

Robert Nunez, head of the industry funds segment, CommInsure

More DATA GROWING *sophistication*

By David Rowley Photo Matt Fatches

SIX SUPERANNUATION FUNDS MET to discuss their progress in *gaining better information about their members*, and how this is *reshaping* their insurance offer.

Participants

Shane Fielding
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The large and shocking hikes in insurance premiums experienced by most superannuation funds from 2013 to 2015 were a clarion call for change.

Since then, the funds that were impacted have been busy getting better information about members, which has led to more accurate pricing and products, as well as better communications.

Hostplus provides an example of such a change process. In 2013, the fund carried out research to determine whether it was providing the right levels of cover for members. This identified that 60 per cent of its members worked in part-time or casual roles, that they were mostly in their 20s, and were not the primary income earner in their families.

After cross-checking these findings with Australian Bureau of Statistics data on household income, mortgages and lifestyles of the Australian public for context, the fund decided that its basic level of cover was too high and that it would be reduced to only a “basic safety net” for new members, while allowing existing members to dial up or down and adjust their previous level of cover if they chose.

The exercise has led to a stabilisation in premiums and gathering enough information to allow targeted messaging to members. Because income protection insurance is optional and take-up is currently low, Hostplus is about to introduce a campaign to target members considered to be most in need of such cover.

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Therese Kenny, group executive, finance, risk and operations at Hostplus, says the use of Empirics data mining expertise, accessed through its new administrator Link, will drive a number of similar campaigns for specific member cohorts.

A similar exercise undertaken at Guild has led to a redesign of the total and permanent disability and income protection benefits for its membership of largely young and often part-time pharmacy assistants and childcare workers.

Not only were both funds seeking to avoid large premium hikes caused by the growing willingness of members to claim insurance, but they were also concerned at premium hikes eroding superannuation savings.

Different funds are taking different software approaches. Some are getting data portals from their insurers; some are also taking matters into their own hands.

Australian Catholic Superannuation is using Salesforce – the customer relationship management system – to log extra layers of information from members applying for insurance. This will improve the fund's data records, which will help when renewing its insurance contract.

Shane Fielding, principal in client service and operations at IFS Insurance Solutions, confirms the logic of this. "The amount of data that the insurers are now seeking is on such a broad spectrum compared to what we were doing two or three years ago," he says. "It's now going to be standard practice for funds to provide information such as member surveys at tender as opposed to a very basic age distribution of membership and claims history and the premium history."

This extra work comes at a cost, but for most it is a cost that more than justifies itself.

Damien O'Brien, product manager at UniSuper, says that without better data, funds will make more conservative assumptions in the pricing of premiums. "There is a cost in investing in data but there's also a significant reward at the tail end of that process, in that you do get your products and services priced far more accurately," he says.

ENGAGEMENT

The more engaged a member is with their fund, the more likely they are to share or update information. Both Cbus and Hostplus have used sport as a way to hook members' interest.

Scott Quigley, general manager of insurance



Therese Kenny, group executive for finance, risk and operations, HostPlus

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and complaints services at Cbus, explains an app launched to engage with members. "The key is finding relevance to not just engage with our members, but to interact with them," he says. "Our app has a footy tipping competition that has built a member community."

Hostplus promoted the launch of its digital member card by offering tickets to the International Champions Cup soccer tournament held in Melbourne in July 2015 through the card.

Kenny says: "We tested it by moving about 30,000 tickets over the course of the tournament and they were basically snapped up within seconds by the membership. This helped improve

take up and engagement of the digital card."

The main purpose of the card was to make it easier for members to stay in the fund if they changed jobs, but it also helps the fund send targeted messages.

There is also greater tailoring of the fund website to cater for members.

Cameron Wood, head of marketing and business development at Australian Catholic Superannuation, says: "We are in the process of transforming the website from a static piece of information that rarely gets updated to one with daily updates and targeted updates, customised to the members. So we are creating

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Cameron Wood, head of marketing and business development, Australian Catholic Superannuation

a customer experience where they come and tailor the site to their own preference.”

Such initiatives are common among funds, reports Robert Nunez, head of industry funds segment at CommInsure. Although, he is keen to emphasise, it is not a digital transformation done for its own sake.

“The pursuit of data and of digitisation and technology by itself probably doesn’t have a lot of value; it’s how you link it to your strategy around how you want the member and the employer experience to look like, and how you’re going to differentiate yourself in the market place from a service proposition, a product proposition,” he says. “That’s where it has enormous value.”

WELLNESS AND DATA

One of the most powerful results of gathering better data is reducing the rates of people becoming unwell and in rehabilitating them once they are off work.

UniSuper is working with its insurer to introduce an app that will allow members to record information about their health and lifestyle, and will respond with tips on how to avoid behaviours that can lead to ill health.

Australian Catholic Superannuation has partnered with the Gut Foundation to raise awareness of diet and health and promote health practitioner check-ups for early warning signs of bowel cancer.

Cameron Wood is a big advocate of such preemptive initiatives on member health. “I bet every fund here today has a matrix in place to monitor and stop someone exiting their fund, so it would



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be nice to actually look at their wellness along a similar path.”

Shane Fielding has undertaken with Super Friend to gather better intelligence about mental health claims. This has involved pooling claims experience across 13 super funds and has provided new insights on rates of mental illness and suicide.

“We found that age, background, location, workplace location, remoteness of workplace, country of birth and religion are key factors in rates of mental illness and suicide,” he says.

“What we quickly found was that the sorts of information that would’ve given us great

outcomes and insight in this project just weren’t available from the super funds individually. Also, administrators don’t collect some of those things that would have actually been very valuable.”

Insurers are also learning how to increase the chance of people with mental illness returning to work. CommInsure is soon to launch a Back to Wellness program, tailored for eligible members who lodge claims where mental illness is the primary cause, with the aim of achieving greater sensitivity to the differing needs of each claimant. One way it will do this is by collaborating with all involved parties, including the member’s medical team, to identify any barriers to the claimant returning to work – taking into consideration social, biological and psychological issues. The program is designed to then help the member overcome these barriers as quickly as possible.

Nunez emphasises the worth of this approach: “The traditional claims approach in managing the claim file can actually add greater burden and stress on the claimant at a time where they’re obviously finding it very difficult. The last thing we want to do is add anxiety to what can be a very complex claims process.”

GROUP RETAIL INSURANCE

It is widely believed that better informed members will help group insurance evolve from a one-size-fits-all offer to something that is more tailored or choice driven. This belief holds for most financial products, but at present there are doubts about the speed of change.

One of the biggest doubts is around demand. Both Hostplus and ESS have seen low take-up for products aimed at particular member cohorts.

Another doubt relates to the erosion of cross-subsidisation between “one-size-fits-all” insurance and the provision of affordable insurance for all members.

A third doubt is whether the administration can cope.

Sharon McNeill, head of operations at Guild, says: “While we would have the data and be able to facilitate smaller pools and more personalisation, the administration framework of how to deduct premiums and manage personal accounts isn’t quite at that level yet, but I’m sure it’s coming.” ✕



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