

# MorganAsh News

October 2007

## Welcome

Welcome to this newsletter, designed to keep everyone informed of progress at MorganAsh. We continue to expand at pace, with MorganAsh now servicing over 20 customers. We have 16 customer companies in the UK, 5 companies in Ireland and 1 in Germany.

Big T, the interviewing of all applicants, has risen to the fore, with 12/14 companies starting in the last 6 months adopting the Big T method.

Income Protection remains the preferred product to commence Tele-interviewing, with 7 out of the 22 companies interviewing solely on IP. This is due to two main factors: 1) The cost benefit from saving GPR/PMARs is greatest for IP, and 2) most IP processes require less IT integration than Life and CI, as they are paper based and hence are simpler to migrate to Tele-interviewing.

While some pilots are still being commissioned, 50% of those companies starting in the last 6 months have sufficient confidence to start directly in full production.

Our complaint rate remains an impressive 1/2000 interviews (0.05%).

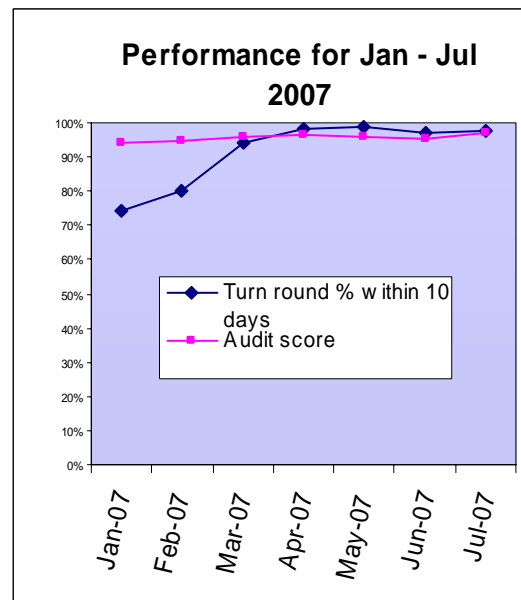
While it is still a little early to comment on claims experience, we retain our score of zero contested claims, having completed ~20,000 interviews to-date.

*Tele-interviewing has enabled us to replace a significant proportion of our GP reports thereby cutting the timeline for receipt of medical evidence by more than 60%. It has also been well very received by our own sales force"*

*Noel Finnegan  
Underwriting Manager  
Bank of Ireland Life*

Our turn round time has remained on course, although varying greatly dependent on distribution channel and seasonal factors.

We are not complacent, indeed there are many areas we are working on to improve the service even further, some of which are described within. We trust you find this newsletter of interest.



### Special points of interest:

- 20+ customers—Tele-interviewing
- ZERO contested claims to-date
- Big T & IP most popular
- Quality maintained above 95% target
- Turn-round on target
- Complaints < 1/2000

### Inside this issue:

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## Non-disclosure survey

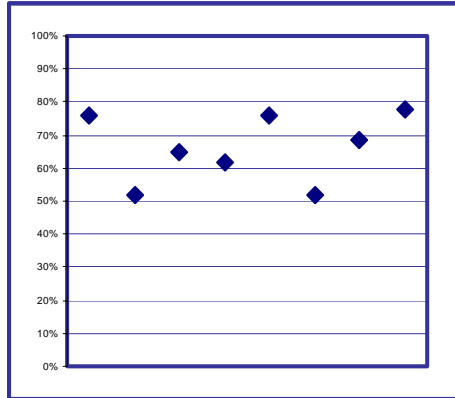
We completed a survey of non-disclosure, combining the results from 8 of our customers.

The study revealed an alarming amount of non-disclosure, and material non-disclosure.

The mean total non-disclosure was 60% (as shown in the adjacent graph), the mean material non-disclosure was 29% varying for different products.

Compiling this amalgamated report has been a great success, and appreciated by our customers and reinsurers alike.

Thorough statistical reports are needed to give the reinsurers tan-



*Graph of total non disclosure for all companies, and all products. The figures are the percentage number of cases where the Tele-interview revealed more information that should have been disclosed on the application form. Sample 1103 cases.*

gible evidence to assess the risk implications and to enable them to re-price accordingly.

After consultation, we intend to continue to provide this type of amalgamated report, respecting the confidentiality of each individual company.

We are open to suggestions for topics for such reports, and will be badgering each of you to contribute.

