

BUPA – a healthy use of technology



This week, AT8's Mark Loosmore looks at how this major healthcare provider is using electronic media to deliver its services

Over the past few months, we have run a series of articles looking at how distributors are adopting IT and Ecommerce systems into the heart of their businesses. The findings gave us a fascinating insight into the needs and demands of intermediaries and consumers along with a view of what IT companies and product providers should be doing to support the distribution of financial services products more effectively.

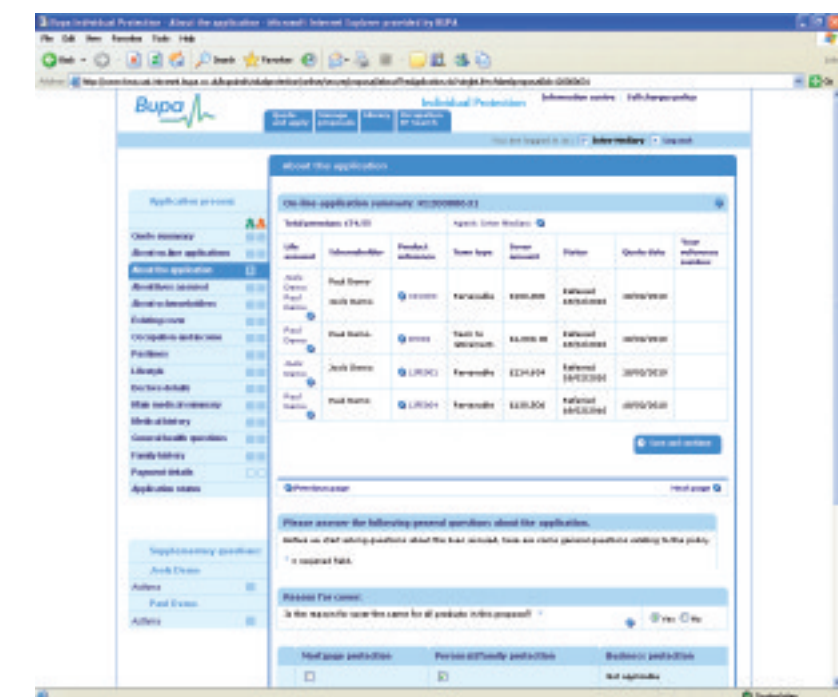
We are now moving on to look at how the product providers themselves are reacting to the need to support their chosen (and potentially varied) distribution channels with technology. The messages we are getting from the majority of distributors that we are speaking to is that they want more electronic services and we set out to investigate how the product providers are responding.

Our first visit was to Bristol to meet BUPA, which proved to be timely as they had released an enhanced extranet on the 22nd February to simplify the electronic process of quoting and applying for their protection products.

Focus

It is probably worth starting by describing the BUPA business proposition in more detail. The focus for the new extranet is the individual long term insurance business of BUPA. In essence, the offering includes three products: Life Assurance, Critical Illness, and Income Protection which can be applied for separately or as a combined, tailored menu style product.

What sets the products apart is the flexibility and market leading product development. The combinations of the products that can be quoted is almost endless and the product management function is leading the way in launching new features. For example, in 2007, they were one of the first to include 'exclusion discounts' based on the principle that if underwriting was going to exclude certain conditions then the client should enjoy a reduced premium. In 2009, they introduced partial payments for certain low-grade categories of breast and prostate cancers. Clearly it is not a price led proposition but a quality propo-



sition (with a 5 star rating from Defaqto) based on getting the right product for an individual's needs. It is therefore no surprise that the BUPA team have a fundamental belief that protection requires advice and should be sold as a whole-of-market proposition via the IFA channel. To support this need for advice Stephen Casey, their Head of Product Development & Marketing, challenged me to explain why only 10% of life policies are held in trust while clearly many more would benefit from this approach. His answer is simple, as he believes that frequently limited advice is taken as well as many IFAs being put off by the bewildering array of material available and so potentially poor product purchase and implementation decisions are made.

Buoyed in the belief that advice is beneficial to the protection market, BUPA has invested heavily in building a market leading extranet offering to support the IFA channel. Their extranet has been live since 2006 and has 14,000 registered IFA users, however it is February's revamp that is of most interest.

At first approach, the extranet is clean and easy to use. It lacks a little visual impact, but this is because the screens have been stripped of all unnecessary clutter to keep the ease of use as

high as possible and this uncluttered approach goes throughout the design. The homepage is, for example, the place you go to start the quote and apply process – there is no concept of filling this with marketing material or advertising or commercial messaging. Such material exists on the site, but in its own library section where the IFA can go and get the product and marketing information as and when required. The library includes marketing material, product information, trust forms, financial questionnaires and underwriting questionnaires etc.

Quote and apply

The quote and apply process is straight forward – if the client hasn't yet received a quote, generic information on the lives assured is collected at the start of the process. Data can also be prepopulated from back-office systems where available and the collection process is relatively quick and easy. Each time a page of data is completed the Extranet automatically saves it against a client record and so becomes available for reuse later in the process or for future relationship management. Once the base data is collected, the adviser can choose to either get a benefit driven or a premium driven quote and the system calculates

a price and associated benefits combination.

The returned price comprises two separate components – a plan fee and a product premium. The adviser can then add more product elements to build up the exact requirements of the client – the plan fee remains constant as new additional product premiums are added.

At this stage the adviser gets the choice to get BUPA to perform the tele-underwriting or to move to a full application form. The application process is very well thought out. All too often a protection requirement being met by several different products involves filling in several different application forms. At best the forms are prepopulated to share data, but frequently will require the adviser will complete each one from scratch – re-keying information several times. BUPA has removed the need for duplication of data entry and will only ask any question once.

Tele-underwriting dramatically shortens the length of the application form but is still only used in a minority but growing number of cases (approximately 13%).

Online underwriting is available and is driven by the Magnum system from Swiss Re (although it can be switched off). The system highlights any

further questions that need to be answered at the end of the application process. We would have preferred these questions to appear as the process progresses rather than at the end of the application, but this is a relatively minor issue.

The usability of the system is good and supporting help text is available throughout. Questions appear and disappear dynamically depending upon the clients responses. Navigation is clear with a 'breadcrumb trail' helping the adviser understand where in the process they are at any point in time and drop-down lists, quick-address look-ups and radio buttons are used liberally throughout to speed up data entry. The interaction could be taken a stage further, to include 'doctors look-up lists' for example, but what is already there is pretty comprehensive compared to other systems.

Signature-less

The process is signature-less for life or critical-illness policies under £500,000 and for income protection of less than £20,000 per annum, again helping to simplify and improve the process flow. In addition, there is a pipeline-tracking system to provide the adviser with easy access to see where the business being applied is in the underwriting and administration process – helping to manage expectations with the adviser and the client.

We found the BUPA extranet to be a well thought out system, with a strong focus on the adviser and their needs rather than fancy branding and gimmicks. In the future, the prospects for extending their proposition to include other lines of business is exciting. It is pleasing to see a provider with a firm belief in the IFA channel, investing in technology to make the adviser's life easier.

KEY INSIGHTS

- A strong focus on adviser needs
- Well thought out (requiring the right attitude and investment of time and effort)
- Choosing to exclude unnecessary 'clutter'
- Adapting the process to what the technology can do rather than 'e-enabling' paper
- A good base that is capable of extension