

Case study

Pioneer/Exeter Friendly Society

Key Facts

- Tele-Interview provides sufficient information to underwrite on 76% of cases
- Turn round time reduced by 80%
- Improved conversion rate
- Material changes by applicants on received interview reports < 1%
- Impact of Tele-Interviewing considered more important than product changes

Pioneer, winner of the “Individual Income Protection” category at the Cover Excellence Awards 2007 is one of the UK's leading income protection providers. A key innovator in the income protection market, Pioneer was highly active in 2007, launching a new product, Professional Income Protection, and re-launching an enhanced version of its Pure Protection policy.

Established in 1888 as a Friendly Society, Pioneer merged with Exeter Friendly Society in March 2008. Pioneer sells through intermediaries across the UK to provide cover for a wide range of occupations, both employed and self-employed, from low risk occupations (professionals and office workers) to perceived high risk occupations such as

builders and allied trades, stonemasons, road hauliers etc.

In 2007 Pioneer also undertook a Tele-Interview pilot. As part of the pilot, as is now customary, Pioneer compared the information obtained from the Tele-Interview with the information obtained from a GPR.

From an initial sample size of 90 cases, GPR's were only received from 80 cases leaving comparable results from these 80 cases. 100% of cases completed a Tele-Interview. The Tele-interview provided sufficient information for underwriting on 76% of cases, although Gemma Wheeler, Chief Underwriter expects this to improve significantly with more experience.

“Along with ongoing product development, we are committed to streamlining our application process. Tele-interviewing enables us to replace a significant proportion of our GP reports, thereby cutting our turn round times dramatically”

Andy Chapman; Chief Executive at Pioneer/Exeter

Pioneer also measured the amount of missing information on the Tele-Interview when compared with the GPR. This showed only 2.5% of cases had significant missing

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information, and a further 12.5% with minor missing information (minor being a change in decision of + or- 50% or less).

Chief Underwriter Gemma Wheeler reports that overall there is better disclosure from the Tele-interviews than from the doctors reports (GPRs).

After these great results and a tender process Pioneer adopted MorganAsh Tele-Interviewing for all products, on a little t basis, which commenced in early 2008.

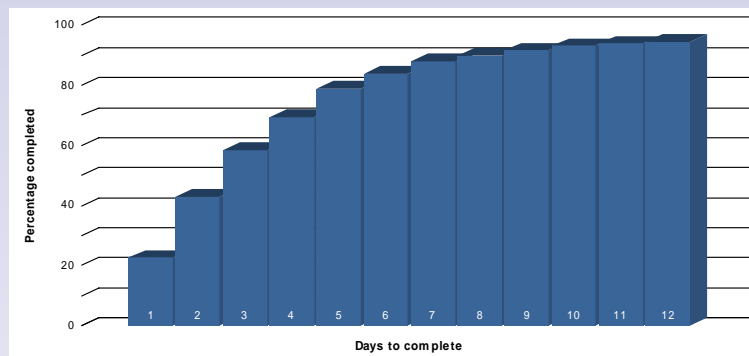
In 2008 mean turn round times of the Tele-Interview have been 4.5 days. With 90% completed within 8 days. This is a marked improvement from GPRs which had a mean turn round time of 28 days.

Indeed the improvement in turn round times is far greater than this as only 80% of GPRs were returned, and many of them had missing information that required further clarification from the doctors surgery.

Financial advisors have been greatly appreciative of the increase in turn round times, with no adverse comments from IFA's.

Due to the better levels of disclosure the underwriting decisions now better reflect the risk involved. For some cases the ratings have

increased and these have been taken up by the consumer with no adverse reaction to the ratings increase. Equally some cases have received reduced better terms in line with the full information received from the interview.



Graph of Tele-Interview turn round times

The overall effect of the better underwriting decisions has been a significant improvement in the overall conversion rate (a reduction in the lapse rate).

"In my opinion Tele-interviewing has the potential to be of greater benefit to the income protection market than many product developments."

Andy Chapman; Chief Executive at Pioneer/Exeter

Quality of the Tele-Interviews has also been measured by the amount of interview reports that are returned with material changes (i.e. changes that affect the underwriting decision). As this is so small (less than 1%) this is no longer measured.

Pioneer already have a good claims payment rate and they expect this to improve further with the reduction in non-disclosure due to the adoption of MorganAsh Tele-Interviewing.

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