Customer and reinsurers who would like copies of the report should contact

Jill.Harvey@morganash.com

## Moving to a virtual contact centre

Over the first half of 2007 we have expanded our home working, as we gradually move to a virtual contact centre model.

Tele-interviewers attend the office at least once a week, to keep a pace of training and this also provides an opportunity to catch up with col-



leagues. Interviewers must reach a high level of competency prior to being able to work from home, and each location is checked to comply with health & safety and confidentiality requirements.

The same quality procedures are applied to home work

ers as those in the office.

The interviewers are relieved of the stress and time of driving to work, and leaving the office late at night.

This gives us greater flexibility and capacity, as the majority of interviews are undertaken outside of office hours, and greater resilience in bad weather when interviewers may struggle to work.

## MorganAsh commences Tele-interviewing in Germany

In July we commenced interviewing in Germany, with nurses operating from both the UK and Cologne, Germany simultaneously.

We have full Life, CI, IP Tele-interview scripts in the German language and for the German market, and have replicated our systems, processes and training

schemes into German.

Interestingly Germany is going through a similar legislative pressure as the UK, with reducing non-disclosure and being fairer to the consumer being the prime motivators.



The German language excels in its length of words, and it is common to have several physicians, rather than one GP, leading to a slightly longer interview, than the UK, otherwise initial experiences are similar to the UK and Ireland.

# Migrating from Tele-interviewing to Tele-underwriting

We are now working on a standard Tele-underwriting script, after discussion with many companies and we will be producing this in Q3 and rolling it out to three identified clients.

We will be offering this to other clients thereafter.

Our automated underwriting uses the AURA engine from RGA Technology Partners, which is one of the leading engines, both in the UK and globally.

Although we are producing a standard rule-set, we expect clients to review this and enhance it to suit their own philosophy, in much the same way clients have reviewed

and amended the Tele-interview scripts.

The proportion of automation can range from simply just accepting the clean cases, to automating the acquisition of further evidence by condition or medical limits, up to automating the underwriting decisions. Equally, the range of automation can be introduced in phases.

All of our clients have favoured starting with Tele-interviewing rather than Tele-underwriting.

This is due to three main reasons; 1) The product we are interviewing on was not previously automated, due to it being IP, or with a com-

pany that previously had not adopted auto underwriting.

2) Improving disclosure and reducing GPR/PMARs was a higher priority and more cost beneficial.

3) The low risk approach was to start with Tele-interviewing and migrate to Tele-underwriting.

Companies will be able to mix and match Tele-interviewing, Tele-underwriting and Tele-Data cap-



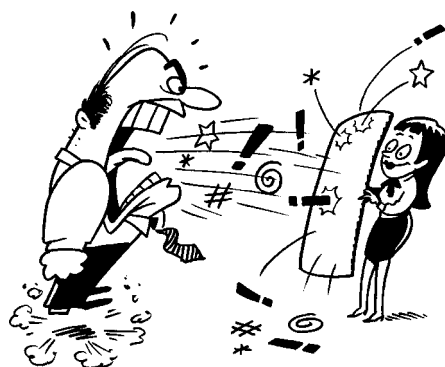
## Tips to manage customer expectation

One of the common problems with contacting consumers is miscommunication to the applicant at the point of sale. Here are few tips to manage customer expectations.

1. Don't quote specific time periods for the interview e.g. 20-30 minutes. Tell them the interview will take "at least 20 minutes". Lengthy interviews are not a problem but poor scene setting and mismanagement of expectations can lead to frustration for the consumer.
2. Encourage advisors to collect as many phone numbers, with a minimum of 2 numbers. Advisors sometimes just give one number with the intention that this is the number to be interviewed on. The chances of contacting the applicant to arrange an interview are far higher if we have 2-3 numbers, as we typically contact people on the mobile and arrange to undertake the interview on their

home number. Having only one number is one of the main reasons for turn round times being longer for some companies. Further, if the applicant has some call barring feature on their phone (many people forget, or do not realize they have this) then we can still contact them on an alternative number.

3. When inputting phone numbers into CMTS, please put the appropriate number in the appropriate field. i.e. the mobile phone number in the field



marked "mobile". If they are in the wrong field then we may be phoning the home number during the day time and the work number in the evening and hence take longer to get in touch.

