

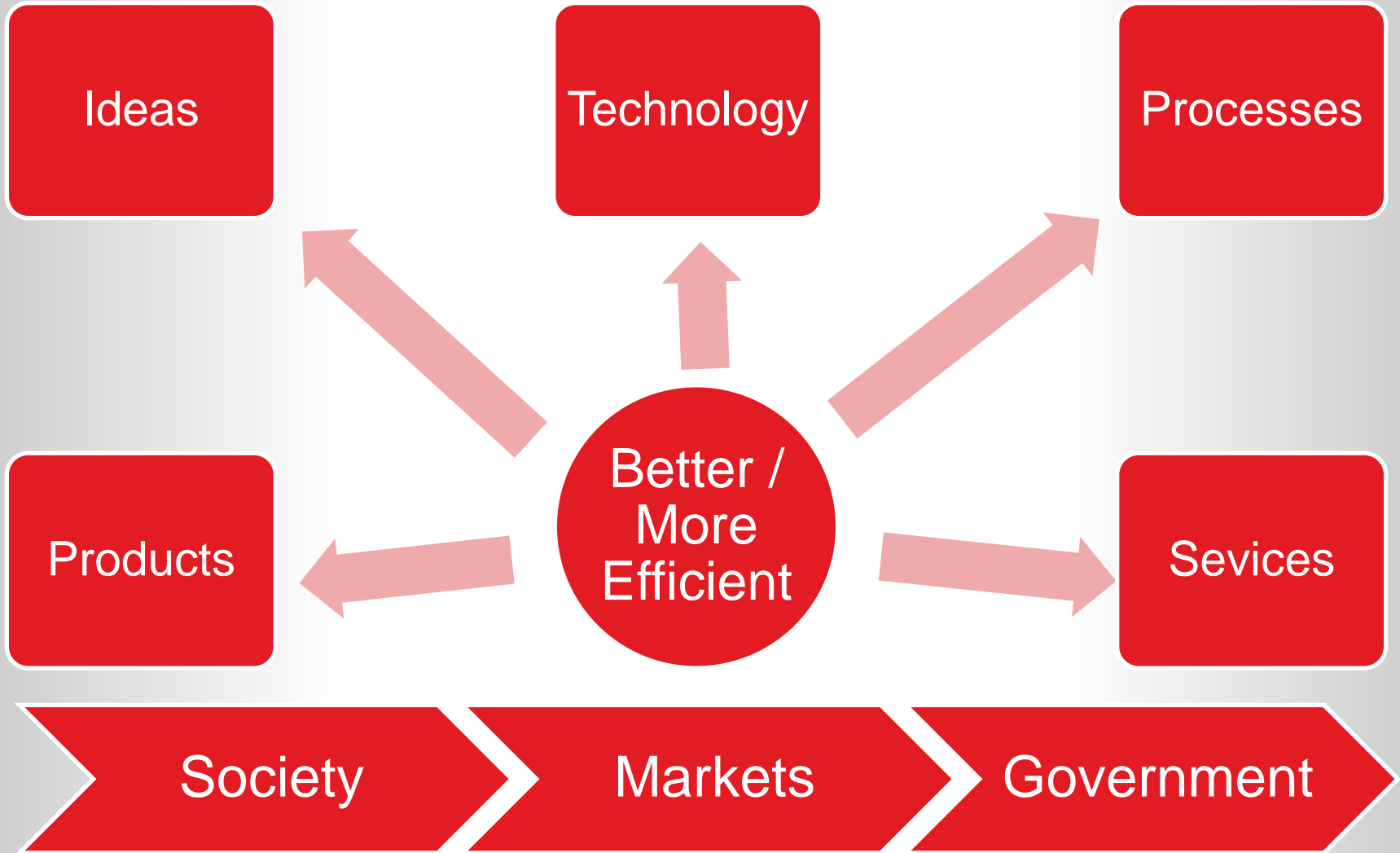


# Drivers for Health Insurance Product Innovation

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## Innovation



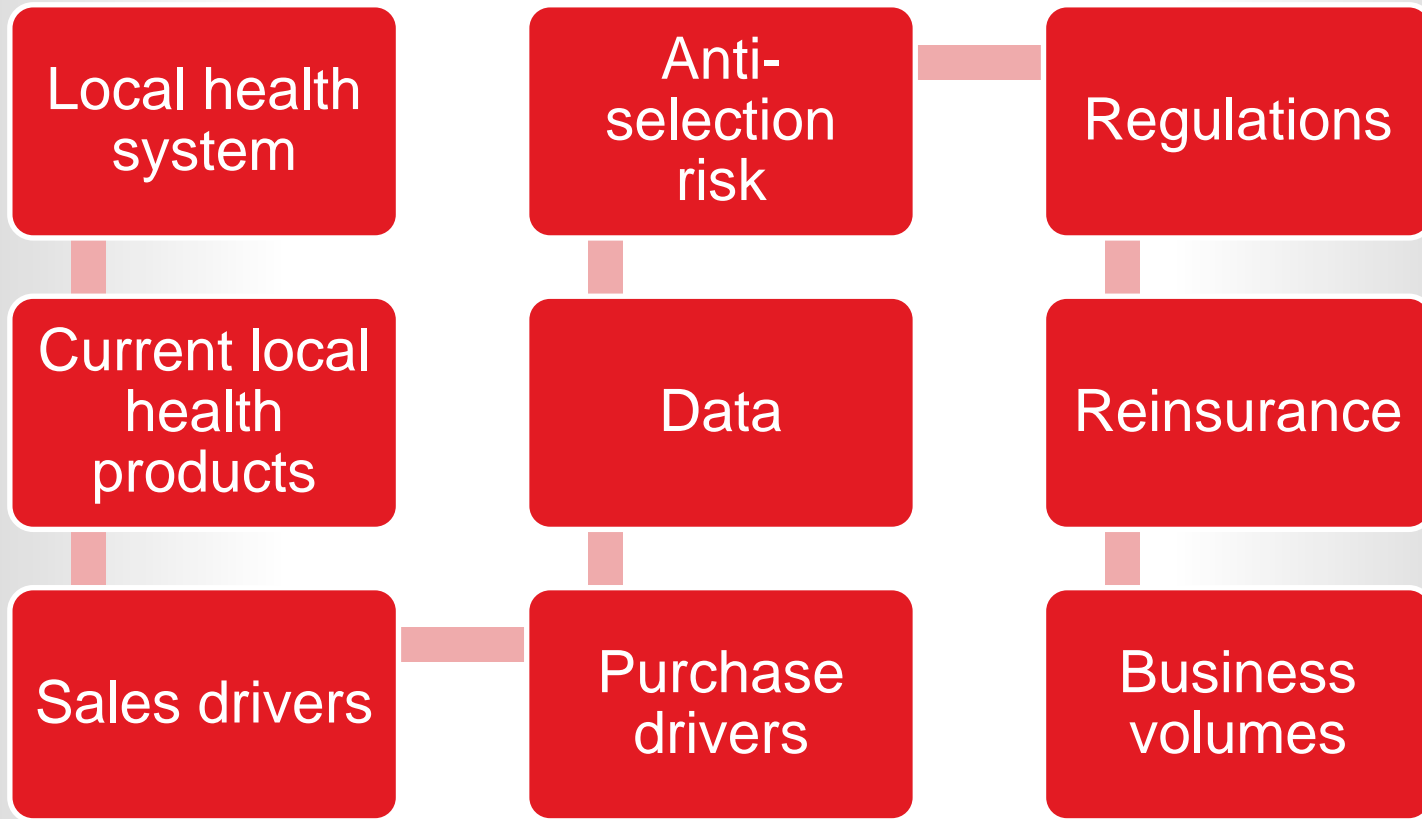
## Key drivers

### **Innovation for health insurance products**

- Customer needs and their financial ability to pay
- Health needs change through a life cycle; products tend to be static
- Move from treating acute health episodes to one that keeps persons healthy

## Dissecting the key drivers

### Factors influencing innovation in health insurance



## Dissecting the key drivers

### **Factors influencing innovation in health insurance**

- **Local health care systems**
  - Access to and utilization of public health care systems
  - Primary v/s complimentary / supplementary covers
- **Current health products**
  - Identify gaps and saturations in current products
  - Pros and cons for various stake-holders
- **Sales drivers**
  - Commissions
  - Simplicity of sales and servicing
  - Need of the customer

