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This milestone award is just the beginning. We will continue to create a buzz in the health and protection industry by striving to bring your clients award-winning products and services both now and in the future.

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WINNER OF ‘BEST INDIVIDUAL INTERNATIONAL HEALTHCARE PROVIDER’
at the 2019 Health Insurance and Protection Awards

Bupa Global’s health plans provide referral-free access to our worldwide network of medical specialists. Supported by a second medical opinion service, secure online management of their health plan and direct settlement with our provider network, customers also have access to a 24/7 multi-lingual healthline. Plus, our plans offer the freedom to choose where in the world customers are treated, within their area of cover.

To find out more about our products and services visit bupaglobal.com/broker
We enter 2020 with mixed feelings. Brexit uncertainty of course overshadows most things. The only certainty on that score is that Prime Minister Boris Johnson will ‘get Brexit done’. What that looks like – and what after-effects will be felt – remain to be seen.

The same goes for the election promises surrounding the NHS. The Queen’s speech confirmed the PM’s £34 billion NHS spending pledge, along with the promise to enshrine the multi-year funding settlement in law. The Queen’s speech also reiterated other commitments on health made during the general election campaign: 50 million more GP appointments a year, the recruitment of 50,000 more nurses and the vow to build 40 new hospitals.

Without a radical change to the current NHS infrastructure, its widely predicted that the extra cash will make little difference. However, it wasn’t that long ago that Johnson advocated an insurance-based healthcare system for non-essential treatments and pushed for patients to have more private care outside the NHS. Is this still his thinking? We’ll be watching this space.

A spot poll of Health Insurance & Protection readers in December (see pages 8 – 10) also revealed mixed feelings. It found that respondents were more confident about the health insurance and protection market (59% overall) than they are about the UK economy (41% overall). However, when compared against the responses to these same questions in June 2019, the percentage reporting a lack of confidence on both aspects is considerably higher now than it was then.

On a brighter note, readers consider virtual GP services the biggest market development by far in 2019, along with access to insurance improvements. When asked what they’d like to see more of from providers, the publishing of real-life customer stories and more human-centric client communications stood head and shoulders above everything else. The need for providers to exhibit more of a human touch also represents the focus of our broker opinion on page 11.

This yearbook also includes a useful overview of what to watch out for in 2020, such as the ABI’s mental health guidelines, the introduction of sick pay statements and changes to IR35 legislation. Turn to pages 6 – 7 for more.

Last but not least, this publication is packed with product reports across all the key individual and group health and protection product areas, including broker commentary in each. We learn that the individual income protection market was positively booming in 2019. We’ve seen new providers launching into the wellbeing and protection space. And we learn that group income protection is slowly getting more joined up in its approach to added value services, in particular helping to extend essential mental health support to more people.

Uncertainty might be the new norm, but what we do know for sure is that the health insurance and protection industry is pretty buoyant overall. And, thanks to working parties focused on access to insurance and disability and inclusivity, it’s also getting itself in good shape for the challenges and opportunities that lie ahead.
WHAT TO WATCH OUT FOR IN 2020

Suzanne Clarkson provides an overview of key dates, plus industry and government developments to watch out for this coming year with regards to both individual and group health and protection markets.

Disability & inclusivity
The Chartered Insurance Institute (CII) and the disability charity Scope recently published a good practice guide for employers in the insurance sector. It looks at how the industry should collaborate to help improve access to careers in insurance for all, but especially those colleagues with a disability – seen or unseen.

Johnny Timpson, Protection Specialist and Cabinet Office Disability Champion for the insurance industry and profession, says the industry should be leading on this by getting involved with the DWP’s Disability Confident programme – the first step towards becoming a disability friendly employer. He adds that the more companies from the insurance sector that get involved, the bigger the industry voice at government level.

“In order for us to ask the government to help us promote the uptake of protection products in the way it did for pensions with auto enrolment, for instance, thereby helping to also meet state targets, the group risk and individual protection industries should champion being a part of Disability Confident,” he adds.

It is widely expected that mandatory reporting on disability and inclusivity will be introduced in due course, in much the same way as gender pay gap reporting.

Access to insurance workstream
The industry members of this DWP-led workstream have been busy looking at how to provide greater access to products and services through the workplace. And also at how to ensure that underwriting of individual products is more inclusive.

Insurers have already made some headway here. Think protection products for renters, first from Legal & General and then LV=. Also, more options for the self-employed and gig workers. And of course, those with a past history of mental health issues – of varying degrees. Much work is being done to ensure that underwriting is increasingly fair and inclusive.

Sick pay statements
Legislative changes coming into force in April 2020 will mandate employers to give employees access to a written statement of particulars of their employment, including their entitlement to sick pay, from day one of their employment. This could represent a great opportunity to show people that the state entry point benefit is Employment & Support Allowance at £3,801 a year versus group income protection.

ABI Mental Health Working Party
In 2019, the ABI focused on setting out measurable standards for insurers and brokers to follow when dealing with customers with a history of poor mental health. Its guidelines are expected to be publishing during the first quarter of 2020.
Social Care Green Paper

The long-promised social care green paper is still to make an appearance. Perhaps now, with some government certainty, this might happen in 2020 at some point. In the meantime, the insurance industry is doing its best to help fill the funding gap. And indicators from certain quarters suggest they will step up their game further – if possible – once the government’s intentions are known.

2019 saw the launch of VitalityLife’s innovative Dementia and Frail Care cover (DFCC) and DFCC+ was subsequently introduced to offer a greater amount of cover. This is a ‘post serious illness’ cover solution for later life, which can be bolted on to the provider’s serious illness cover (SIC), ensuring that once SIC cover expires, DFCC kicks in.

Consolidation & growth

While there was some market consolidation in 2019, we’ve also seen new entrants over the last 18 months. This is testament to the renewed potential now evident in the health and protection industries.

In January, Howden, part of Hyperion Insurance Group, announced the acquisition of UK employee benefits health and protection consultancy Punter Southall Health & Protection Holdings.

Meanwhile, lifestyle insurance start-up yulife officially launched at the end of 2018, with a proposition built upon rewards and benefits to employees (users receive ‘yucoins’ – a type of wellness currency) for wellness activities and healthy habit changes using a gamified app.

After officially opening to the market in 2018, Guardian enjoyed a busy year in 2019, including the launch of a competitive combined life and CI cover option, following adviser feedback, to sit alongside its standalone products.

Brexit

While the impact on business of leaving the EU is still as yet largely an unknown, there are some certainties: that it is happening is one! According to XpertHR, employers should prepare for the UK leaving the EU on 31 January. It suggests writing to employees who are European Economic Area nationals to urge them to apply for settled or pre-settled status, so they can remain living and working in the UK indefinitely.

Added value benefits

As an increasing number of added value benefits – everything from virtual GP services to employee assistance programmes and health screening – are either bolted on or integrated within group and individual health and protection products, there remains a question mark over whether advisers should be highlighting these aspects more during the advice process.

The stumbling block right now for advisers is that there’s just too much to keep up with, to the point where some have reported populating their own spreadsheets of added value services by provider just to keep up with who’s doing what.

While streamlining such services would seem to make sense, that’s obviously not going to prove a popular option with the insurers who see these aspects as differentiators.

Comparison portals don’t seem to have this sorted yet either, although F&TRC’s Quality Analyser is apparently much more comprehensive than most when it comes to added value services.

IR35

Imminent changes to the IR35 legislation could impact those private sector companies where contractors are deemed to be full time employees. The original IR35 is being replaced with the new ‘Off-Payroll Tax’ in private sector companies in April 2020, following its introduction into the public sector in April 2017.

IR35 is a word used to describe two sets of tax legislation that are designed to combat tax avoidance by workers and the firms hiring them, who are supplying their services to clients via an intermediary, such as a limited company, but who would be an employee if the intermediary was not used. Such workers are called ‘deemed employees’ by HMRC.

Although as yet still not 100% clear, it is expected that such contractors could become entitled to a suite of many benefits to which they previously weren’t entitled, as suggested in the 2017 Taylor Review of modern working practices.
Advisers: want a focus on professionalism and humanity

Health Insurance & Protection carried out a spot poll amongst adviser readers in December 2019 to gauge confidence in the UK economy and their own markets in the year ahead. We also asked for views on the best things from providers in 2019, what they’d like to see more of, plus views on how the industry can improve trust. Here’s our visual interpretation of the results.

Confidence in 2020 prospects

We asked about confidence in the UK economy and the health insurance and protection market in June 2019 too, so we’ve compared the findings between then and now here.

Overall, respondents are slightly more confident about the health insurance and protection market in 2020 than in the prospects of the UK economy.

That said, the percentage of respondents reporting that they’re ‘not confident’ in either area is considerably higher than it was in June this year.

UK ECONOMY

- **Very confident**: 14% in June 2019, 2% in December 2019
- **Quite confident**: 39% in June 2019, 31% in December 2019
- **Uncertain**: 31% in June 2019, 25% in December 2019
- **Not confident**: 16% in June 2019, 28% in December 2019

HEALTH INSURANCE AND PROTECTION MARKET

- **Very confident**: 13% in June 2019, 10% in December 2019
- **Quite confident**: 49% in June 2019, 60% in December 2019
- **Uncertain**: 25% in June 2019, 22% in December 2019
- **Not confident**: 16% in June 2019, 5% in December 2019
WHAT WAS THE STANDOUT MARKET / PROVIDER DEVELOPMENT IN 2019 IN YOUR OPINION?

VIRTUAL GPs

AXA DOCTOR @ HAND

VIRTUALITY’S UNDERWRITING PLATFORM

DIGITAL GPs

MENTAL HEALTH UNDERWRITING

NETWORK DEVELOPMENT

MENTAL HEALTH REHABILITATION

ACCESS TO INSURANCE

GUARDIAN’S NEW PRODUCTS

COLLABORATION

INCOME PROTECTION AWARENESS

VITALITY’S EVOLUTION

WPA PRECISION CORPORATE HEALTHCARE

GUARDIAN’S AUTOMATIC UPGRADES

VIRTUAL GP QUALITY

ADDED VALUE SERVICES

SIMPLE UNDERWRITING

INSIGHT VIRTUAL GP

QUALITY MARKETING LITERATURE

IT TRAINING

ONLINE QUOTES

ONLINE DECISIONS

EARLY INTERVENTION

EXCESS OPTIONS

FLEXIBILITY

GOOD CLAIMS HANDLING

REHABILITATION SERVICES

MARKET KNOWLEDGE

PERSONAL SERVICE

INSIGHT

QUALITY CANCER COVER

WPA PRECISION CORPORATE HEALTHCARE

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GUARDIAN’S AUTOMATIC UPGRADES

VIRTUAL GP QUALITY

ADDED VALUE SERVICES

SIMPLE UNDERWRITING

INSIGHT VIRTUAL GP

QUALITY MARKETING LITERATURE
WHAT WOULD YOU LIKE TO SEE MORE OF FROM PROVIDERS IN 2020?

There’s a strong desire for the industry to become more professional and more ‘human’.

- **56%**
  - Real-life stories of where a product or service has changed lives for the better
- **54%**
  - Provision of training
- **44%**
  - More human-centric client communications
- **42%**
  - Support with marketing
- **24%**
  - Employee communications (group products)
- **12%**
  - Other

THE ABI SAYS RE-ESTABLISHING TRUST IS JOB #1 FOR INSURERS. WHAT WOULD HELP MOST WITH THIS?

Again, the need to become altogether more ‘human’ is coming through loud and clear.

- **64%**
  - Publishing real-life (& positive) customer stories
- **58%**
  - Injecting the human touch into the customer journey
- **38%**
  - Publishing PMI claims paid statistics as well as income protection & life
- **18%**
  - Shouting louder about claims paid statistics
- **4%**
  - Other

*Greather transparency around claims, not just statistics, development of best practice standards for claims, actively looking to ‘pay the grey’ rather than decline being a seemingly default position.*
WHY WE ALL NEED TO BE A BIT MORE HUMAN

Assured Futures led a research project earlier this year to investigate why policy cancellations – across various protection products – are on the increase. Ian Sawyer, Commercial Director of Assured Futures reports

The need for more of a human touch – one of the key results from Health Insurance & Protection’s spot poll (see pages 8-10) – was also the overriding outcome from a big piece of work led by Assured Futures earlier this year. We’d noticed that policy cancellations (especially year one) were slowly but surely rising year on year. This was happening in spite of seemingly better products and improved policy benefits. It didn’t make sense.