4. Explain that the Tele-interview is a key part of the contract, that the applicant should give it their due attention, and that it is only required once for a contract that covers many years, unlike their interviews for car and household insurance which are often repeated annually.
5. When sending reports to clients for their approval try adding the wording "As this report is collated during your interview by the nurse there maybe some minor typographic errors or spelling mistakes. It is only necessary to correct these if the meaning is unclear." This should reduce the number of returned reports with these immaterial changes.

# Tele-Claims

Millions of pounds are paid out each year to deserving claimants on protection products. However, many policyholders receive payments to which they are not entitled. Some claims are being paid due to the lack of detailed information on the true situation. This is exacerbated by a lack of resources to pursue active management.

There is a great deal of frustration that fraudulent claims are paid at the expense of others. For the insurance company there is wasted cost and time spent in dealing with difficult or contentious claims that are open to scrutiny and negative publicity.

Introducing a Tele-Claims process has already enabled dramatic reductions in the reserves held for these claims, enabling this capital to be freed-up for other uses.

The MorganAsh Tele-Claims service improves the claims process for both claimant and insurer by undertaking a high quality telephone interview at the start of the process to triage the claim appropriately. It ensures that genuine claims are paid quickly and with appropriate sympathetic handling.

- **Quality benefits:**
- Improved customer relationship due to prompt personal response to their claim
- Faster payouts for genuine claimants
- Empathetic experienced nurses provide professional approach
- Independence from patient-oriented GPs
- Clear instructions to claimant reduce emotional heartache at this time of stress
- Timely empathetic engagement reduces propensity for conflict and appeals to the FOS
- Make claimant aware of partial benefits

The service is used on income protection (IP), total and permanent disability (TPD) and critical illness (CI) insurance products.

The MorganAsh Tele-claims service immediately builds a close relationship with the claimant at the initial stage of a claim. MorganAsh's experienced nurses discuss the claimant's condition, listen to their circumstances and discuss the options open to them. This early intervention greatly reduces the potential

for long term disability.

It has been seen in many studies that, the longer claimants are out of work, the harder it is for them to return. Hence, the personal call to assess the situation enables quick decisions and, where appropriate, early attention to getting them back to work.

Equally for those claimants who are clearly unable to work (IP cover) or are suffering from a specified critical illness (CI) then the money can be paid out faster through a Tele-Claims process than if a GPR or consultant's report had been required.

- **Cost saving benefits:**
- Reduction in claims pay-outs
- Reduction in claims administration
- Reduction in reserves for claims
- Clarity at the beginning of the claim reduces erroneous claims and errors
- Opportunity to obtain reduced reinsurance rates in line with improving morbidity experience
- Reduction in vague and incomplete claim forms improves efficiency

Obtaining information independent of the GP can be invaluable. It is well known in the industry that GPs tend to side with their patients, are reluctant to withhold sickness notes and are not generally insightful into ways and options for getting people back to work. The Tele-Claim interview provides information directly from the claimant on their health and reduces the reliance on the medical professional's opinion. It is made clear that all information is recorded and this helps to focus the claimant's mind on the completeness and honesty of the answers given.

The MorganAsh Tele-interview at the application stage has consistently improved the disclosure by 60-80 % compared to traditional paper application forms. These same techniques and empathetic approaches bring the same increase in disclosure to the initial claim stage.

For further information contact Jill Harvey or Andrew Gething.

## Analysis of Non-Disclosure within Interviews

We have reduced non-disclosure massively compared to paper application forms and on-line applications. We are now focusing on reducing the low levels of non disclosure that still occur in the interviews.

We are analysing the small percentage of interviews where GPR/PMAR's produce further material information. We are

*"One year ago, we commenced Big T tele-interviewing on our IP business through two of our largest business partners, with MorganAsh. So far, we have experienced a high level of positive customer satisfaction and no contested claims to date. The incidences of serious non-disclosure that would have altered the underwriting terms offered have been halved.*

Jon Parker

Chief Medical Underwriter

Norwich Union Health Care - Sept 2007

looking at improving the interview process in several areas:

1. Assessing the Tele-interview - what is said and heard during the interview and reviewing the QA process.

2. Implementing advanced conversation management techniques and/or lie detection to identify those who are not

telling the truth.

