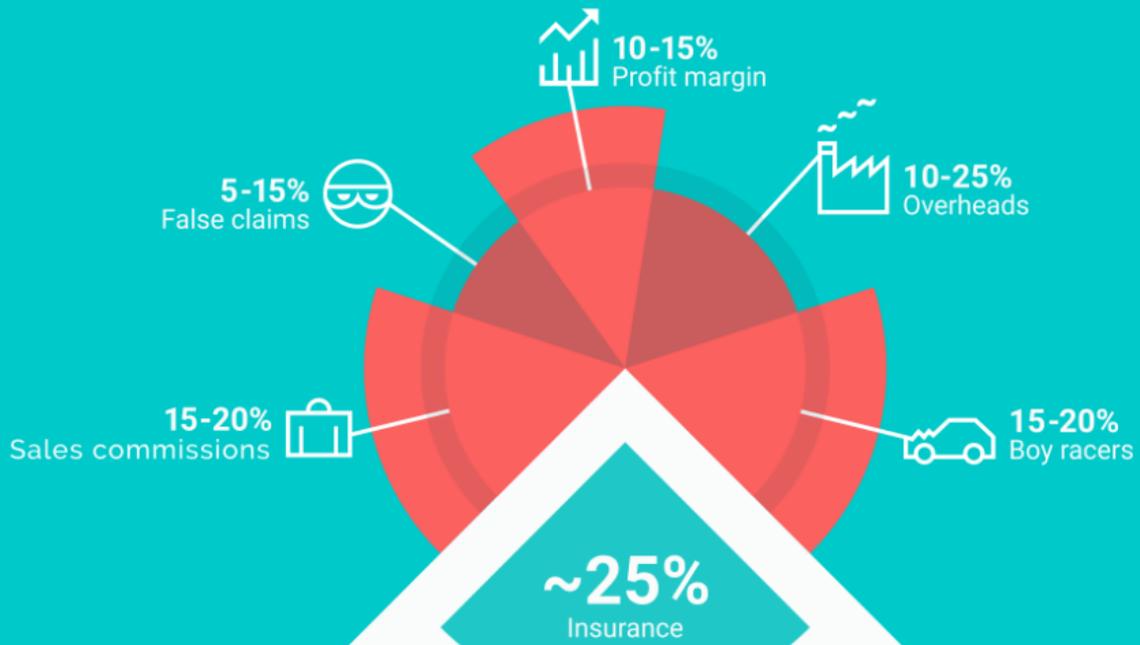




Cull your Facebook friends

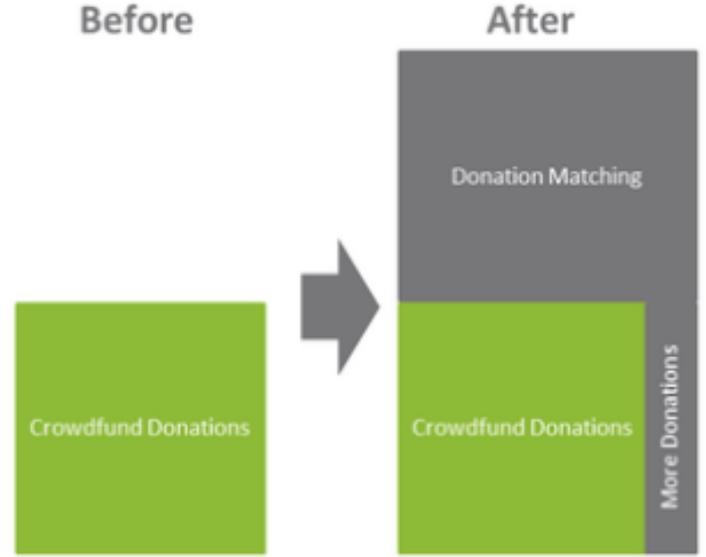
You're currently paying for:

inspui



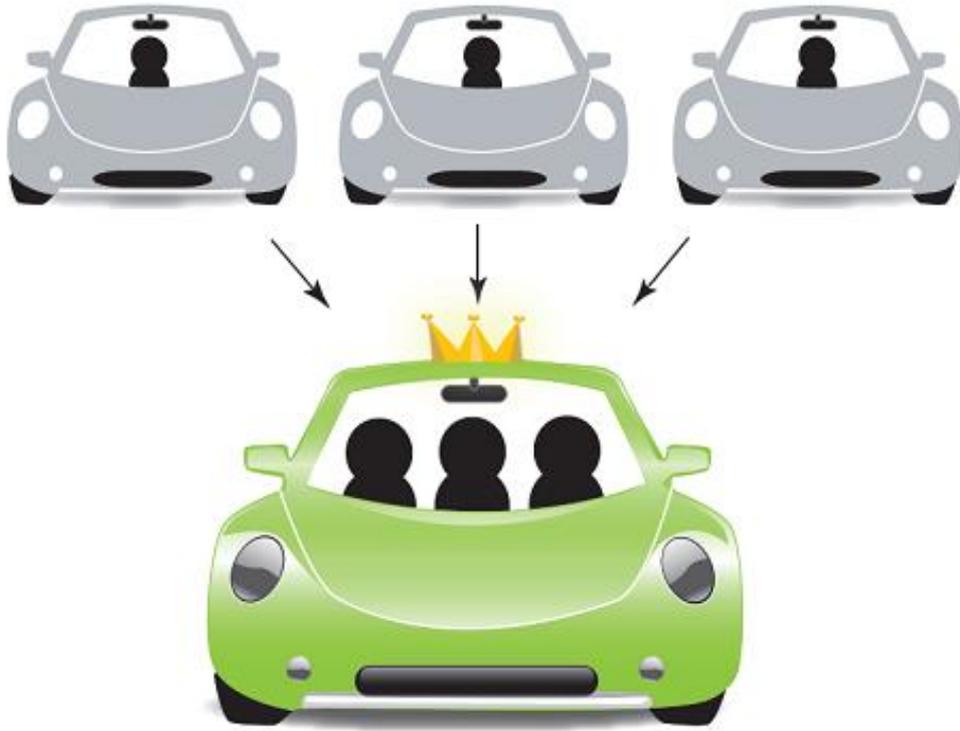


Charity case



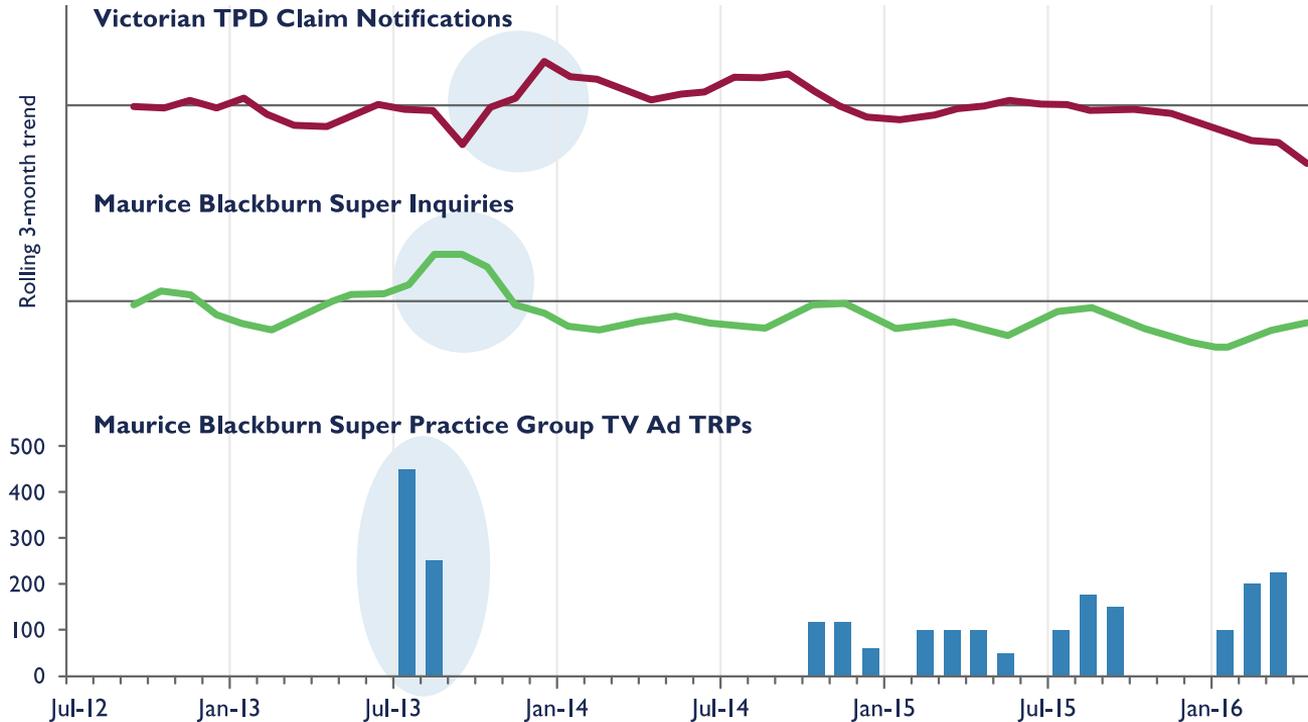


Split the bill

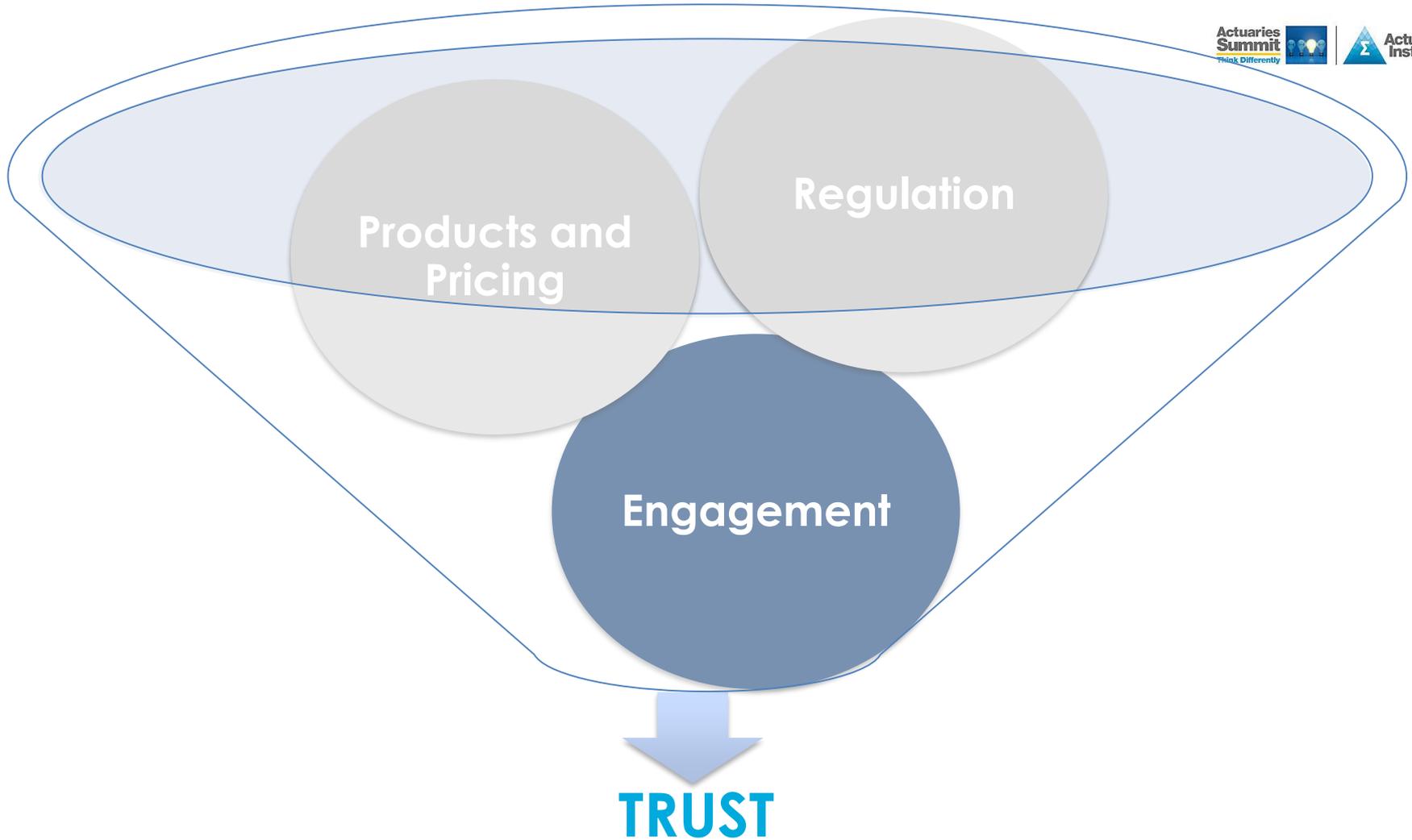


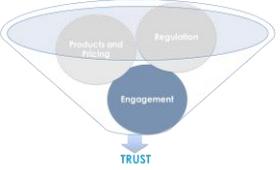
Designated driver

Melbourne: Maurice Blackburn Advertising Impact on Super Inquiries and Insurance Claims notified