Another apparent anomaly was that, in spite of all the great claims reporting by insurers, consumer distrust in the industry prevails. In fact, financial services remains the least trusted sector according the 2019 Edelman Trust Barometer. We wanted to take a deeper look at this too.

So, together with L&C Mortgages and Cura, we investigated insurer cancellation processes across various markets: life, over 50s, income protection, private medical insurance and accident & sickness cover. We focused specifically on direct debit cancellations, missed payments and reinstatement.

We also looked at how brokers work in tandem with insurers to minimise cancellations and maximise recovery / reinstatements.

On the back of this significant piece of work we produced a best practice document - for the benefit of all firms - to help better tackle this shared problem for both insurers and distributors.

Overview of key findings

1. Letters
We found the quality of letter writing across most insurers to be very poor, with poor explanations of options and precious little empathy or understanding. Also, few clear calls to action and intermediary advice was rarely acknowledged or suggested. That said, Shepherd’s Friendly should be commended for its more human touch and style. Also, LV=’s inclusion of the broker contact details represents a nice touch.

We’ve put together an example letter for all firms – one that removes all the blurb and Ts and Cs and that reads altogether more ‘human’.

2. Letter frequency
It seems the stronger the contact strategy in the first four weeks prior to renewal, the better the results. It’s worth highlighting Bupa here. They don’t phone, email or text – as per most other insurers – instead; they send a weekly letter and they get positive results on the back of this. It seems that something tangible that hits your doormat still gets noticed even in this tech-filled communications age.

3. Use texts as a reminder
We were surprised to find that so few insurers use text. While not appropriate to deliver a complex message, text is very good as a reminder and for driving phone calls to a number linked within the body of the text. Aviva Home Insurance use text to great effect with super response rates.

4. Early notice to intermediaries
A consistent feature of good performance is the earlier the insurer informs the intermediary, the better the retention. For example, Legal & General’s ‘early warning system’ allows the broker to make personal contact with the client and check the reasons for failed payments/ cancellations, often resulting in saved clients.

5. Reinstatement
Instructions to reinstate direct debit mandates, change bank details or retake payments must be allowable verbally to help both the policyholder and / or the broker. All too often, clients are passed from pillar to post. And cancelling quickly due to non-payment (some on day 7 or 24) does not cater for busy lives, buyer remorse and consumer behaviour. Allowing reinstatement up to 90 days in arrears helps with retention.

6. Get the product on the bank statement
Insurers do not seem to appreciate consumer behaviour. 18 months into a policy the client will often forget what policies they have in place and with whom. People look at their bank records and think ‘what is that?’ then cancel the direct debit first and worry later, knowing that if it is important someone will write to them quickly.

Yet few insurers state the product name on the statement, so the user often has no idea what the direct debit is for, further compounded by daft practice where some insurers still use former trading styles as the name that appears on the statement. And friendly societies not really appreciating that most consumers probably think a friendly society is a local charity rather than an insurance provider.

Shorter named insurers have an advantage here for example “Aviva Life 01234567.”

Since carrying out this piece of work we’ve fed back to all the insurers that we assessed. We’d also be delighted to hear the views of intermediaries. Should this kind of work be considered a potential charter? Let me know your views.
**In need of an uplift?**

Preventative healthcare and a growing awareness of mental health issues have been key trends in the private medical insurance sector during 2019. But with ongoing declining sales, what does the future hold? asks Dan McMillan

Prevention has become a buzzword in healthcare. While improvements in diagnosis and treatment have led to a reduction in premature deaths from causes like stroke, heart disease, respiratory disease and infectious diseases, multimorbidity is set to increase in the UK over the next two decades, according to the National Institute for Health Research. This means that although people are living longer, they aren’t necessarily doing so in good health.

The issue is now a key focus for government. In November last year, Health Secretary Matt Hancock warned in a Public Health England (PHE) blog that the NHS will be unsustainable without a “radical shift” towards preventing disease and illness. With lifestyle-related illnesses costing the NHS £11bn, according to PHE, private medical insurance (PMI) providers are grasping the nettle by developing products and services to help reduce this avoidable cost to society.

VitalityHealth has been leading the prevention charge by encouraging customers to make simple lifestyle changes as part of its healthy living programme. By incentivising people to change their behaviour through rewards like Starbucks coffees, cinema tickets and discounts on an Apple Watch, the company says it has reduced claims costs and improved long-term health outcomes.

**Cost of PMI**

According to Mintel’s latest UK Private Medical Insurance report, the health insurance market declined by 3% in 2019 due to a fall in revenue from individual policies, with providers struggling to retain and attract customers due to the relatively high price of PMI. Rising healthcare costs have been fuelled by expensive experimental treatments, the growth in non-communicable chronic lifestyle diseases and higher life expectancy. Additionally, although the global average medical trend rate is the lowest since 2013, averaging at 7.8% according to Aon’s 2019 Global Medical Trend Report, it still outpaces inflation in most major economies.

The ripple effect following the steep rise in insurance premium tax (IPT) from 2015 to 2017 continues to be felt, so the industry breathed a collective sigh of relief when no increases were announced in 2018 and 2019. In late 2018, the four largest health insurers, Bupa, AXA PPP healthcare, VitalityHealth and Aviva, wrote a letter to then chancellor Philip Hammond urging him to freeze IPT. It’s likely there will be further collaborations across the industry and continuing discussions with the next government during the course of 2020.

In October, the FCA published an interim report into dual pricing. Although it focuses on car and home insurance, Claire Ginnelly, Managing Director at Premier Choice Group, believes PMI could be included in any future regulation. “Historically the regulator has applied a broad-brush approach to all general insurance, so it will be interesting to see how this may impact the PMI sector,” she says.

Freedom Health Insurance recently launched a two-year fixed fee, guaranteeing the same premium price at the next renewal. Sue Smith, Head of Private Clients at advo group, believes more insurers should introduce fixed pricing for individual customers. “I would like to see more long term pricing,” she says. “Freedom’s two-year fixed pricing is welcome, but perhaps incorporating all of the attractive onboarding discounts like two months free or year one discounts would be better invested for longer-term retention.”

**Changing expectations**

PMI customers now expect insurers to provide a digital, personalised and convenient experience similar to what they receive from technology companies such as Amazon and Apple.

Providers are responding to this by simplifying the healthcare journey and improving user experience. The role of artificial intelligence is growing and the industry is using the technology in a range of ways, from voice assistants and chatbots to diagnosing medical conditions and even providing surgical support in the operating theatre.

The increasing influence of virtual GP services represented a key feature of 2019. Most insurers now offer it as a core benefit for their policyholders, giving them access to primary care without having to go through the NHS. With almost a third (32.3%) of the UK population now waiting a week to see an NHS GP, according to NHS Digital’s latest data, Stuart Scullion, Executive Chairman at the Association of Medical Insurers and Intermediaries (AMII), says virtual GP services can help meet a rising need. “With some providers there is no requirement for a GP referral at all prior to authorisation or diagnostic tests and treatment,” he explains. “This particularly helps policyholders in those geographical areas where access to an NHS GP is difficult or requires a lengthy wait for routine appointments.”

**Focus on mental health**

A spotlight has shone on mental health throughout the past year. Campaigns like ‘Heads Together’, spearheaded by The Royal Foundation of The Duke and Duchess of Cambridge and The Duke and Duchess of Sussex, and
various insurance industry initiatives have helped raise awareness and reduced the social stigma surrounding the subject.

In the NHS Long Term Plan, published in January 2019, the government sets out proposals to support the rising number of people who suffer from mental health issues. While access to psychological therapies is available to all who need them, demand is increasing and waiting times are getting longer.

Providers are playing an increasingly important role by providing holistic mental health services and focusing more on preventative measures. Earlier this year, Bupa expanded its cover for individuals and their families and now provides support and treatment for all mental health conditions. Insurers are also giving their customers access to the latest technology-enabled services, such as meditation and mindfulness apps. Scullion believes the industry will continue to prioritise mental health. “I would expect to see that focus on mental health and mental health support to continue throughout 2020 and beyond,” he says.

**What’s next?**

Genomics and predictive prevention are set to revolutionise healthcare. Matt Hancock called genetic testing a “game changer” in 2019 and claimed it will save the NHS time and money. It’s unclear how this new focus will impact PMI providers as the Association of British Insurers’ Code on Genetic Testing states that insurers cannot ask for or use the result of a predictive genetic test to set insurance premiums.

It’s still early days, but as genetic testing improves and acceptance grows there is a huge opportunity for more proactive and personalised healthcare. People will soon be able to gain a better understanding of their health and the potential impact of lifestyle choices. This also means they can more easily get the support they need to make any necessary changes that help them stay healthy in the long term. However, it remains to be seen whether health insurers will be able to fully realise the potential of genomics in the years to come.
Driving innovation

The ever-increasing cost of providing group PMI is leading to innovative product design and a shift by some towards healthcare trusts, writes Jess Bown

The cost of providing group private medical insurance (PMI) continues to rise around the world, partly due to higher treatment costs. In Europe, for example, the cost of medical care is expected to go up by around 4.3% next year, according to Willis Towers Watson’s 2020 Global Medical Trends Survey. In the UK specifically though, some of the increase is down to Insurance Premium Tax (IPT), which has doubled over recent years.

The latest figures from HMRC show that the amount of money raised from IPT in 1994-95 – the year the tax was first introduced – was £117m, rising to £3bn by 2015-16 and hitting a record £6.2bn by 2018-19.

IPT is not the only problem though. New technology, while often life saving, is pushing medical care costs higher. People continue to make lifestyle choices that increase their risk of poor health. And insurers and employers alike are bracing themselves for a rise in mental health claims.

Much of the focus over the past year has therefore been on making PMI more affordable – by offering greater flexibility, providing benefits designed to help policyholders stay healthier, both mentally and physically, and promoting flexible healthcare trusts that are not subject to IPT.

Prevention over cure

The old proverb about prevention being better than cure is particularly true when it comes to PMI, mainly because preventing a health problem is much cheaper than treating it.

According to the Mercer Marsh Benefits 2019 Medical Trends Around the World report, non-communicable diseases, largely related to lifestyle choices, continue to drive claims by cost and frequency. A growing number of insurers are therefore seeking to futureproof their liabilities by investing in services designed to prevent claims.

Bupa’s new Family Mental Health Line, due to launch in January 2020, is one example of this. “The launch of Bupa’s Family Mental Health Line is a fantastic step offering support to the whole family, with a focus on children’s mental health,” said Claire Ginnelly, Managing Director, Premier Choice Group.

Many insurers are also trying to encourage employees to get treatment early by offering virtual consultations with GPs and other health professionals that should help to flag up any major problems. Mercer Marsh found that 78% of insurers globally are considering, or have developed, virtual health consultations.

“Looking at how the market is developing, there is an opportunity for us to start having really worthwhile conversations about the overall health and wellbeing of employees,” Ginnelly added.
Flexible approach

Offering businesses more choice about the benefits they offer their employees represents another way in which insurers are combating the increased cost of traditional PMI.

Axa PPP healthcare’s Business Health product, which includes a 24/7 online GP service and an employee wellbeing platform - but does not necessarily cover things like out-patient or mental health treatment - is a good example of this.

“This is a very positive step for the SME sector,” said David Prosser, Head of Proposition Development, Towergate Health & Protection. “Its modular approach will allow intermediaries to tailor the product to more closely match the client’s budget, providing varying levels of provision across different employee groups if required.

“It will be interesting to see how other providers respond to Axa’s move in this area in 2020.”

Focus on mental health

While cancer, musculoskeletal conditions, and cardiovascular diseases remain the top three conditions by cost and incidence, according to the Willis Towers Watson report, 27% of insurers around the world believe mental and behavioural conditions will be among the three most common within five years.

So, it should come as no surprise that Bupa is not the only insurer taking steps to better protect the mental health of employees and their families.

