

Case study Friends Provident

Key Facts

- Faster processing of applications (with reduced need for GPRs)
- Reduced non-disclosure
- Signature free
- More informed underwriting decisions
- Proved: Tele-interviews provide sufficient information to enable underwriting without GPRs for many situations
- Non disclosure varied with occupation class from 20%-35%

Friends Provident (FP), has linked up with MorganAsh to provide a Tele-interviewing service to speed up income protection applications and reduce non-disclosure.

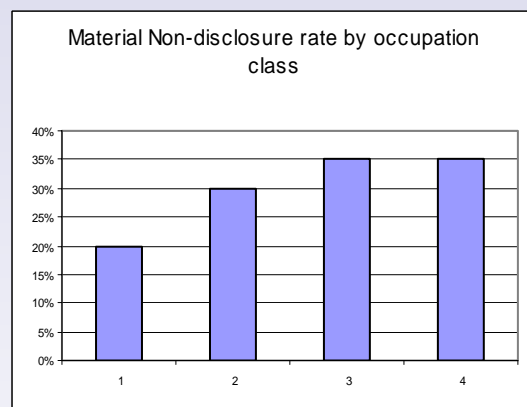
FP is a leading provider of Income Protection in the UK and primarily sells through the IFA channel.

MorganAsh qualified and experienced nurses undertake the interviews, at a time and place to suit the consumer.

FP has adopted a “small t” approach at this stage and have changed their medical limits,

reducing the reliance on GPRs. After extensive piloting with MorganAsh during 2006-7, FP proved that nurse Tele-interviews do provide sufficient information to enable underwriting without GPRs for many situations.

Further, FP also showed where a Tele-Interview is better value than nothing at all. Indeed, FP redesigned their evidence structure completely. Notably FP uncovered the justification for varying by occupation class.



FP results showed that material non-disclosure did vary with age, increasing from 25% to 33%. However, more significant was the variation in material non-disclosure with occupation class, ranging from 20% to 35%. This is consistent with other companies where the variation with age is small.

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MorganAsh

Friends Provident

As a result of the evidence and the analysis, FP have radically changed their medical limits, after agreement with their reinsurer Swiss Re, and now differentiate the collection of further medical evidence based on the occupation class of the applicant.

Age	GPR	GPR + NSE	GPR + ME
Up to 40	350	550	1500
41-45	300	450	750
46-50	200	350	750
51+	100	200	750

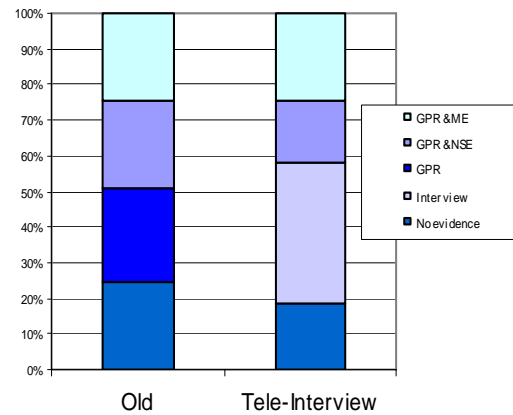
Old medical limits

Age	Tele-Interview		GPR + NSE	GPR + ME
	Occ1&2	Occ3&4		
Up to 40	600	250	800	1500
41-45	400	200	600	750
46-50	300	100	400	750
51+	200	100	300	750

New medical limits (benefit levels are expressed in £ per week)

The impact is that evidence is actually required on more cases overall, although GPRs will be required in fewer cases. The increase will improve disclosure as some cases which would have required no further evidence will now have a Tele-interview.

Old and New proportions of evidence collection



At present FP use Tele-interviewing just for small t discretionary interviewing. They are interested in extending to Big T in due course.

“The new Tele-interviewing service will speed up processing which will benefit advisers and it will enable us to gather more detailed information about the applicant’s health. This will benefit the customer as it means we can make a more informed underwriting decision. Most importantly, there is less chance that a claim will be disputed and we believe this will reduce non-disclosure.”

Mark Jones; protection products and actuarial manager at Friends Provident