Sources: Pacific Life Re and Maurice Blackburn research into impact of advertising on claims notifications



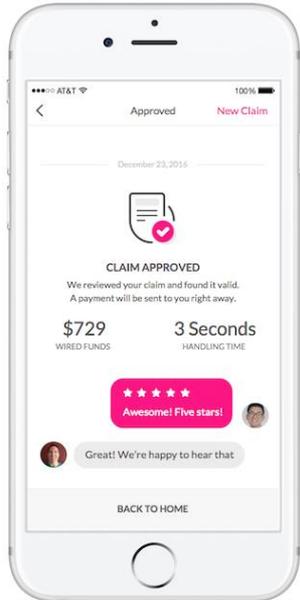


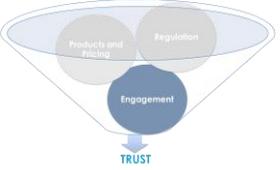
Name the time and place



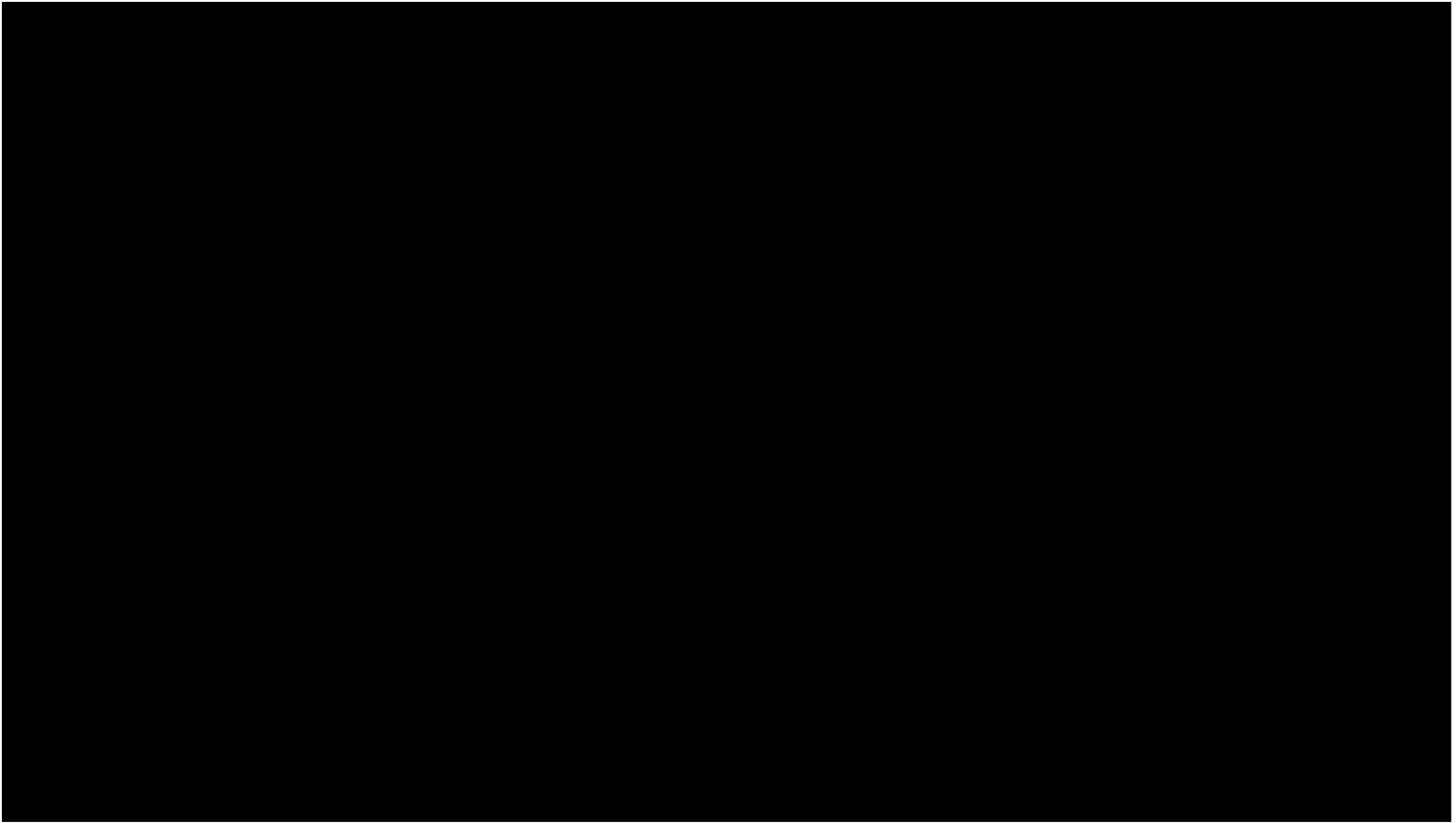


3 second wonder





Someone else's shoes





Do you speak Klingon?