And even though such policies are perhaps prompted by financial concerns, they could make a big difference to employers’ productivity levels – and employees’ wellbeing.

“With one in four people likely to suffer mental health issues throughout their lifespan, that means an incredible 50 out of 200 employees in an SME are likely to suffer during their career,” said Ray Goggin, Executive, Employee Benefits Consultancy, Grant Thornton. “That must have a huge impact on the productivity and success of a business.”

“If the result of celebrating neurodiversity is that 50 people out of 200 are empowered to be at the best they possibly can be, then both the employer and the employee are big winners.”

Movement towards trusts

In other parts of the world, many employers cut their PMI bills by opting for co-insurance policies under which the insurance company only pays a percentage of the total bill for any treatment.

But in Europe, we have instead seen a move towards corporate healthcare trusts, which are not subject to IPT, can be tailored to an employer’s requirements, and offer a way to cap related liabilities if you build in Stop Loss insurance to guard against big claims (an element that will, however, attract IPT).

Traditionally only offered to big corporations, such trusts have only more recently become available to smaller employers with a premium spend of say £250,000.

If the government increases the rate of IPT again, or Brexit has a negative impact on the availability of NHS care, trusts are likely to start looking even more attractive to employers big and small.
Going places?

The potential market for international PMI seems ever-expanding. Richard Brookes examines some of the trends, challenges and emerging opportunities from technological innovation.

There are currently 66 million expatriates, which is expected to rise to 100 million by 2030. With continued globalisation it is evident that people living and working abroad are also travelling more so the future of international private medical insurance (iPMI) will need to see more flexible ‘borderless’ cover. As Marco Giacomelli, CEO, Generali Global Health comments: “...local nationals, expats, global nomads, or however people define themselves, are driving the demand for iPMI products well beyond any a priori residency classification.”

However, one of the biggest concerns for the iPMI market by far - as always - is the issue of rising costs putting ever increasing pressure on premiums.

**Ageing population & lifestyle**

As working people worldwide are becoming more affluent, they are expecting a higher quality of healthcare for themselves and their families. At the same time, the World Health Organisation predicts a big increase in the ageing population with the proportion of those aged over 60 doubling by 2050.

However, by far the biggest pressure on premiums, as always, comes from medical trend increases. In its 2020 Global Medical Trends Survey, Willis Towers Watson (WTW) predicts a 6.8% rise this year. In addition to higher prescription prices, WTW concludes that the rise in the treatment of chronic conditions and lifestyle-related illnesses - such as heart disease and cancer - are all going to put further pressure on medical costs.

Ominously though, over a quarter of those surveyed predict that mental health and behavioural conditions will feature among the three most common conditions in the future. And among the three most expensive to treat.

In addition, costly new diagnostic techniques and advanced treatments are continuously being developed. Individual policyholders will expect these to be covered. And according to Pacific Prime’s 2019 Cost of International Health Insurance report medical practitioners are tending to over-prescribe medical services that may not always be necessary.

**GDPR costs**

As always, the iPMI sector needs to be continually aware of new regulatory requirements in different markets. Earlier this year the UAE introduced new legislation to regulate the collection, processing and transfer of electronic health data.

This follows the wide ranging 2018 European Union General Data Protection Regulation (GDPR) introduced to protect the privacy and data of EU citizens. This has necessitated considerable investment by the insurance sector in terms of establishing compliance structures.

Many insurers have applied their GDPR compliance measures across all their global operations to avoid the costs of operating different data policies in different world zones. It is estimated that GDPR compliance has cost Fortune 500 and FTSE 350 companies $USD 9 billion.
The insurtech revolution

Whilst it may seem that costs will continue to rise exponentially, advancing insurance technology ('insurtech') with new intelligent diagnostic services and smart health monitoring will help mitigate these pressures. This, in turn, will enable earlier interventions into illnesses, many of which can now be treated before they manifest into more serious conditions.

Customer wellbeing is rising to the top of the healthcare provider agenda. Services like My Digital Doctor are providing instant 24/7 access to healthcare advice through customers’ PCs, tablets and smartphones. And services focusing on mental health in particular are likely to feature across the iPMI sector next year and beyond.

2019 saw no let-up in the marketing and sales of health and wellbeing smart technology. A wide range of mindfulness apps now exist to help individuals monitor, understand and manage their mental health. Wearable activity trackers and health monitors are helping more people than ever with self-awareness of their physical health, not just among those adhering to personal fitness regimes.

The biggest revolution, however, is likely to be in health apps linking customers to clinicians from anywhere in the world 24/7. Business Wire reports that the $USD 98 billion smart healthcare market, providing technology solutions from condition diagnosis and management through to treatment, is expected to rise by nearly 20% by 2024.

Older technology is being enhanced with the roll out of DNA testing. Earlier this year Aetna International launched its DNA testing kit for its European members, which focuses on analysing participants’ health tendencies and sensitivities to food, fitness, sleep and stress enabling them to take positive actions with their lifestyles to reduce potential health risks. Inevitably DNA testing has the capacity to identify and mitigate a range of health risks before they develop into harmful and costly conditions.

As Guy Jones, Director of BDHL and member of the exec committee of the AMII, explains: “The introduction of more in-depth mental illness diagnostic tools combined with DNA testing has made clients stop and think about their lifestyle, exercise and their own mental wellbeing. It is hoped that this new awareness will see their risk factors drop.”

Data bringing knowledge

Huge benefits and advancements are likely to emerge from the smart health revolution. Crucially, in future, the data insurers will now be able to capture online and analyse will not only improve iPMI products but also drive earlier diagnosis and earlier intervention with the potential to reduce treatment costs.

It is evident that artificial intelligence (AI) will dominate the commercial landscape benefiting the iPMI sector in its drive to control costs. For example, it will increasingly be used to reduce the costly process of analysing a range of records and data - from claims to consultations - identifying, for example, upward trends in heart or mental health conditions.

Typically, 2019 saw Aon plc introduce its new ClaimsMonitor.X platform allowing insurers to review claims across all lines of business, potentially helping to identify future trends in clinician over-prescribing as well as other areas of cost concern.

Put simply 2019 has seen a consolidation in the development of technology that will be significant in addressing the perennial costs issues. As important will be the opportunities afforded by technology to improve the customer experience.

INDIVIDUAL iPMI – THE STATS

- Medical care costs expected to rise 6.8%
  (Source: 2020 Global Medical Trends Survey, Willis Towers Watson)
- World ‘over 60’ population to double by 2050
  (Source: World Health Organisation)
- There are currently 66 million expatriates which is expected to rise to 100 million by 2030
  (Source: International Health Insurance 2019 - International Health Insurance for Expats)
- Over-prescription by medical practitioners and overuse by members facing lifestyle-related illnesses are also driving up costs.
  (Source: 2020 Global Medical Trends Survey, Willis Towers Watson)
- Mental health with be one of three most common conditions and among the most expensive to treat in the coming decade.
  (Source: 2020 Global Medical Trends Survey, Willis Towers Watson)
Prevention prioritised

It’s been an eventful year for group international private medical insurance, with an ever-evolving landscape and no shortage of new products or services. Hannah George rounds-up the key challenges and trends, and takes a look ahead to 2020.

Long gone are the days when it was only major corporations that ventured into global territories. Now organisations of all shapes and sizes operate internationally. With an increasingly mobile market and assignments becoming more complex and diverse, it’s no surprise that group international private medical insurance (iPMI) remains the fastest moving and perhaps the most challenging sector to navigate in health and protection.

**Cost versus care**

By far the biggest challenge for group iPMI remained cost in 2019, as the cost of medical care across the globe continued to rise. According to Willis Towers Watson’s 2020 Global Medical Trends Survey, an increase of 6.7% was projected for 2019, creeping up to 6.8% in 2020. Unsurprisingly, the most dramatic rise was in the Middle East and Africa, where costs are expected to jump up even further next year, from 8.5% to 9.3%. In more positive news, the European rate of increase will remain stable at 4.3%, and...
in Latin America medical costs are actually projected to decrease from 12.2% to 11.7%.

International assignments are also becoming more common and diverse in nature, so despite rising costs, companies need to keep a closer eye on the care they are providing to their overseas employees. Janet Heaton, Principal, Global Benefits, Aon, comments: “There are many forms of mobility, with increasing numbers of commuters, permanent transfers and short-term assignments. Clients need to ensure greater governance around their mobile workforce to ensure there are no gaps in cover, and to protect their own brand and reputation.”

**New digital services**

Increasing cost makes building a business case for group iPMI all the harder, so 2019 saw a large focus on prevention from many of the big insurers, with digital services dominating the new product offerings. Bupa Global launched a digital GP service to support overseas employees, providing 24/7 telephone and video access to doctors or consultants.

The service also includes an ‘Assignment Support Programme’ (ASP), to provide advice and guidance ahead of an international placement. With poor health playing a prominent role in assignment failure, it’s a shrewd move for companies to put in place the right support networks before a problem arises.

Aon launched ‘Well One’ earlier this year, a wellbeing focussed health app, covering lifestyle, body, mind and financial wellbeing. The app provides a global platform with locally relevant content, along with a social networking feature, allowing users to share their experiences with colleagues.

And Now Health International Group launched a WhatsApp for Business account for group iPMI customers, allowing them to communicate as quickly and easily as possible, and helping customer services to triage queries to prioritise urgent issues and emergencies.

**A focus on mental wellbeing**

The lens on mental health continued across the globe, but according to the *Business of Health* 2020 study from global health benefits provider Aetna companies are still not doing enough. The research reveals that 82% of workers globally are concerned that mental health issues could one day impact their ability to work, and only 25% of employees believe their company provides good support for mental health conditions.

This pattern looks set to continue for the foreseeable future, according to the 2020 Global Medical Trends survey. It claims that nearly a third of health insurers (27%) predict mental health and behavioural conditions will be among the three most common and expensive conditions within the next five years.

Dr Mitesh Patel, Medical Director, Aetna International, commented: “A clear gap is emerging globally when it comes to the level of mental and physical health support businesses are providing and the impact this is having on employees. While employers recognise that offering wellness and health support is becoming as vital as policies around holiday time, sick leave and retirement plans, companies need to do more to better understand and meet the needs of workforces.”

**A changing landscape**

A large barrier for companies in providing adequate group iPMI is obtaining local insights and finding suppliers that meet the appropriate regulations in certain countries. The Middle East remains a complex region as countries are at different stages with regards to rolling our mandatory health insurance, which is set to come into effect in the UAE in 2020.

An overhaul of the French pension system is also expected, along with potential pension cuts in the Netherlands (although this now looks likely to be delayed until 2021). Employers need to ensure they have robust plans in place to support ever-changing legislation across the territories in which they operate.

As well as adapting better to local regulations, Penny Pemberton, Principal, Aon, believes embracing diversity and inclusion will become a strong theme across the board. She comments: “Many of our clients are reviewing plans to check that they support their own diversity and inclusion policies. This could include extending coverage to family members, same sex couples and greater support for emotional health in general.”

Of course, a big question mark remains over what impact Brexit may have on iPMI. Hopefully, we’ll have more insights for you on that score in next year’s HI&P Yearbook.

In the meantime, the big challenges of this year are unlikely to dissipate as we head into 2020. And with even more legislative changes afoot, the iPMI market looks set for another interesting year. But as providers and employers continue to enhance their digital services, focus more on poor health prevention, particularly when it comes to mental wellbeing, and take more steps to better understand their global markets, it’s at least heading in the right direction.
Staying current

The individual market may be on the decline, but the new wave of group plans seem to be in high demand, writes Jess Bown

It has been a bumper few years for health cash plans aimed at employees. Not only has the number of providers increased, the number of services and benefits available through the schemes has also shot up – pretty much across the board.

“Ten years ago, we only had a couple of cash plan providers as members,” said Martin Shaw, Chief Executive of the Association of Financial Mutuals (AFM). “Now we have five times that number. And in recent years, I have seen a real focus on looking at ways to create more value in the cash plan community.