## Dissecting the key drivers

### Factors influencing innovation in health insurance

- Purchase drivers
  - Features and differentiation
  - Cost of the product
  - Need – Immediate protection or savings for future medical costs
- Availability of data
  - Quality and quantity of data
  - Drivers would be limiting risk while gathering experience
- Anti-selection risk
  - Innovation in product involves opening up to risk
  - Drivers would be limiting or controlling risk

## Dissecting the key drivers

### **Factors influencing innovation in health insurance**

- **Regulations**
  - Type of products allowed
  - Price and features
- **Reinsurance**
  - Appetite for risk
  - Experience with products
- **Business volumes**
  - Appeal for the product
  - Ability to sustain volumes and continuously bring in new business

## Analyzing some common products...

### Hospital Cash

- A good standard product that provides fixed sum
- Basic drivers for innovation
  - Supplementary cover where people relied on public systems
  - Not susceptible to inflation, but only utilization
- Drivers for further product innovation – differentiate the product
  - Double and triple payouts for specific circumstances - accidental claims, ICU stay
  - Lumpsums for certain events
  - Alterations in waiting periods and deferment periods
- What can be done further –
  - Not much from a product point of view
  - Return of premiums



## Analyzing some common products...

### **Surgical Cash**

- Product that in current form may meet in a limited way the needs of the insured
  - Applicants betting on the type of illness they will develop and procedure they would need
  - Ever expanding list and its complexities
- Basic driver for innovation
  - Supplementary cover in event of undergoing certain surgeries
- Drivers for innovation
  - Differentiation of product - Increase in number of surgeries covered
  - Surgical techniques continuously develop and hence the lists will always be out of date
  - Providing cover for all surgical procedures at an appropriate level of benefit

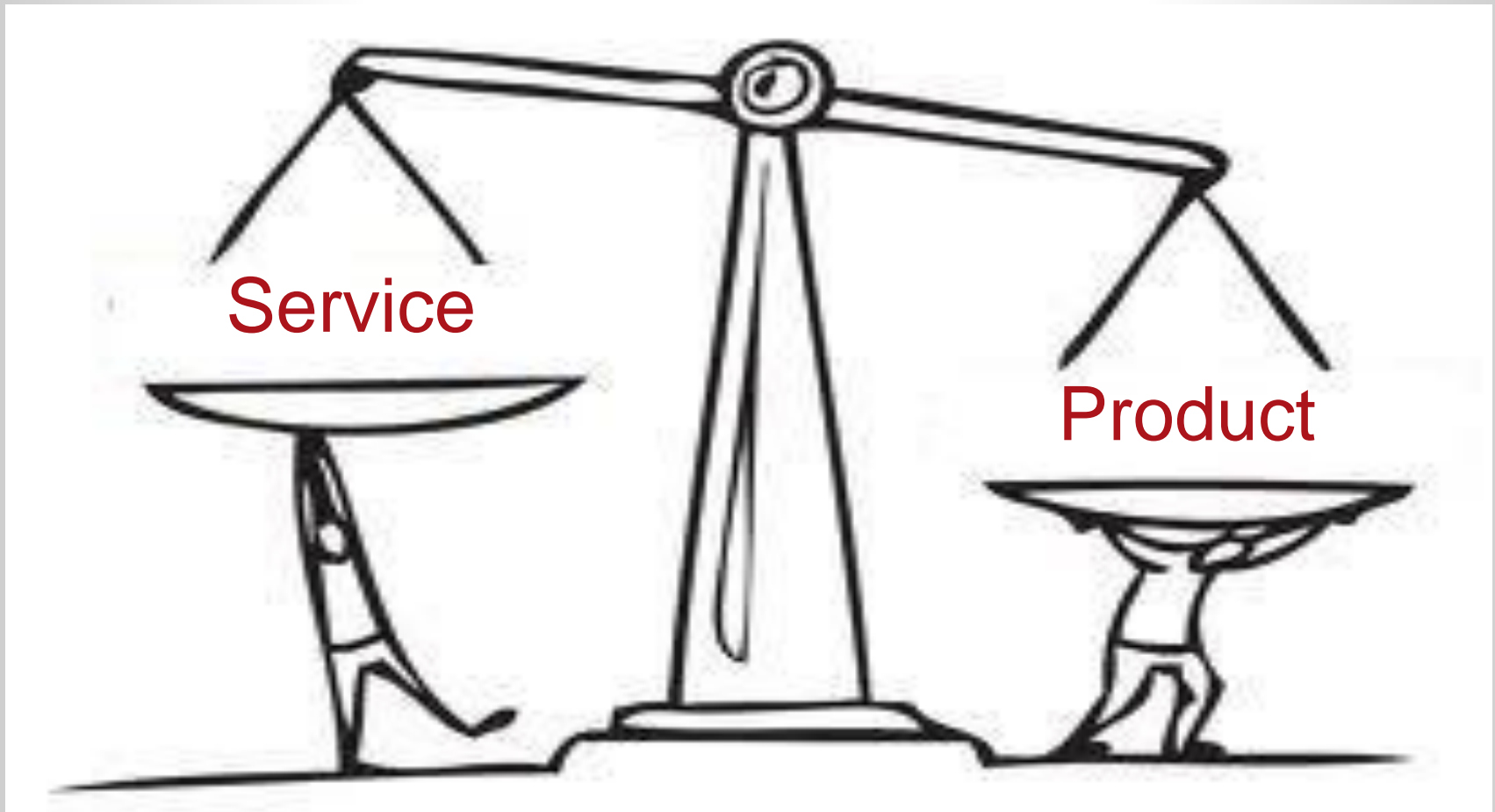
## Analyzing some common products...