Pre-existing Condition exclusion vs Limited Cover vs New Events Cover

Income Protection vs Group Salary Continuance

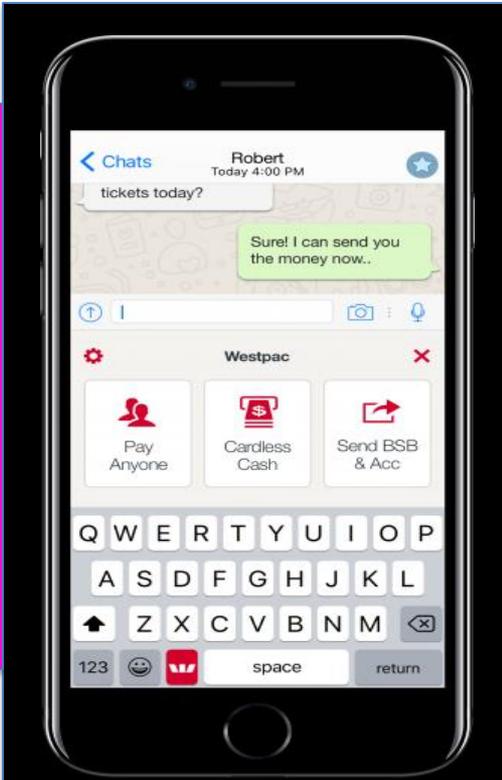
Person Claiming vs Claimant

Who is the...?
• Fund
• Trustee
• Insurer

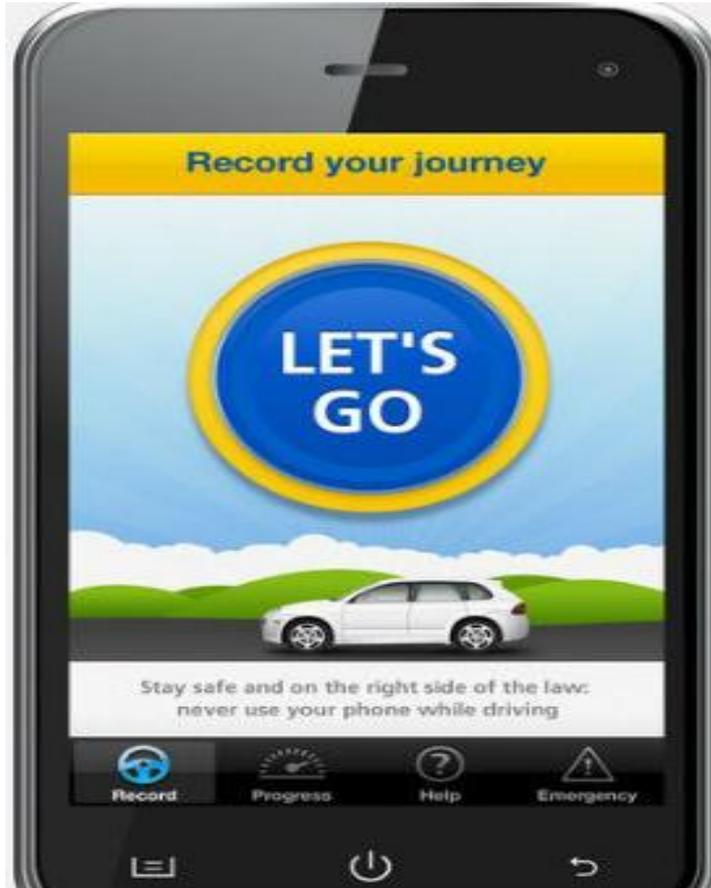
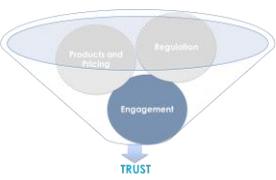
Unable vs Unlikely