“Five years ago, for example, cash plans mainly offered dental and optical care. But while those benefits are still on offer, there is definitely more of a focus on general wellbeing now. This includes supporting wellness in the workplace initiatives, as well as offering services such as stress counselling, and phone-based GP appointments for those who find it hard to make it to their local surgery during normal opening hours.”

A shift in focus

While employee cash plans have gone from strength to strength in recent years, take-up among individual consumers has gone the other way.

According to Shaw, one of the main reasons for this is that the government’s decision in 2017 to increase the rate of Insurance Premium Tax (IPT) to 12%. This has made cash plans a less attractive option for individuals – pushing providers to concentrate on the employee benefits market.

“The rate of IPT has doubled over the last few years,” he said. “Cash plan providers have had to raise the cost of cover as a result, and this has led to fewer individuals taking out cash plans.

“Our members have therefore been concentrating on making their group schemes as attractive as possible by widening the scope and making the benefits on offer more tangible to employers. Offering more wellness benefits is one example of this.”
One area where providers have seen particular success is in carving out a niche for cash plans as a lower cost option for small and medium-sized enterprises (SMEs) that want to offer a compelling healthcare proposition, but don’t have the budget for Private Medical Insurance (PMI).

“Cash plans are a particularly good fit for SMEs that do not offer full PMI cover,” said Shaw. “The SME market is a big growth area for cash plan providers as a result.”

Many larger companies, meanwhile, use cash plans to complement – or fill the gaps in – the cover provided by PMI.

**Core benefits.**

Even in their simplest form, cash plans help employers meet their duty of care obligations thanks to core benefits such as dental and optical care.

Providing access to optical treatment through a cash plan, for example, allows companies to meet government requirements around VDU screening, under which employees who regularly use computer screens must be offered eye tests if they feel they need them.

These benefits can help to improve productivity and cut losses due to absence, for instance by allowing employees to book out-of-office-hours appointments with private dentists and, in many cases, GPs.

But in 2019, providers have been looking at ways to build on these core benefits and offer employers greater choice and flexibility.

**Innovative new options**

The ‘everyday’ nature of cash plans means they often appeal to employees on lower incomes, as well as younger staff members who are less likely to see the value in private medical care.

Adding on new services designed to improve people’s wellbeing and support mental health further widens the pool of employees to whom they are likely to appeal.

“Innovative changes include the development of mental health apps and phone services designed to ensure those in need of help can access it very quickly,” said Shaw. “Looking at the bigger picture, this should prove a win for employers, employees and insurers, as it’s a perfect example of how a small investment early on can help to avoid a big claim later.”

However, while we may well see further enhancements in the years to come, providers are limited in the type of features they can add to cash plans. They must, for example, be careful not to alienate SMEs by overcomplicating the application process due to the addition of extra cover.

Shaw added: “One of the challenges going forward is going to be incorporating all the new features and making the cover as inclusive as possible, while keeping the application process as straightforward as possible to continue appealing to smaller employers.”

As cash plans are designed to provide healthcare around NHS treatment, any changes to the availability of free NHS care over the next few years could also force providers to change tack once again.

“**If IPT were abolished, it would increase demand for policies, which in turn would increase the benefits due to society of around £60 million. Our analysis also indicates that the main beneficiaries of these changes would be people earning at or below the national average, as this fits the demographics of the main users of health cash plans.”**

“At present, firms are having to reduce costs to help ensure a stable claims ratio. This squeezes profitability and that has a knock-on effect on availability of profits to be invested back into the business and into the local community.”

Extracts from an independent report by OAC Consultants, commissioned by the Association of Financial Mutuals.
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Simple yet intricate

The critical illness cover sector continues to grow steadily. Richard Brookes looks at the state of the market, latest innovations and the paradox of offering simple yet comprehensive products and comparison services.

The majority of critical illness (CI) cover is sold with level term assurance and latest data from Swiss Re Term and Health Watch 2019 shows sales increasing by 3.2% in 2018 to nearly 264,000 policies. Sales of the combined product have increased year on year since 2015 and account for around 17% of all term sales. While it’s difficult to assess any impact on sales from the current political disruption affecting the economy the market looks healthy by any standards.

Swiss Re’s report also shows that leading the market by a significant gap over their competitors are Legal & General and Aviva recording new CI sales - including standalone and acceleration of life cover - of 140,094 and 106,189 respectively in 2018.

Next comes VitalityLife, Zurich and Royal London selling 60,529, 55,133 and 51,639 policies respectively. While Legal & General increased its share by 7%, Aviva’s share fell by 16% and, conversely, VitalityLife’s share rose by the same percentage.

In terms of overall premiums, Legal and General led with £70.4 million, followed by Aviva at £60.8 million and VitalityLife at £34 million.

The buoyant level term CI market is maintaining competitiveness too with three new providers entering the market in 2019 and nine more products available. These included new products from LV= (direct to consumer life and CI products), Scottish Widows with its more simplified ‘Plan and Protect’ and Canada Life, while other providers like Legal & General made enhancements to their existing products.

Simplification shift

Further regulation was implemented across the market. February 2019 saw the deadline for Association of British Insurers’ (ABI) members to implement its new Guide to Minimum Standards for Critical Illness Cover replacing its 2014 Statement of Best Practice for Critical Illness. The new guide incorporates changes to definitions, which aim to help customers and advisers better understand and compare CI policies. The CI sector seems bogged down with definitions, terms and conditions, hence the ABI guidelines to provide some semblance of standardisation.

Meanwhile, Legal and General now wants the industry to look at the way it talks about life and CI products. In its survey of 2000 people only 10% associated ‘protection’ with life or CI.
Astonishingly, 40% thought the word had more to do with protection against physical harm or even protective clothing.

This just focuses on one aspect of a highly complex market for both customers and advisers.

So, it’s worth highlighting some specific common-sense product developments that help cut through some of the fog.

**New & enhanced**

Guardian Life became the first insurer to improve and enhance claims wordings for both new and existing clients. Usual practice is only to allow new CI cover customers to benefit from policy enhancements.

Cirencester Friendly also led the way to offer CI cover in an income protection plan. And, in the process, recognising the financial impact on a family caring for a seriously ill child, particularly where a parent is self-employed.

And Scottish Widows introduced its Plan and Protect range which aims to simplify the key offer without much watering down of the benefits.

**Comparison tools**

This is all good news when the market has never been so complex. Insurers such as Aviva, HSBC, Legal & General and Zurich offer two or more plans, according to CIExpert, requiring advisers to spend an arguably disproportionate amount of time reviewing clients’ options.

However, the comparison tool sector is continually developing and improving its toolkits to assist advisers in navigating the market.

The main toolkit providers are CIExpert, The Finance & Technology Research Centre (F&TRC) and Defaqto. All have enhanced their products to make analysis and comparison of the CI market even more comprehensive.

F&TRC upgraded its tool with a feature to review child CI cover, while a decreasing term CI feature was added to Defaqto’s CI Cover Comparison tool.

CIExpert says it assesses the value of every condition within a plan (well over 100 exist in the market) and via further in-depth analysis helps advisers match the right plan to customer need.

In 2019, it added its Personalised Predictive Analysis tool which harvests family information to assess both the likelihood of a future claim and payment level. This helps advisers to assess the value of the plan and match it to the individual.

It is clear the market is beginning to improve and simplify the product and comparisons to assist both adviser and the customer understanding of the choices available.

**Streamlining needed**

Looking back on 2019, CIExpert Founder and Director Alan Lakey concludes: "It is encouraging that insurers are introducing improvements to CI cover to further help advisers and customers make informed decisions.

“For many years I have also been calling on the CI sector to streamline its approach to focus on outcome rather than the lottery of relying on a disabling condition to be specifically named within the policy. It is really good news that some insurers are now indicating this is a new direction they will be taking.

“These new ideas and ways of thinking represent significant signs that CI cover will continue to grow and prosper next year and beyond.”

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**INDIVIDUAL CI – FACTS & STATS**

- CI cover market increased by 3.2% in 2018
- Majority of sales are with term insurance policies
- Top three providers combined CI premiums totalled over £160 million in 2018
- Only 10% of people associate ‘protection’ with life or CI
- Insurers moving to simplify products and complex language
- Comparison toolkit technology advancing to assist both advisers and customers

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WHY OPTING FOR THE BEST ILLNESS COVER IS CRITICAL

In a market where the devil is very much in the detail, taking a little time to read the small print can reap considerable rewards when choosing your client’s illness cover.

Let’s face it, for the increasingly time-poor adviser, navigating the labyrinth that is the critical illness market and finding the right cover for your client can be a real headache.

One size doesn’t fit all

All too often, the issue isn’t so much what the plan covers, but what it doesn’t cover. Because what you normally find is that while one plan covers one thing, another plan covers a different thing entirely e.g. plan A covers conditions not included in plan B and vice versa.

The other issue here, of course, is that none of us will ever know if we’ll go on to suffer from a serious health condition or which one it might be. The chances of any of us suffering from a particular condition will vary significantly depending on gender, family history, ethnicity and a range of lifestyle factors. For instance, women are three times more likely to suffer from rheumatoid arthritis yet half as likely to suffer a heart attack throughout their life. All of which means that, even with the most sophisticated comparison tool, it’s still impossible to form a completely accurate risk assessment between two different plans for every single person.

The obvious risk for clients is that the wrong plan can lead to declined claims, resentment and further distrust of the insurance industry. Things are undoubtedly getting better in the market, but it’s still the exception rather than the rule to find a plan that offers a high degree of reassurance for advisers and clients alike. Which makes finding the best cover all the more important.

More complete Illness cover

VitalityLife’s Serious Illness Cover (SIC) has been designed to ensure people can be protected if they were to fall ill, paying out a lump sum which can be used to cover expenses and monthly outgoings while you take the time you need to recover. Differing from critical illness plans, Vitality grade each condition based on severity from A to G which then pay out between 5% and 100% of the cover amount, depending on the impact the illness has on a person’s lifestyle. By paying out a severity-based amount rather than a fixed sum, lower severity conditions can be covered, which means earlier payment, continuous cover, and a significantly greater number of conditions covered overall.

Cover for all conditions covered in the market

Vitality has always strived to provide
the most comprehensive serious illness protection on the market and, in November 2019, Vitality took steps to further expand its offering in the market with the addition of a further four new conditions and the enhancement of a further six. Additionally, VitalityLife will pay out earlier for 23 conditions where a member is included on an NHS waiting list for surgery. These changes ensure the Serious Illness Cover product remains fit for purpose, in line with the latest medical advances and provide assurance to the people who have this cover.

More likely to pay out

As a result of these changes Vitality’s Serious Illness Cover now pays out on all conditions covered in the market – currently 182 – and remain more likely to pay out than any other provider. All of which should make your recommendation as to which cover to opt for slightly easier – and ease your headache somewhat too.

Five reasons to choose VitalityLife’s Serious Illness Cover

1. We cover all conditions covered in the market
1 VitalityLife’s Serious Illness Cover covers all conditions covered in the market and is more likely to pay out than any other critical illness product.

2. We cover all heart attacks, all strokes and more cancers than any other insurer
2 To give your clients more protection against the top three reasons to claim.

3. Your clients get earlier payouts
We pay out based on the severity of their condition. This means we can cover illnesses at earlier stages than other insurers.

4. Your clients can claim more than once on the same plan
If their condition only pays out part of their cover amount, they can claim again, until they’ve used up their entire cover amount.

5. We’ll cover your clients for later life conditions
Choose one of our unique Later Life options so that they continue to be covered for later life conditions such as dementia, Alzheimer’s, Parkinson’s, stroke and frailty even after their Serious Illness Cover ends.

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1Rheumatoid Arthritis Support Network. 2017
2 Throughout life, heart attacks are twice as common in men than women, Harvard Medical School, November, 2016
3 Independently verified by Defaqto. This comparison to other products in the market is based on VitalityLife and Defaqto’s interpretation of the difference between VitalityLife’s latest Serious Illness Cover and those other covers available in the market as at 11/11/2019. Whilst VitalityLife and Defaqto have made reasonable endeavours to ensure the accuracy and reliability of this statement, it is for personal use and guidance only, and does not constitute a contractual representation. As such, neither party accepts liability for direct or consequential loss in relation to this statement.
Enjoying new-found popularity

Enhancements to products and services combined with an increased focus on adding value have helped drive individual income protection sales over the past 12 months. Dan McMillan reviews a year of growth amidst uncertainty

It’s been a bumper year for income protection (IP). According to Swiss Re’s 2019 Term & Health Watch report, IP sales have risen for the fifth year in a row, with policies growing by 22.6%. While political, economic and Brexit uncertainty over the past year and more has certainly fuelled this growth, a number of other factors have played a part during 2019.

