

Do companies only pay 38% of protection claims!

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The life protection industry has a very strong record in paying claims – the average total claims paid in Ireland is well over 90%. However, customer perception differs from reality. UK research* identified a significant perception gap when it came to what a UK consumer thinks is paid in claims and what actually is. The UK life industry pays out on over 90% of its claims – but when asked, consumers perceive it to be a shockingly low 38%!* In other words, customers don't think companies pay claims – and ask yourself, how many times have you heard this as a customer objection to protection?

Does customer (mis-)perception hamper take-up of Serious Illness cover?

The answer must be yes. Over the years we've seen some great developments in specified illness products, such as the introduction of partial payments and children's cover. But have any of these positive developments really made a significant impact on customer take-up? As more and more features are added to products – do these increase a customer's confidence in the product – or do they actually have the opposite effect? Is the unintended consequence of extra features actually overcomplicating the product?

Serious Illness – shouldn't it focus on the biggest risks?

At Zurich, to instil customer confidence, our view is that we should get back to basics and focus on the biggest risks to customers' health – namely Cancer, Heart Attack and Stroke. These are the three principal causes of serious illness in Ireland (and most familiar to the average person on the street). Last year they accounted for 82% of all our Serious Illness claims**. To put that in context, the next seven illnesses (which include MS, Parkinson's Disease and other Heart related conditions) only accounted for 12% to 14% of claims while the remaining 30+ illnesses accounted for just 0.5% to 2% of claims**!

This year we have focused on how to overcome the customer perception that companies don't pay claims. We simplified our Heart Attack and Stroke definitions so that the vast majority of people diagnosed by their consultant with either of these conditions will be able to claim, making our definitions the strongest (and simplest) in Ireland. In fact, our reinsurer believes that we'll pay out on an additional 19% of Heart Attack and 17% of Stroke claims***. And not forgetting Cancer, we've also strengthened this by adding 'Carcinoma in situ – testicular' as a partial payment – again, a first in Ireland.

These changes have to be good news for your customers – and it's a big step in helping to remove that objection that companies won't/don't pay claims.

Putting the customer first

When enhancing LifeProtect – our protection suite, we had a number of improvements that we wanted to make. We separated these into 'what the advisor wants' and 'what the customer needs'. If we look at the addition of a 'rolling' conversion option, adding new full and partial serious illnesses, the reduction in cost of our indexation option, new commission option – these are all improvements that focus on the competitiveness of our product in relation to our competitors. These positive changes are important as they'll give you greater confidence when you recommend Zurich.

But the improvements we prefer to focus on are the ones that bring real benefit to customers. Heart Attack and Stroke improvements I've already mentioned – we think they are the most radical improvement to serious illness in years. We've also added waiver of premium (WOP) for free on new guaranteed mortgage protection policies. WOP is essential – but the take-up has been poor, perhaps consumers didn't think it was worth the additional premium – or because it's an optional extra they decided against it (as retail consumers we are conditioned to ignore the optional extras as we see them as just additional costs!). At Zurich we feel strongly that this is

a benefit that customers should have – it's another safeguard for the family home – so we've decided to add it for free. So if your customer is unable to work due to illness or injury for three months or more, Zurich will waive their premium!

It's a long journey to customer engagement

Changing customer perceptions is never easy and we are at the beginning of a long journey. At Zurich, we want to focus on the features that make a real difference to customers – features that will increase the number of claims we pay, or waive customers' premiums when they are too ill to work. You'll also see changes in how we talk about protection – in particular to customers. We've a new suite of customer focus sales materials and brochures that focuses on the need, and leaves the advice and recommendations to you.

If you want further information on our new and improved LifeProtect, then just contact your Zurich Life Broker Consultant or visit the Broker Centre.

Zurich Life Assurance plc is regulated by the Central Bank of Ireland.

* **Source:** Protection Review, 2012. Research based on public perception of Life, Critical Illness and Income Protection claims. ** **Source:** Zurich Life claims experience for 2013 *****Source:** Reinsurer Research, June 2014