3. Identifying high risk groups who have higher non-disclosure and triaging the interview for them.

4. Ensuring that, when fraud is undertaken, unambiguous evidence can be provided at the claim stage.

However, due to the success of the present process we only have a few cases from each company where GPR/PMARs are better than interviews, and hence we are pooling this information. We ask that all companies contribute to this and in confidence with and pass us the appropriate GPR/PMAR to: [Jill.Harvey@MorganAsh.com](mailto:Jill.Harvey@MorganAsh.com)

## Tele-Data Capture & Tele-interviewing

We are now undertaking Tele-Data capture using our Customer Service Representatives (CSR) who enter the data directly into the Life Co's extranet, in this simple form of Tele-interviewing.

The calls are shorter, limited to the scripts, and generally are not sufficient to replace traditional further medical evidence. They are a more efficient form of filling

in paper applications forms and they are independent from the advisor. This is the typical approach being adopted by brokers.

We utilise a cut down version of our QA process, and all calls are recorded.

Like the full nurse Tele-interview we can offer this service using existing Life Co's extranets or our own MorganAsh rule sets.

We can now offer not only this cheaper and quicker interview, but also the combination of this and our better known full nurse Tele-interview service. For example, when economy is the greater driver, life only cases below £100,000 sum assured could automatically use the Tele-Data capture method, while CI, IP and Life >£100,000 go through the full interview. The options are endless.

## ABI Guidance - Improving clarity for telephone and on-line applications for protection insurances

The UK Association of British Insurers (ABI) released a best practice guidance document in August 2007. Entitled "Improving clarity for telephone and on-line applications for protection insurances", it covers the

**Best  
Practice**

main issues concerning quality for all forms of Tele-interviewing.

MorganAsh are totally compliant with the recommendations and best practice made within this guidance document.

Although the guidance

refers to UK legislation, MorganAsh believe these principles should be adopted in other countries, until such guidance documentation is released there.

MorganAsh encourage all those involved in Tele-interviewing, including those pursuing it in-house, to comply with these guidelines.

## Seminars — London & Dublin

Our next seminar will be in London on 21 November, and then in Dublin on 27 February 2008, and later in the year in Edinburgh.

We are planning a series of seminars in Germany in Q2 2008, exact dates and venues to be confirmed.

*"The Morgan Ash seminar was particularly insightful for a company in the process of engaging the services of tele-interviewing and to hear the opinions and experiences of those who have run successful pilots and those who are in operation for a year or more"*

Mark Cree

Underwriting Manager

Friends First

### Seminar dates:

**London: - 27<sup>th</sup> November 2007**  
(Gatwick)

**Dublin: - 27<sup>th</sup> February 2008**

**Germany: - Q2 2008**

**Edinburgh: - Q3 2008**

### Register:

To register for these events please email:

[seminar@morganash.com](mailto:seminar@morganash.com)

Topics for the London day will include:

- Using advance conversation management to reduce non-disclosure further
- Introducing the interview scoring system to warn of suspected fraud
- Analysing management information to improve question sets
- MI results to improve underwriting (see item below).
- An underwriters' study group reviewing tricky cases to see whether they can be accepted on just the Tele-interview data alone.
- Customer case studies
- Moving from Tele-interviewing to Tele-underwriting
- Capturing structured answers from open questions for automation
- Tele-Claims

*"We have attended most of the MorganAsh seminars and found that it has been a really useful opportunity to hear from a range of people who actually have direct relevant experience of the use of the telephone in underwriting"*

Debbie Akers

Head of Underwriting and Reassurance

Friends Provident

## Management Information

We are working on providing comprehensive MI from the interviews.

With over 20,000 interviews completed and increasing daily, we have a rich database of information.

We are looking at the value of particular questions and also what

numbers of applicants are disclosing which conditions, injuries etc.

For example:

- The % of diabetics?
- How useful is the "sleep pattern" question?

We are aiming to provide a comprehensive set of results comparing gender, distribution channel,

age etc, which will be an open pooled report for all customers and reinsurers. Confidential results on each company will be retained and provided to each company independently

To date all companies we have consulted have agreed to contribute to the pooled report.

# “How to use Tele-interview data” - Training Courses for underwriters

We have undertaken several training courses to help underwriters to understand how to use Tele-interview data.

Jill Harvey and Emma Jones undertake the training.

The courses are designed for underwriters to help them to understand how to use Tele-interview data, and when and when not to acquire further medical evidence after in addition to the Tele-interview data.

*“MorganAsh training was so good, I repeated it in-house for all our underwriters. In particular I liked the format of the training and the interaction with the case studies.”*

Niamh Dillon  
Deputy Chief Underwriter  
Canada Life Assurance Europe  
Limited

Companies who have undertaken the training quickly reduce the amount of medical information they require, maximising the benefit of the Tele-interview data.