Added value services which aim to help people get back to work more quickly are an increasingly important aspect of a provider’s IP offering. In March, LV= expanded its doctor services benefit to include remote access to physiotherapy, psychological experts and support services, as well as a 25% discount on health MOTs.

Benefits are also being used to encourage customers to engage with their cover and help them understand how to live more healthily. Earlier this year, British Friendly enhanced its mutual benefits programme with new services that provide discounted hotel bookings, high street discounts and health and wellbeing advice.

Marie Bedding, Head of Learning and Development at LifeSearch, believes this type of benefit will grow in importance, but relevance is key. “We’ve seen a much bigger focus on value added benefits, with many providers ramping up their offering,” she explains. “I think this will continue over the coming 12 months, but providers need to be wary not to turn it into a numbers game, adding more and more irrelevant benefits to show they have the most on offer.”

Innovate to accumulate

2019 saw the introduction of a range of product and service enhancements. In September, Legal & General responded to the protection needs of the growing rental market by becoming the first major insurer to launch a rental protection plan, which includes a rental income protection benefit.

Roy McLoughlin, Co-Chair at the Income Protection Task Force, also believes friendly societies are leading the way in developing products that can help underserved parts of society. “IP sales have gone through the roof and friends are at the forefront,” he explains. “They are progressive companies which are serving parts of society that really need cover.” As well as providing innovative products, mutuals are making it easier for people to claim on their IP policy. According to Martin Shaw, CEO at the Association of Financial Mutuals, claims are eight times more likely for someone who has an income protection policy with a mutual.

Technology providers like iPipeline and Iress are also playing an increasingly important role in boosting sales by making the IP advice process simple and streamlined. Their portals help advisers more effectively tailor the IP offering based on a client’s particular needs. The value of this technology was demonstrated by iPipeline’s 2019 Q1 results which showed IP sales had grown by 75% compared to the same time in 2018, with the increase largely driven by IFAs and mortgage brokers.

Additionally, iPipeline data revealed that women remain an underserved group when it comes to IP. They accounted for only 40% of standalone IP policy applications in Q3 2019 and, while there is parity between men and women in the 18-24 age group, the gap widens for older demographics. Research from LifeSearch also showed that although the number of female breadwinners rose by a third since last year, just one in 20 (6%) women have IP compared to one in ten (10%) men. Expect to see an increased focus on encouraging more women to take out IP in 2020.

Universal credit

It’s still unclear how universal
INDIVIDUAL INCOME PROTECTION – THE STATS

- There was a 5.9% increase in individual term, whole life, critical illness and income protection policies in 2018, the highest level of new business since 2004 (Source: Swiss Re)
- The number of new income protection policies grew by 22.6%, the fifth yearly increase in a row (Source: Swiss Re)
- Directly-authorised firms, including independent financial advisers and mortgage brokers, were responsible for 82.5% of income protection sales in 2018 (Source: Swiss Re)
- Women made up 38% of income protection policies in 2018 (Source: Swiss Re)
- 15% of consumers believe that everyone in employment should consider income protection (Source: LV=)
- Almost a quarter of workers (22%) feel they could only survive financially for a month or less if their income stopped (Source: LV=)

credit (UC) will impact individual IP policyholders. While proceeds from life or critical illness policies don’t affect a person’s eligibility for UC, IP will trigger a pound for pound reduction in UC payments. In September, a report commissioned by the Association of British Insurers looked at holders of IP across four insurers and compared their UC eligibility with and without their policies. It found that 54% of policyholders would be able to claim UC if they didn’t hold a policy. However, 39% of these would see that eligibility removed as a result of their IP policy’s pay-out.

Bedding says it’s vital this issue is resolved in 2020. “I think the biggest issue is understanding how universal credit works with income protection claims,” she explains. “I don’t think the circumstances around this are clear enough.”

McLoughlin believes UC marks a growing departure from reliance on the state, meaning IP will grow in importance. “There’s a general movement away from the state and a reliance on benefits,” he says. “Universal credit is making people assess their position and think again about how they may not have any money if they lose their job. This means IP is more important than it’s ever been.”

Implications of the gig economy

The rise of the gig economy was a major focus for all the UK’s political parties ahead of the general election. The gig economy has doubled since 2016 and now accounts for 4.7 million workers according to University of Hertfordshire and TUC-supported research published earlier this year.

Although this is potentially a huge market for insurers and advisers, the IP message is still failing to get through. A report by LV= in 2017 revealed that just 4% of self-employed workers have IP and four in 10 mistakenly believe they’re not eligible for it. McLoughlin believes IP needs to evolve to meet this rising need. “The whole move towards how people work is changing. There will be more flexibility and I believe protection will follow that trend,” he says.

The IP industry has its work cut out to surpass the success of 2019. However, by raising awareness among underserved markets, continuing to add value and giving advisers the right tools, there’s no reason why 2020 won’t be another fruitful year for what many believe is the most important protection product of them all.
More wholesome

Group risk had a positive year in 2019 and there are signs growth will continue if the sector can get on the government’s agenda. Dan McMillan reports

According to the most recent Swiss Re Group Watch report, employer-sponsored group risk policies increased by 3.3% in 2018 to 408,519, with the number of people insured for life insurance, critical illness or income protection through their employer now standing at almost 12.9 million. However, the report also revealed that Brexit uncertainty has deterred employers from implementing group risk protection products and businesses are putting off major financial decisions until there’s more clarity in the market.

One of the key trends in 2019 has been the expansion and enhancement of added value services linked to group risk products. While services such as employee assistance programmes (EAPs), second medical opinions and fast-track access to counselling and physiotherapy have been included with group risk products for a number of years, 2019 saw the arrival of virtual GP benefits with both AIG Life and Unum launching app-based services for eligible group customers.

Virtual GP services have typically only been offered with private medical insurance policies, but they are now proving popular with employers due to difficulties surrounding access to NHS GPs.

Paul White, Senior Risk Consultant at Howden Insurance Brokers, believes benefits like virtual GP services encourage the take-up of group risk products. “These are perks that make products more attractive to employers,” he says. “Online GP services are a really valuable benefit for employees and will soon become the norm.”

Paul Greatrex, Senior Consultant at Grant Thornton UK, believes that as well as making life easier for employees, virtual GP services help companies manage absences and boost overall performance. “They help improve productivity because they give employees immediate access to a GP,” he says.

Added value benefits not only help employers see the value in group risk products, they can also raise awareness of mental health issues, says Claire Ginnelly, Managing Director at Premier Choice Group. “As an industry we need to come together to make sure employers fully understand the benefit of these products, especially the added value services many of them offer,” she explains. “This presents an opportunity to get mental health on the agenda of employers: not just on sporadic days, but with a concerted 365-day tactic.”

With employee mental health becoming a key focus for companies of all sizes, many are looking to group income protection (IP) to help them provide a holistic and more effective approach to workplace mental health management. Many group IP plans integrate mental health care services like cognitive behavioural therapy and EAPs to help prevent work-related mental health issues and treat them when they appear.

As part of its group IP plan, Generali UK recently launched a new mental health navigator service from Best Doctors, now part of global virtual healthcare provider Teladoc Health. The service helps better integrate existing employee support services. It’s designed to identify the correct diagnosis and provide an action plan for those struggling with a range of mental health conditions.
The government is consulting on future policy that will mandate UK businesses to take a more proactive approach to absence management and to improve employment prospects for those with long-term health conditions.

Combined with the Stevenson-Farmer review into workplace mental health, it’s clear that firms are increasingly being held accountable for staff wellbeing. Katharine Moxham, Spokesperson at GRiD, believes the group risk sector can provide much needed support in this area.

“Government expectations for employers to play a more active role in supporting the overall health of their employees are unlikely to recede during 2020, so employers will be looking for help here,” she explains. “Group risk is ideally placed to help with this, not just in terms of financial payments but also in terms of all the extra help and support that comes along with a group risk policy.”

yulife has stood out in 2019, according to commentators, with its innovative approach to employee wellbeing and group risk.

The company offers group life insurance products alongside an app which uses games and challenges to encourage staff to lead healthier lifestyles.

Ginnelly says its approach could make a difference to group claims: “yulife has introduced the opportunity for client engagement with wellness, which long term may well positively impact on GIP claims.”

### Disability & inclusivity

In December, the Chartered Institute of Insurance (CII) and disability charity Scope published a best practice guide for employers. The report looks at ways to support disabled employees throughout their working lives and one of the areas it covered was the benefits of group risk products for disabled people.

Alongside this, the cross-industry Access to Insurance Working Group is now reporting in to the Cabinet Office. Moxham says one of the aims is to highlight the importance of group risk products at a governmental level.

“The focus of the working group is to widen the reach of protection insurance to more people with disabilities or existing health conditions,” she says. “Group risk is inclusive in nature and, generally, a generous basic level of cover is given to all members of a group policy without the need to provide medical evidence and irrespective of their state of health.”

### Sick pay entitlement

Legislative changes coming into force in April 2020 will mandate employers to give staff a written statement of their sick pay entitlement. Moxham hopes this will result in an increased interest in group IP.

“We believe this is likely to drive demand for employers to put in place more formal long-term sick pay provision,” she explains. “This in turn is likely to drive growth in the group income protection market as one of the most cost-effective ways for employers to fund this, along with all the important support for absent employees, including help with returning to work.”

Clearly, there are both challenges and opportunities facing the group risk sector. But with employee wellbeing and access to insurance moving higher up the government’s priority list, 2020 is set to be another busy year regardless of what the long-term future may hold.
Creating an employee benefits programme that appeals to all of an organisation’s employees is no easy task – especially when workforces span numerous countries and generations. The ways large companies have been changing their employee benefits policies over the last 12 months therefore include ‘consumerising’ the experience for employees, strengthening the focus on overall wellbeing, and taking steps to ensure their global strategies are flexible enough to meet the needs of both recent graduates and mature workers in their 60s or even 70s.

Reliance on technology has also continued to grow, with many employers now using it to gather data on their staff, as well as to improve benefits communications – often the missing link when it comes to employee engagement.

**Inclusion and diversity**

The make-up of many large companies’ workforces has changed considerably over the last five years or so.

“People are living longer, and in many cases are unable to retire for financial reasons,” says Richard Morgan, a Strategic Consultant at Aon.

“Coupled with a 20% decline in the birth rate over the last couple of decades, plus other trends such as more women working, this has changed the workplace profile – meaning employers need to change their benefits programmes to appeal to everyone.”

Little wonder then that many employers recognise their existing benefits programmes no longer hit the mark.

According to Aon’s Benefits and Trends Survey 2020, which will be published soon, less than 40% of employers think their existing benefits meet the needs of the whole workforce, and more than 80% expect to have to change their benefits to satisfy future employees.

For multinational companies with a single global benefits strategy, meeting the needs of everyone on the payroll is even more of a challenge.

Fortunately, however, the employee benefits sector has come up with a solution in the form of flexible benefits packages, which are becoming increasingly popular with companies of all sizes.

According to the 2019 edition of Aon’s Benefits and Trends Survey, which was published in April this year, 45% of respondents already had flexible benefits and a further 20% were planning on introducing a flexible scheme within the next three years.

“Flexible benefits are the best way to offer a broader range of benefits...
Do you believe you will need to change your benefits offering to meet the needs of future generations entering the workforce?

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Source: Aon 2019 Benefits & Trend survey

Now, however, some companies are taking that to the next level by introducing online shopping-style services to help people find and take advantage of the benefits available.

“To be truly effective, employers need to start treating their employees as customers,” adds Morgan.

“That would be my number one tip for companies looking to modernise their benefits programmes in 2020.”