### **Medical Reimbursement**

- Complex product that has potential to meet the customers real needs.
- Drivers for innovation so far
  - Desire to differentiate policy – has led to insurers adding benefits
  - Inability to ascertain an accurate medical history has led to development of disease specific waiting periods
  - Cost containment drivers – sublimits and co-pays
- Real drivers
  - Adapt to changes in medicine and medical technology
  - Guidelines and protocols for medically necessary treatment
  - Effective use of network of hospitals

## Health Product Innovation?

### Product or Product and Service



## The service factor

### **The other side of the coin**

- Customers have become more diverse and more demanding, wanting service offerings, experiences and communications increasingly on their own terms.
- Accenture Healthcare conducted a survey of customer attitudes toward the customer service practices of US-based health insurance providers.
- A web-based questionnaire, surveyed 1,000 customers in the US between late December 2010 and early January 2011.

## Findings of the survey

### **Is India different?**

- Customers are generally satisfied with products
- But high degree of dis-satisfaction with services
- Satisfaction levels to products will not translate into loyalty and revenue opportunity
- Expectations increase rapidly; customers want ease and support
- Customers are more value driven than cost driven (?)
- As the “consumerism” trend in health care increases customer service performance will emerge as a source of differentiation and contributing factor to loyalty and retention

## How do we innovate on services?

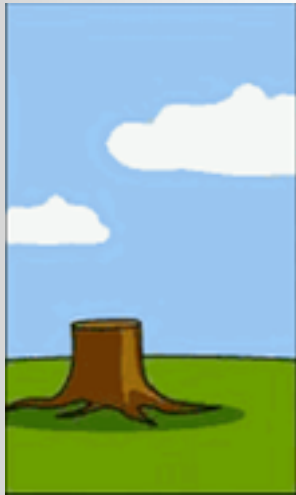
- Ease of sale – right products for the right channel
- Simpler and effective underwriting
- Policy wordings adapted for the local market & use of illustrations
- Ease of claims submission with fast and accurate assessment
- Identification of trusted hospitals
- Sharing of information on fraud
- Better communication with customers

## Way forward

### **Customer centric innovation**

- Insurers will need to
  - Identify unique and unmet customer needs,
  - Define segment-specific plans for all customer touch points, and
  - Develop the operational capabilities to deliver these plans (services) and
  - Monitor and learn from them.

# Innovation has to be collaborative and effective





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**Thank you for your attention.**