The course is undertaken in workshop style so that underwriters get hands on experience in using Tele-interview data.

## Who for:

The course is suitable for underwriters from life offices and reinsurers.

Courses can be tailored to a particular company and there are also open public courses for all.

## The training covers:

- The Tele-interview – the approach, the process, the sentinel effect, the recording and the report
- How to get confident using Tele-interview information, with guidance on when further medical evidence may/may not be necessary
- The typical Tele-interview questions and what they bring out
- How to interpret the new style of disclosure eg.
  - Cervical smear abnormalities
  - Breast lumps, moles, growth and other lumps
  - Recent symptoms
  - Drug use
  - Anxiety, stress and depression
  - Drinking patterns
  - Backs/joints/sports injuries
  - Neurological symptoms
- Quality case study session –real cases reviewed in study groups
- Detailed feedback and discussion on case study work

At the end of the day delegates are able to use Tele-interview data more effectively and with increased confidence.

## Fee:

The attendance fee is £300 per delegate for open course. Numbers for the open course are limited to 12 per course to allow for a high level of interaction and feedback. Fees for individual courses are available on request.

## Courses:

### 6<sup>th</sup> November 2007

Venue: the offices of Pharmaceutical & General Provident Society, in St Albans, UK (one of our newer customers.)

### 26<sup>th</sup> February 2008

Venue: Dublin, Ireland, exact location to be confirmed

## To register:

To attend an open course please email: [Training@morganash.com](mailto:Training@morganash.com)

## Tips on using CMTS

1. Some people have reported problems in accessing CMTS although CMTS has only been down for two hours over the last year (excluding planned maintenance work). A common problem is the local internet browser trying to remember where it should be going (known as "caching" in technical circles). To overcome this, ensure the username is "username@morganash.com" and nothing else. If you see "\\indigo\username...", then delete and re-enter just "username@morganash.com" If you are still having problems, check you can access the internet, i.e. you can see www.google.com. If you can not access google then there is an internal problem and you should

consult your internal IT department. If you can see www.google.com but can not access http://indigo.morganash.com/CMTS then phone us on +44 870 143 6888 and we will investigate immediately.

2.If you want to know at what stage an applicant is at, then access CMTS and using the search function look up using the applicant's name or policy number. The full history of every action that has taken place on the case is displayed, this is up to-date to within the last minute. All recordings of these conversations can also be listened to, if required.

3.Searching: You can search on policy number, or name of the

applicant and can search with just a couple of letters if unsure of the spelling.

4.The search function limits the number of returned cases to 100. This is to keep the speed of the search within acceptable limits. If you want to see all activity, then search between two specific dates to limit the search to below 100 cases.

5.When updating phone number details, put the new phone number in the relevant field, and not in the comments section. This ensures the new number is used when renaming the recorded audio files for future claims purposes.

## VAT on Tele-interviewing and Tele-underwriting

MorganAsh took HMRC (HM Revenue & Customs) to tribunal to confirm that Tele-interviewing is exempt from VAT in the UK.. (ref MorganAsh Ltd (MAN/05/0749)

This is not the case in the rest of Europe where Tele-interviewing is thought to be subject to VAT.

HMRC later confirmed that they would not be appealing the decision. It is MorganAsh's under-

standing that, in due course (at least a year if not several) the UK legislation will come into line with the European legislation and hence be subject to VAT.

MorganAsh also understand that if Tele-

underwriting is undertaken (as opposed to Tele-interviewing) then, as MorganAsh will be undertaking insurance decisions then the Tele-underwriting service will remain exempt from VAT.

(MorganAsh are not authorised to give advice.)

*"Following a recent (MorganAsh) VAT Tribunal medical fees relating to insurance transaction are likely to remain exempt from VAT. This might save insurers up to £100 million a year"*  
ABI

## Hank George's Tele-underwriting essays



Hank George, co-author of the only book on tele-underwriting, is writing a series of 12 essays on all aspects of tele-underwriting. The first 7 are already posted at his website and 5 more will be added there on a monthly basis between September and January, 2008. They can all be downloaded free of charge at [www.hankgeorgeinc.com](http://www.hankgeorgeinc.com) and Hank may be reached at [hankgeorge@aol.com](mailto:hankgeorge@aol.com)

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