Understanding needs

Benefits portals and specialist apps represent only part of the story though when it comes to helping large companies improve their benefits provision. Many have also recognised the potential of using large-scale data analysis to steer their strategies.

“Employers are increasingly using technology to gather data on their employees and use this to determine which benefits they offer,” says Morgan.

And rather than using it simply to find ways of saving money, they are exploiting the results to get a deeper understanding of the impact any changes have.

“With the market becoming ever busier, it’s more difficult for employers to choose meaningful solutions, so there’s a lot more emphasis on the impact benefits are having and employers understanding the value of their investment,” says Ramsook.

“This doesn’t just mean cash savings, it’s also about looking at measures such as absence rates and utilisation levels.”

Consumerisation of benefits

At the beginning of this year, more than four in five businesses said they wanted to enhance the communication of benefits to employees, according to Willis Towers Watson’s Benefit Trends Survey 2019.

And with employee engagement remaining respondents’ most important objective in Aon’s 2020 survey, it would seem there is still lots of work to be done.

“Employers still struggle to connect with employees and get them to engage with benefits,” says Mark Ramsook, Senior Director, Health & Benefits, at Willis Towers Watson.

“But investing in a great benefits programme is only worth it if you can find a way to increase engagement scores, and that means knowing what employees want and having an effective communications strategy.”

For a growing number of companies, technology such as apps offers a way to close the communications gap. “The introduction of benefits apps has given employees much easier access to information about what is available,” says Morgan.

“It’s also allowed employers to use push notifications, which have proved much more successful than emails.”

“Better but not ‘Big Brother’

Wellbeing is up there with inclusion and diversity as one of the biggest buzzwords in employee benefits in recent years.

So it’s hardly surprising that more than three-quarters of businesses were planning to incorporate more wellbeing into their overall benefits strategies at the beginning of the year, according to figures from Willis Towers Watson.

“Employers are taking wellbeing much more seriously,” says Ramsook. “There’s also a lot more personalisation, examples of which include wearable initiatives and personalised diets.”

But while many more companies are offering benefits designed to improve everything from workers’ mental health to their financial savviness, some are now taking a step back to avoid becoming too embroiled in their employees’ personal lives.

“We want employees to be healthy and happy, but some of my clients are now asking: where is the line?” adds Ramsook.

“When does trying to force people to take advantage of benefits to improve their health, for example, become too paternalistic or too intrusive?”

“We have to make sure technology and other tools are only used to help employees make empowered decisions, not to force them to change their behaviour out of work.”
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Regulation and Compliance: underpinning today’s IPMI market

Regulators are central to the oversight and governance of the provision of healthcare and health insurance across global markets. Those who shape and create this legal framework heavily influence the strategies and tactics of companies operating in different regions, including international private medical insurers.

The influence of regulators varies significantly from country to country. In certain territories, law makers are central to business flexibility and adoption of policies that support properly managed, yet commercially adaptable, business environments.

Regulatory decisions can be both ‘macro’ and ‘micro’. Macro decisions have widespread effects for organisations and the population alike, whereas micro decisions have a less wholesale effect but, never-the-less, must be adhered to by operators.

Examples of macro decisions include VHIS in Hong Kong and the mandatory health insurance requirements that have been implemented by certain countries in the Middle East region.

Asia: the introduction of the Voluntary Health Insurance Scheme

Hong Kong’s Voluntary Health Insurance Scheme (VHIS) is an example of how a regulatory decision can dramatically shape a market. VHIS was introduced in 2019 and features a semi-mandatory health insurance plan with specific benefit limits and a competitive tariff. The effect is to shift the burden of healthcare provision from the public to the private sector, with a corresponding impact on the country’s health insurance landscape.

Middle East: mandatory health insurance for all

In the UAE, mandatory health insurance came into force in 2006 in Abu Dhabi and 2012 in Dubai, marking one of the biggest changes in years to the Emirate’s health insurance and healthcare industries. Now, all those living or working in the two largest Emirates - locals or foreigners - must have a basic health plan.

This has been part of a trend in the implementation of mandatory health insurance in the region with the Kingdom of Saudi Arabia predating the UAE in its implementation and with further implementations now likely in Bahrain and Oman in the near future.

Micro decisions: shaping commercial environments

At a micro level, decisions tend to affect how the health insurance industry operates - rather than the population at large – but are often designed to promote a stable and sustainable long-term market.

In the UAE, for example there has been a trend towards Diagnosis Related Group (DRG) implementation. DRG now makes it a requirement for hospitals to group cost associated with inpatient hospital benefits – such as surgery, theatre, physician, pre/post examinations – together so that each separate treatment cost is no longer considered in isolation. All costs are reimbursed under a single code. These changes mean that Generali Global Health and other IPMI providers in the market, especially those with third party firms who administer claims on their behalf in Dubai, need to adapt their insurance plans and the way they analyse claims trends to these regulatory changes.

Seeing claims as a consolidated view gives insurers a consistent representation of their claims experience and pricing – creating transparent and comparable financial statements, providing regulators with a more precise view of market performance.

Regulation is one of the most important factors shaping how international private medical insurers and brokers operate in the world’s diverse markets. Some decisions - such as Hong Kong’s VHIS and mandatory health insurance in the Middle East – are headline-grabbing and affect both the industry and those it serves. The majority of requirements, however, whilst not in the public gaze, help create the stable commercial environments the health insurance industry needs to operate and thrive.

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Getting ready to compete

A greater appreciation of the importance of workplace wellbeing and more flexible employee benefit options had an impact on the SME sector in 2019. Dan McMillan reports

Employee benefits featured higher up the list of priorities for SME senior managers in 2019. According to research published by MetLife UK in February, nearly six out of 10 (57%) SMEs plan to increase the benefits they offer over the next two years, with almost one in four (24%) intending to significantly increase their employee benefits package.

SME bosses are beginning to see that providing a good employee benefits package is an important weapon in the armoury to improve both recruitment and retention. It helps them compete for top talent with the large corporates which can often trump them on pay and brand awareness.

Greater flexibility

Technological advancements are widening the scope of employee benefits, increasing efficiency and reducing costs. The employee benefits sector has seen a rise in the number of providers across both the health and group risk space incorporating telemedicine into their propositions.

This year, both Unum and AIG Life launched free virtual GP services for eligible group policyholders, and remote GP provider Medical Solutions expanded its service with a dedicated medication support helpline. Chris Farley, Associate Director at Willis Towers Watson Health and Benefits, believes virtual GP services are rapidly becoming a core employee benefit.

“We anticipate higher future engagement, increased demand for access to digital primary care and for telemedicine to become a mainstay in benefit programmes,” he says.

Paul White, Senior Risk Consultant at Howden Insurance Brokers, says employers are starting to see improvements in productivity as a result of telemedicine. “They are attractive to employers particularly given issues surrounding lack of access to GP services generally, or for employees who work a long way from home and their GP and therefore accessing a GP means missing work,” he explains.

In previous years, employee benefits for SMEs were often limited to health cash plans, salary sacrifice or shopping discounts. This frequently failed to meet the requirements of SME bosses who want tailored and affordable services focused on prevention, early intervention and meeting health and safety legislation.

In response, providers are now moving towards offering flexible packages, which allow companies to more easily add or remove benefits depending on budget and the particular needs of their workforce.

In October, Health Shield announced the launch of its new digital platform Breeze. The platform is particularly targeted at SMEs and brings together a range of physical, emotional and financial health and wellbeing services in one place, accessible via any digital device.

It’s likely that improvements in technology will be driven by growing employee expectations, as Farley explains. “We are starting to see a clear trend
towards a consumer-style technology experience in the delivery of employee benefits," he says. “This will accelerate as expectations from employees become ever greater. From an employer perspective, this aspiration must be married with the desire to maximise value, while, at the same time, keeping a lid on administrative complexity and cost.”

**Prioritising employee wellbeing**

According to Willis Towers Watson’s 2019 Benefits Trends Survey - where almost a third of the respondents were from organisations with fewer than 250 employees - employers are looking to place greater emphasis on employee wellbeing.

However, despite this positive shift, another study by AXA PPP healthcare revealed that 82% of SMEs have no wellbeing strategy in place, even though a large number of SME employee respondents felt it would improve their productivity, increase job satisfaction and encourage them to stay in their current job.

So, it seems that while SME bosses are talking the wellbeing talk, the majority aren’t yet walking the wellbeing walk. Nevertheless, it’s clear the message is getting through that investment in wellbeing improves staff performance and productivity.

Research such as VitalityHealth’s annual Britain’s Healthiest Workplace survey is demonstrating how workplace health and wellness interventions can improve a company’s bottom line, and guides like those produced by the Federation of Small Businesses are helping SMEs make the most of wellbeing solutions.

Cost is often cited as one of the barriers stopping SMEs developing an employee benefits programme. Overcoming the perception that benefits are expensive isn’t helped by the difficulty in proving ROI for wellbeing solutions.

To counter this, many employers are now using value of investment (VOI) as a key metric for evaluating the outcomes of wellbeing programmes. Farley says VOI, along with the expansion of financial and mental wellbeing services, will be a key focus in 2020. “Emerging trends include the introduction of financial wellbeing tools, enhancing access to mental health and behavioural health services and greater importance being placed on the VOI measure of business outcomes,” he explains.

White believes the use of incentives to encourage positive behaviour change will become an increasingly important feature in employee benefits, with the likes of Vitality and yulife leading the way in this area. “The ability to ‘win’ prizes for engaging in a healthy lifestyle, a route well used by Vitality in the healthcare space, is now working its way into the wider employee benefits sphere,” he says.

**Seizing the opportunity**

The one-size-fits-all approach to employee benefits is over; staff now want solutions which are relevant to their changing individual needs. A key challenge for many SMEs is that they don’t have a dedicated HR function and consequently may not have the required internal knowledge or expertise to understand and implement the right benefits programme for their workforce.

Fortunately, advances in technology mean programmes can be more easily, efficiently and cost-effectively implemented and managed. Alongside the growing awareness of the importance of workplace wellbeing, this means 2020 may be the year more SMEs take the opportunity of using employee benefits to improve the health, happiness and productivity of their staff.

**EMPLYEE BENEFITS FOR SMEs – THE STATS**

- More than a quarter (27%) of SME owners say benefits play a major role in engaging and motivating their staff (Source: MetLife UK)
- Around 19% of SME senior managers said benefits which specifically address health and wellbeing would be their first choice (Source: MetLife UK)
- Almost two in five (39%) employees believe they would see an improvement in productivity if their employer introduced a wellbeing strategy (Source: AXA PPP healthcare)
- Almost a quarter (24%) of SME employees say they have experienced job-related stress or anxiety but only 15% agree their organisation provides a culture that supports mental health (Source: AXA PPP healthcare)
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Even if a condition comes back\(^*\).

\(^1\) To support addictions we fund one addiction treatment programme per membership lifetime. For consumer, to support chronic mental health conditions (conditions which recur) we have removed restrictions on cover from June 2019. If your individual client joined Bupa, or renewed their policy, before June 2019, there will still be restrictions on chronic mental health cover until your next renewal. For SME and Corporate we removed these restrictions on cover from April 2018. Please contact your account manager if you would like to discuss the benefits/benefit limits on these policies.

\(^*\) As of November 2019 this analysis is based on internally conducted review of the consumer, SME and corporate health insurance market using publicly available information from the major insurers in the UK health insurance market. For consumer and SME combined, Bupa, AXA PPP, Aviva and Vitality hold approximately 90% of the GWP income of UK PMI providers, and for the corporate market 93%, including Cigna. Refers to standard mental health cover when this is included in the selected health insurance product. We acknowledge that many large corporate schemes can have bespoke benefits.

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Has the dial shifted?

Better training, stronger evidence of the bottom-line benefits, and technological advances are helping to improve workplace mental health support. But there is still more to be done, writes Jess Bown

Back in October 2017, the government-backed Stevenson Farmer report *Thriving at Work* showed that mental health problems cost UK employers up to £42 billion a year. At the time, its authors called on all employers to prioritise mental health by adopting six core standards covering mental health plans, awareness, line management responsibilities and routine monitoring.

“Every employer in the UK has a responsibility to support employees with mental health problems and promote the mental wellbeing of their entire workforce,” said Paul Farmer, Co-Author and Chief Executive of charity Mind.

