

Seeing the Full Picture: Reducing Non-Disclosure in Protection



— Be Life Confident —

Non-Disclosure



Does it Matter?

Does Non-Disclosure Matter?



Swiss Re 2007:

- Up to 25% of CI claims declined

Lifesearch 2008:

- average of 8% of CI claims declined on non-disclosure

ABI TCF Claims Guidelines



3 types of non-disclosure

- Innocent
- Negligent
- Deliberate or Without any Care

Likely claim outcome

- Pay in full
- Proportionate payout
- Decline; cancel policy

New ABI Guidelines



So What Does this Mean?



- ✓ **More Claims paid**
- ✓ **Higher premiums (but not much)**
- ? **More consumer confidence**
- ? **Consumers get more lax with disclosure**

The Problem with Proportionate Payments

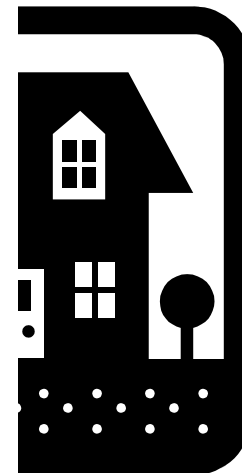


You buy protection to cover your mortgage:

**Full payment:
your house is covered**



**Proportionate payment:
your house isn't fully covered**



What's being done?



Changes to questions:

- More plain English on application forms
- Better wording of questions

And also how the questions are asked

- More interactive questioning on point of sale systems
- Introduction of tele-underwriting

What is the effect?



AXA research:

- **Consumers are almost 5 times more likely to non-disclose on a paper application than in a tele-underwriting interview**
- **Consumers are almost 3 times more likely to non-disclose on an electronic application than in a tele-underwriting interview**

Why is tele-underwriting better?



- Confidentiality
- Mindset
- Preparation
- Drill down questions

Tele-underwriting: Benefits for the Adviser



- **Less work – don't have to fill in all those medical questions**
- **Non-disclosure risk is passed to the provider**
- **Cases can go on risk quicker**

And not forgetting...

- **More of your clients are likely to get claim payouts**

Crystal Ball: Are Claims Guarantees the Future?



- In some global markets, guarantees to pay all claims after a set period are commonplace.



✓ Great for claims

✗ Not so great for getting onto risk

- Will guarantees become commonplace in the UK?