WHAT FACTORS AFFECT
LIFE INSURANCE COSTS

- 1 YOUR HEALTH
- 2 YOUR AGE
- 3 WHETHER YOU SMOKE
- 4 WHERE YOU LIVE
- 5 AMOUNT OF COVER
- 6 DURATION OF POLICY



Play to win





Fighting fit

AIA Vitality

Home

Goals

Fitness

Weight

More

Points
25,850

Status
Gold

4,150 points needed to achieve Platinum status

AIA Vitality Age
38

Points to next Status
4,150

Points statement

How to earn more points
Use these tips to boost your points

TAL Health Sense

Fit for life

TAL

Weight (kg)	100	110	120	130	140	150	160	170	180	190	200
100	100	105	110	115	120	125	130	135	140	145	150
110	105	110	115	120	125	130	135	140	145	150	155
120	110	115	120	125	130	135	140	145	150	155	160
130	115	120	125	130	135	140	145	150	155	160	165
140	120	125	130	135	140	145	150	155	160	165	170
150	125	130	135	140	145	150	155	160	165	170	175
160	130	135	140	145	150	155	160	165	170	175	180
170	135	140	145	150	155	160	165	170	175	180	185
180	140	145	150	155	160	165	170	175	180	185	190
190	145	150	155	160	165	170	175	180	185	190	195
200	150	155	160	165	170	175	180	185	190	195	200

1 If your BMI is in the blue zone you may be eligible for the Fit Rewards Sense discount.

2 This tool is an estimate only. Health Sense discount eligibility will be determined during application.

MLC On Track

Target wellness score 900 (within 160 days)

How you can earn your maximum of ten points each day

Step it
 Less than 5,000 = 0
 5,000 – 6,999 = 1
 7,000 – 9,999 = 2
 10,000 – 14,999 = 5
 15,000 + = 10

OR

Move it
 Less than 20 minutes = 0
 20 – 39 minutes = 1
 40 – 59 minutes = 2
 60 – 89 minutes = 5
 90 + minutes = 10

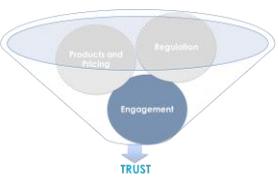
Sleep it
 Less than 6 hours = 0
 6.00 – 6.59 hours = 2
 7.00 – 8.59 hours = 3
 9.00 – 9.59 hours = 2
 10 hours + = 0

3

Wear it
 Less than 18 hours = 0
 18 hours + = 2

Live it
 Should your resting heart rate be over 85bpm = your points will be divided by 2 at the end of the day.

4



The good, the bad and the ugly

Case study: leading North American health insurer sought to help patients manage their treatment programs for serious long-term illnesses, involving regular, scheduled calls from nurses over several months.

Get bad experiences over early

Break up pleasure but combine pain

Finish strong

Give them choice, so they feel more in control.

Let them stick to their habits rather than unexpected change

Above and beyond

- Focus groups identified that money is a secondary concern at these difficult times – people focus on their health, their family and their future prospects.

Medical 2nd opinion

- Support to ensure best treatment for the customer.
- Can obtain from medical centre of excellence (e.g. a specialist in Singapore)
- Important at no cost. Undertake in cashless way for customer.

Concierge

- Use of a third party administrator to efficiently handle the process of getting a second opinion, confirming diagnosis and recommending best treatment options.
- Removes administration component from customer.

Overseas treatment recommendations

- Best treatment often in Singapore, Bangkok, Australia or US.
- Can assist with end to end including flights and accommodation bookings.



Think differently, Act differently

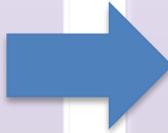


Industry

Embrace Regulation

Offers that meet customer needs

Engage in the customer's language and channel
Focus on health and wellbeing



Actuary

Take a leadership position

Challenge the business - learn from other industries/countries

Give credit for positive steps