Yet poor mental health remains the most common cause of long-term absence from work, according to the latest *Health and well-being at work* survey from the Chartered Institute of Personnel and Development (CIPD).

Fortunately, there are signs of some improvement in the way companies are approaching mental health. Here are some of the key ways in which mental health support in the workplace has evolved over the last 12 months.

**Management training**

Line managers play a key role in managing absence and promoting wellbeing. They are often the best placed to spot the first signs of mental health problems. And, with the correct training, they can also represent an important part of the solution.

So, it’s good to see the 2019 CIPD study showing 38% of employers now offer mental health training, compared to just 27% in 2018. Better still, the number of companies sending workers on mental health first aid courses is also rising – from 15% in 2018 to 26% in 2019.

“Line managers are being offered more training,” said Debbie Kleiner, Head of Workplace Happiness at employee benefits provider PES. “That’s one change I have definitely noticed over the last 12 months.

“I am also seeing more high-ranking executives, taking part. That’s great as it shows more senior people are recognising that they too need to understand mental health and how it affects the workforce.”

However, this is not yet the case across the board.

Less than a third of respondents to the CIPD research agreed that senior leaders encourage a focus on mental wellbeing through their actions and behaviour.

**Hi-tech approach**

Another big 2019 trend in mental health support provision is the harnessing of technology designed to both support those struggling and help employers increase awareness and engagement among their staff.

“Employee Assistance Programmes or EAPs have been around for a long time,” added Kleiner. “But the tech being used to support the
promotion of these benefits is changing. Examples of this include portals that enable staff to access information about their benefits quickly and easily.

A growing number of employers are also turning to consumer style apps such as Betterspace, which provides personalised suggestions designed to improve employees’ mental health, to give a human – if hi-tech – touch to their wellbeing policies.

On the flipside, however, there has been greater recognition of the problems caused by over-reliance on technology, with some companies introducing big changes to prevent burnouts.

“In today’s always on culture, we need more resilience and stress management training, but there is a lot that employers can do without spending money on mental health support,” said Kleiner.

“Changing practices, for example, by telling staff not to send emails outside of work hours, can make a huge difference. I think that’s where the next big change will come.”

**The bottom line**

With figures from Mind’s latest “Workplace Wellbeing Index” showing close to 50% of the UK workforce has experienced poor mental health in their current roles, there’s little doubt businesses continue to suffer financially as a result of mental health problems.

Sick leave and reduced productivity are not the only consequences, though. From a legal perspective, the number of stress-related employment tribunals is also going up. And talent retention is another big issue – especially among Millennial and Generation Z employees who have no qualms about discussing their mental health.

Mark Ramsook, Senior Director, Health & Benefits, at insurer Willis Towers Watson, said: “Employers are starting to take wellbeing much more seriously, partly because there has been so much noise around mental health, particularly in the last 12 months.

“It’s become a real conversation point, both in and outside of the workplace.”

There’s also more evidence coming through of companies making big savings by investing in mental health. At EDF Energy, for example, initiatives such as a cognitive behavioural therapy programme and related training have saved the business an estimated £228,000 a year.

So, it’s hardly surprising more employers are taking positive action to improve employee mental health. Financial services provider Legal & General is one of the latest to go public about its changes, which include extending its EAP telephone counselling service to cover many employees’ immediate family members.

James Walker, Head of Product and Proposition, Group Protection, at Legal & General, said: “By offering one of the most comprehensive EAP services on the market, we are able to provide employees and their families with quick access to trained experts, who are completely focused on giving them the right treatment and, where possible, helping them get back to work more quickly.”

**THE LATEST ON MENTAL HEALTH**

- Mental health problems cost UK employers up to £42 billion a year
  (Source: Stevenson Farmer report Thriving at Work, 2017)
- Poor mental health remains the most common cause of long-term absence from work.
  (Source: CIPD Health and well-being at work, 2019)
- 48% of workers have experienced poor mental health at their current job, but only half told their employers
  (Source: Mind Workplace Wellbeing Index, 2017/18)
- 83% of private sector organisations now take some action to manage mental health at work
  (Source: CIPD Health and well-being at work, 2019)
- 38% of employers now provide mental health training
  (Source: CIPD Health and well-being at work, 2019)
The ever-moving mental health conversation

Iain McMillan, Director of Intermediary Distribution, Bupa UK Insurance

Mental health. The noise around it seems to be growing and moving exponentially, and it’s only going to continue to get louder. It’s a hugely important topic for society and businesses at large – our recent Workplace Wellbeing census highlighted some worrying statistics that nearly a third (32%) of under 35s said their mental health is poor and of those who struggle with their wellbeing, almost three quarters said their mental health or work life are poor. With stats like these - it’s not surprising that mental health is deeply embedded in the media agenda of recent times. Our business clients are seeking help and guidance on the practical steps they can take to implement a positive mental health strategy in their workplaces.

Here at Bupa, where our extensive mental health cover has been in-market for over 18 months, we’ve found our clients are leading the charge with inspiring campaigns in their own workplaces. They’re making real progress in shifting from the conversation around ‘removing the stigma’ around mental health conditions a couple of years ago, to now looking to provide practical help, support and effective treatment options for themselves or for their employees.

We’ve supported lots of business clients to roll out revolutionary, award-winning mental health strategies, supporting employees in sectors which traditionally might shy away from sharing their emotions or feelings in the workplace. We’ve given line managers practical tips, led the way with our own leaders opening up about their personal experiences with mental health issues, in the hope that other business leaders will do the same, mental health will be the focus for our brand in 2020 – which we’re hoping will show we’re truly committed to supporting our customers in this area.

What our mental health cover includes

1. **No time limits** – our cover no longer has a ‘three-year chronic rule’ for mental health conditions, so we won’t leave members without support if their condition comes back.
2. **Extended cover** – we now cover most mental health conditions. The only exceptions are the treatment of dementia and learning, behavioural and developmental conditions.
3. **Ongoing support** – we cover ongoing support for the monitoring and maintenance of diagnosed eligible mental health conditions, as set out in the member’s policy and certificate. This could help them manage a condition and prevent worsening symptoms.

Note: Standard exclusions for pre-existing, special and moratorium conditions, and benefit limits for out-, in- and day-patient mental health treatment continue to apply.

Supporting our intermediaries to take forward our mental health agenda

Bupa’s intermediary partners are our eyes, ears and brand representatives in the field. We want to ensure you’re fully equipped when it comes to talking about mental health. It’s a shift away from traditional brokering towards a healthcare consultant role. We know it can be a difficult conversation to have with your clients and sometimes you, or those in your team, might not be sure where to start.

Therefore, we’re introducing a new training programme for all our intermediary partners on how to talk about mental health in sales conversations. It covers how to engage your customers with the importance of mental health cover when taking out a new health insurance product and the types of treatment that Bupa would cover if they needed it.

We’re rolling out the training throughout early 2020 through both e-learning and face-to-face sessions delivered by our account management team. You’ll be able to claim CPD credits for the course and use the tools in real life conversations.

Please contact your Bupa account manager to find out more.
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Young people and mental health

Dr Luke James, Medical Director, Bupa UK Insurance

We know that poor mental health is still affecting many – so it’s important that as market leader, Bupa continually plan where we next focus our support for members. Our expert team of mental health nurses receive a high proportion of calls from members, not relating to their own mental health, but that of young people and adolescents that they care for. These are often looking for advice and guidance and we wanted to do more to help.

Over the last 20 years, the rates of mental health problems reported in children and young people has risen significantly. Now, 1 in 8 children have a diagnosable mental health disorder – that’s roughly 3 children in every classroom and 20% of adolescents may experience a mental health problem in any given year. Not only can this affect young people at a vital part of their development, 1 in 3 adult mental health conditions relate directly to adverse childhood experiences.

But what’s causing this increase in mental health conditions amongst young people? Growing up in a modern society has implications which most adults can’t imagine the impact they’re having on young people.

Social media can often promote unrealistic life expectations, which can negatively impact how young people view their own lives, leading to increased self-stigma and decreased self-confidence. An increased attention on body image from their peers and celebrities, many of whom use filters on their photographs and promote weight loss supplements.

We wanted to do more to help this growing issue.

**Strengthening our commitment with support for all parents and carers – launching Bupa Family Mental HealthLine**

We can now support all health insurance members who are concerned about a child or young person’s mental health. When they call Bupa Family Mental HealthLine, they’ll talk to a trained adviser and can speak with a mental health nurse* who will listen, provide practical advice, guidance and support, whether or not the child is covered on their policy. Helping to put everyone’s minds at ease.

Family Mental HealthLine is a helpline of trained advisers and mental health nurses ready to support parents and carers with whatever the young person might be facing.

All health insurance members covered now have access to Family Mental HealthLine as part of their health insurance scheme, even if they don’t have Bupa cover for their children, they can access this service for the support they need.

The HealthLine provides:

- Telephone support
- Available between 8am – 6pm Monday to Friday via a dedicated helpline
- A team of trained advisors and mental health nurses
- To listen, provide advice, guidance and support
- Signposting
- To online resources for additional support and guidance
- Nurse-led case management

To help parents with all aspects of their child’s mental health wellbeing, including planning and coordinating specialist care if needed, working in collaboration with GPs

*Telephone support between 8am – 6pm Monday to Friday via a dedicated helpline. We may record or monitor our calls
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Future of front-line defence

As the NHS reaches crisis point with primary care at the forefront, Hannah George rounds-up what virtual GP providers are doing to ease the load, and how the landscape for digital primary care services looks for 2020.

New products & services

It’s been a busy year, as many of the big players have continued to expand their offerings.

In July, NHS England and NHS Improvement set out a new set of policies providing a vote of confidence for Babylon’s GP At Hand. The Artificial Intelligence (AI) service provides 24/7 access to healthcare professionals through video or audio, which it expanded to Birmingham this year, building further upon its 51,000 registered users across London.

The big insurers also continued to expand their services. Vitality partnered with DocTap to add 12 clinics to its Greater London face-to-face GP service, whilst AIG introduced Smart Health; a new virtual GP and health service for its individual and group protection offerings. Bupa’s international health insurance brand launched Global Virtual Care to support employees and families living overseas, providing 24/7 telephone and video access to multi-lingual doctors or consultants.

Key sector trends

So, what were the key drivers behind the continued growth of the market?

The ageing workforce certainly has a part to play. The World Health Organisation (WHO) reported in 2018 that most people can now expect to live into their 60s and beyond. This is already having a tremendous impact on the workforce, and employers are realising they have a growing responsibility to ensure older employees remain fit and well.

Another consequence is the increase in people taking medication, with NHS Digital reporting that almost a quarter (24%) of the UK population are taking three or more medicines, and up to 50% are prescribed for long-term conditions. In response to this, Medical Solutions launched its medi-SMART service in October, an app and phone-line, specifically designed to assist patients with queries about medication.

Paul Nattrass, Commercial Director, Medical Solutions UK, commented: “Our GPs were receiving a considerable number of calls from patients seeking advice about prescriptions for long-term conditions, possibly because people just don’t have timely access to this via the NHS. Patients may also forget the advice they have been given, so we identified a need to provide a dedicated support line, providing consultations with clinical pharmacists.”

Increased acceptance of digital services for primary care is also a factor, as companies begin to embrace their worth for health requirements such as physiotherapy and mental health issues, rather than sole reliance on human consultations. A survey by OmniJoin found that over half of primary care patients would like the option of online video appointments with their GP, with 23% saying virtual consultations would be useful if they needed a quick appointment.

As the rate of adoption increases, along with the quality of digital GP services, which as of this year are regulated by the Care Quality Commission (CQC), patients are more inclined towards repeat usage. Equally, as employee usage rises, companies and insurers are becoming increasingly aware of
the business benefits. With quicker medical assistance, the workforce is healthier and more productive and, crucially for insurers, less likely to make a claim for a costly face-to-face consultation.

**The year ahead**

The big question is of course around funding for the NHS following the election, and the implications this will have for the UK’s access to GPs. What is evident, regardless of where funding is allocated, is a greater need than ever for virtual health services to support the NHS, so better connectivity is required going forward.

The introduction of auditing of virtual GPs from the CQC can only be a positive for the sector as a whole, and it’s likely the inspectorate will continue to pay closer attention to digital GP services going forward.

Steve Casey, Marketing Director for Square Health, believes innovation in the sector will also prompt growth into next year: “There is a considerable innovative roadmap for 2020, with providers wishing to differentiate themselves by offering greater options and flexibility for members and customers, such as more 24/7 GP offerings, and second medical opinions as standard.”

Nattrass believes the industry will see more providers expanding their pool of virtual services to include specialist clinicians such as mental health and musculoskeletal specialists. He comments: “Responding to the big health issues that keep people off work, by aligning them to the right specialist, can help get them back to work quicker, mitigate issues before they get worse and ultimately reduce the risk of employees making an insurance claim.”

The key message from all parties is that the sector will continue to evolve, grow and innovate in 2020. And with increased regulation driving up quality, the future looks bright for virtual primary care.

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**NHS GPs - The Stats**

- **90%** of all NHS activity starts with primary care (Source: NHS data)
- **32%** of patients wait a week to see a GP (Source: NHS data)
- **11%** of patients wait three weeks or more to see a GP (Source: Medical Solutions)
- The average wait to see a GP is just over one and a half weeks (Source: Medical Solutions)
- **63%** of adults think waiting times to see a GP are too long (Source: Medical Solutions)

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**VIRTUAL GP SERVICES – THE STATS**

When asked about additional services to health insurance policies, employees said 24/7 access to GPs would be the most valuable (Source: Medical Solutions)

- **21%** of employers believe virtual consultations are useful for quick appointments (Source: OmniJoin)
- **23%** say they would use virtual consultations for advice or reassurance (Source: OmniJoin)
- **17%** believe virtual consultations would be useful if they can’t take time off work (Source: OmniJoin)
- **11%** believe virtual consultations would be useful if they can’t take time off work (Source: OmniJoin)
With the NHS straining under growing financial and demand pressures, Laura Tranter, Head of Marketing at Medical Solutions, highlights how private GP services are increasingly providing alternative, fast access to clinicians.

Last week I called my GP surgery seeking a routine GP appointment. It took between five and 10 minutes to get through to the receptionist who offered me an appointment in three weeks’ time.

This isn’t an unfamiliar story for many of the UK population: more than a third of patients struggle to get an appointment when they need one, according to the July 2019 GP Patient Survey. This, as the survey also highlighted, inevitably drives patients to search online (12%), go to A&E (12%) or not speak to anyone and hope the problem fixes itself (29%).

Why is it so difficult to access an NHS GP appointment?

The problem

It’s fundamentally a supply versus demand issue. The two major drivers of demand are an ageing population and a rise in patients with increasingly complex chronic conditions.

This growing demand puts added pressure on a shrinking supply. The NHS has experienced the most prolonged funding shortage in its history. Compounding the problem has been a drop in the number of full-time GPs. All of which has pushed out waiting times, which is why you and I wait longer for an appointment.

It remains to be seen whether the new government will hold true to all of its NHS related promises given during the general election. In the meantime, a time-bomb builds in primary care.

The UK’s ageing population

% population aged 65 and over

![Graph showing the predicted increase in the UK's ageing population from 1974 to 2044.](source: Office of National Statistics)
Growing demand
For a start, the UK’s population is growing. Due to modern medicine our life expectancy has increased steadily over the last few decades – and the consequence is an ageing population.

In 2016, there were 285 people aged 65 and over for every 1,000 people aged 16 to 64 years, or traditional working age, according to July 2017 Overview of the UK population statistics published by the ONS.

This creates two problems for the NHS. Firstly, as we age, we tend to have more complex health conditions and therefore visit the GP more frequently, costing more. For example, over 65s cost the NHS double, whilst over 85s cost the NHS nearly six times more.

Secondly, with more people of pensionable age there are fewer of us contributing to taxes that fund the NHS.

How spending on health has slowed down
Average annual increase in government spending on health

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Annual Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>1955-1979</td>
<td>6%</td>
</tr>
<tr>
<td>1979-1997</td>
<td>4%</td>
</tr>
<tr>
<td>1997-2010</td>
<td>3%</td>
</tr>
<tr>
<td>2010-2015</td>
<td>1%</td>
</tr>
</tbody>
</table>

Source: Institute of Fiscal Studies

Shrinking supply
The NHS budget is one of the most well-protected areas of public funding. However, in the last decade the NHS has experienced its most sustained funding shortage.

Funding has therefore been prioritised, with a focus on meeting the day-to-day costs of clinician salaries and medicines and not spending on vital building renovations, staff training and equipment. But this is creating a false economy and has the potential to ramp up costs for the future.

At the time of writing, the general election had just taken place so, for now at least, we will avoid commenting on government spending and instead ‘watch this space’.

Lowering satisfaction
The impact of an NHS under strain means GP consultation lengths are at an all-time low. A total of 9.2 minutes is the average length of consultation in the UK, which the Royal College of General Practitioners (May 2019) argues is too short to manage the increasing number of people who have multiple long-term conditions.

The rise in patients having appointments for their chronic conditions means that patients with acute or non-complex problems have the most difficulty accessing a GP appointment.

An increasing number of patients are not satisfied, with the 2019 NHS England GP survey finding that more than a third (35.3%) of the UK population say they are not satisfied with the access to their GP, an increase of 1.2% from 2018.

What role does the insurance industry have to play?

The insurer Swiss Re acknowledged this mounting issue in its Health & Term Watch 2018 report, predicting that “consumers will need to provide for themselves as the welfare state withdraws from supporting any but the neediest”.

As many heads turn to the private sector for support, more insurers and intermediaries are working with private GP services to help ensure access to GPs for their members.

This includes supporting fast diagnosis to help mitigate claims costs, building brand engagement and using private GP services as tools in their client acquisition and retention strategies.

Private GP services have an important role to play in supplementing the care that patients receive in the NHS by providing convenient access to clinicians remotely, over the phone, by video and online.

It is clear that access will continue to dwindle, and insurers will have to take fast action to support members and seize the rare opportunity to impact members’ everyday lives in a tangible way.
Provider Q&As

We invited our product chapter sponsors to answer six simple questions, with a view to providing our adviser readers with an at-a-glance guide to: who specialises in what area of health and protection; how their business has fared over the last 12 months; how they consider that they differ from competitors; what they consider to be their biggest successes over the last year; and on what key area they’ll be focusing their marketing efforts in 2020.

This represents the inaugural edition of the new-format Health Insurance & Protection Yearbook. We look forward to including many more providers in future editions in what we hope will become an invaluable guide for advisers – new and old.

We welcome feedback from advisers on the questions we’ve asked in this section and whether they would like to see anything added or changed in future.

Bupa

1. Total lives covered
2.2m health insurance customers (as per half year 2019 results)

2. %age of claims paid at last announcement
n/a

3. What’s your USP?
We specialise in healthcare – providing market-leading private healthcare products and services, including health insurance, health centres, care homes, travel insurance and dental care. With no shareholders, our customers are our focus. We reinvest profits into providing more and better healthcare for the benefit of current and future customers which includes investing in our services and innovation. Also, Bupa UK has become the first health insurer to be rated by the Care Quality Commission (CQC) - receiving an overall rating of ‘Good’.

4. What added value care / support services are available as part of the policy?
• We now offer access to Digital GP in partnership with Babylon for all our health insurance policies.
• Our specialist centre for breast cancer launched in January 2019, with the goal of reducing the time it takes to get a diagnosis and start treatment for breast cancer (providing test results to customers within 2 working days).
• Our Direct Access service – no GP referrals needed for help with musculoskeletal and mental health conditions and cancer.
• Family Mental HealthLine - support to families who are worried about their child's mental wellbeing through the Family Mental HealthLine.

NB: this will vary depending on the customer’s policy.

5. What were your top business successes in 2019?
1. We achieved growth in all sectors – a first for many years.
2. We launched our most-extensive mental health cover in the consumer market, meaning:
   • Extended cover with all* mental health conditions covered – Bupa covers all addictions, including drug, alcohol, and non-substance related addictions.
   • No time limits – cover for recurring conditions.
   • Ongoing support – provided to those diagnosed with mental health conditions to help with management and prevention. For example, medication reviews where treatment involves ongoing, daily medication. And follow-ups with a consultant psychiatrist where there is a clinical need.

   *NB: The only exceptions are dementia and learning, behavioural and developmental conditions. Support is for all new customers and renewing customers where they have mental health cover, provided within members’ individual mental health benefit limits.

6. What’s your top area of marketing focus for 2020?
We’ll be continuing the focus on our mental health offering and what this means to all of our customer segments. Not only do we want to talk openly about mental health, we also want to help people get the support they need, when they need it. That’s for our customers, our own people and the wider community. We know there’s more to be done in this area – so watch this space!
Generali Global Health

1. Total lives covered.
N/A

2. Percentage of claims paid at last announcement.
N/A

3. What’s your USP?
Generali Global Health (GGH) is a specialist division of Generali – one of the largest and best-known global insurance groups, with a reputation for protecting people and businesses since 1831. GGH provides flexible and modular international private health insurance to globally mobile people. With a strong worldwide network of customer service centres, medical professionals and facilities, we give members access to the best healthcare services in the world, supported by the biggest worldwide employee benefits footprint of any major insurer.

4. What added value care / support services are available as part of the policy?
Our mission is to support globally mobile people and local nationals looking to stay well and access world-leading healthcare outside of their home country. To enhance the experience with us we provide a range of member services including an International Employee Assistance Programme, Second Medical Opinion services, Genomic Profiling Cancer Tests, access to virtual doctors, a concierge service and digital health and wellbeing tools, including a wellness app.

5. What were your top business successes in 2019?
1. Successful expansion of GGH’s private client portfolio in Asia and Middle East, our increased presence in the NGO/IGO/Governmental segment globally.
2. Our continued growth in all our existing markets in excess of 20%.
3. Our digital transformation programme with the release of a new website, mobile app and other online tools for members.

6. What’s your top area of marketing focus for 2020?
The ‘Shaped To Care’ 2020 marketing strategy looks at enhancing our global growth and local focus, supporting GGH to become a lifetime partner for our clients. Key regional expansion targets in Asia and Europe and consolidating and growing our presence in our existing markets with new product and proposition offerings. Continuing the roll-out of our digital transformation programme.

Vitality

1. Total lives covered.
1.26 million lives as at 30 June 2019

2. %age of claims paid at last announcement.
99.8% of Life cover claims, 97.8% of Income Protection claims, 91.2% of Serious Illness Cover claims

3. What’s your USP?
Our core purpose is to make people healthier, and to enhance and protect their lives. We deliver on this through our innovative shared-value insurance model, which leverages our science-based Vitality Programme, drawing on behavioural economics to encourage and reward members to take care of their health.

4. What added value care / support services are available as part of the policy?
Vitality members have access to a range of benefits and rewards from leading brands as part of the Vitality Programme. This includes discounted health screenings, gym memberships, activity trackers, travel and more. All members and their families also have access to SuperCarers, a leading provider of care support services.

5. What were your top business successes in 2019?
• Launch of brand-new Adviser Hub, making it easier for advisers to do business with us.
• Launch of our Dementia and FrailCare Cover Plus, allowing our customers to further protect themselves against conditions associated with later life
• Providing members with over £103.8m worth of benefits and rewards through our Vitality Programme over 2019

6. What’s your top area of marketing focus for 2020?
In addition to providing the most comprehensive serious illness cover in the market, during 2020 we will be focusing on growing awareness on the issues surrounding later life care needs. As the world’s first insurer to provide a solution to this growing societal issue we will be focusing on this next year.
Employee absence a touchy subject?

The answer’s at your client’s fingertips...

To help people stay at work, Help@hand gives employees access to four key support services – uniquely combined in one app with Unum’s insurance policies*

+ Unlimited access to remote GPs
+ Mental health support
+ Physiotherapy treatment plans
+ Second opinions from specialist consultants

*excluding Unum Dental and Benni customers. Unique to the Group Risk market.

For more information visit unum.co.uk/help-at-hand

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