

Hear the latest from around the UK L&H innovation landscape and more!

## Innovation in the L&H market

### Webinar recap

Tim Smith recently hosted a webinar looking at the latest innovation trends in the UK protection industry. Marketing consultant and protection expert Roger Edwards gave an overview of the innovation landscape in the market, and Hannover Re presented use cases focussing on genomics and underwriting with digital health data. In this edition of ReCent UK Insights, Tim reflects on the webinar and shares his thoughts around the topics presented.

### The current innovation landscape in protection

Roger Edwards looked back at how the industry has changed, highlighting innovations that have brought us forward. The word innovation is used widely – inappropriately at times some may argue - but when it appears, it is typically used as a synonym for either “new” or “better”.

Looking back at recent years, truly new developments in the industry are rare, particularly when it comes to the actual products on offer. However, it is easier to do something new with the services that surround our products.

We have seen ancillary services, such as second medical opinion facilities, become a significant selling point in recent years and innovations in underwriting, such as Royal London’s ‘Underwrite Later’, are certainly changing the customer experience at point of purchase.

When considering products, we have seen many improvements, but little that is new since Critical Illness Cover (CI) first hit the market in the 1980s. This is driven partly by advisors needing to have an objective way to compare the value from different products, which fuels an inherent reluctance to sell something that looks significantly different from what others are offering. The potential of prognosis-based CI (i.e. a CI product that pays out based on the prognosis of the individual with the condition, rather than on the diagnosis of a condition) is a good example of this. The concept tests very well with consumers, but the challenges of objectively comparing the value with existing products has stopped prognosis-based CI from taking off. AIG have perhaps come closest, with their latest CI product grouping conditions into the impact they are likely to have on the insured’s life.

Innovation is hard, particularly when we are talking about brand new, market-moving products and services.

Perhaps the industry should be braver when it comes to launching new things, particularly when there is clear customer demand for the products. This may become more achievable with direct-to-consumer distribution, but even here, the market relies heavily on price comparison sites to sell significant volumes. This focus on price as the only measure of value forces insurers to offer very similar products. However, we should not ignore the value of making our products, and the services that surround them, better. I believe that there is still significant scope for innovation within the structural limitations of our industry.

## Using digital health data at the point of underwriting

The underwriting process has historically focussed on generating data. When external data comes into play, for example with GP reports, both the collection and analysis can be time-consuming. However, as more and more data about an individual's health becomes available in a digital format, there is a real opportunity to streamline the underwriting process, and make risk assessment more robust.

Obtaining data from routine medical assessments and using this to underwrite has become a real possibility; perhaps even completing this before a customer has applied so that a price can be presented as part of the marketing. There are a number of examples of this from the South African market, which [Soeren Kruse](#), Head of Business Acquisition and Development at Hannover Re South Africa, presented during the webinar. There are clear opportunities in the UK, too, with developments such as individuals being able to access their own medical records through the NHS app.

Although applicants rarely drop out in the middle of the underwriting journey, a seamless underwriting process can improve customer experience. A shorter and more efficient journey will lead to a greater inclination to buy and recommend protection insurance. As long as we treat individuals as the owners of their data and build trust in the industry, there is huge potential to improve the quality and speed of our underwriting.

## Genomics as an opportunity for insurers

The cost and availability of genetic testing is constantly improving. More often than not, this is seen as a threat to some parts of the protection industry. The potential asymmetry of information between policyholders and insurers is certainly a challenge. However, the restrictions on asking customers to provide genetic testing information at point of application, can strengthen customer trust in the industry.

With every threat comes an opportunity – Chief Underwriter [Gareth Matthews](#) and Protection Business Development Actuary [Lisa Balboa](#) presented why this can also be said about genomics. There is the potential for insurers to increase access to genetic testing to the benefit of their policyholders and their own balance sheets. This might be tests designed to allow individuals to take early preventative measures to reduce their own susceptibility to certain conditions, or to achieve better treatment outcomes, for example, by sequencing the genetic profile of a cancer. A win-win for insurers and policyholders in this area could really improve the public's perception of our industry.

## Get in touch with us to learn more

The webinar explores these ideas in more detail, and ends with a panel debate exploring the key issues hindering the industry's ability to innovate. These include consumer trust and ensuring that the increasing granularity in our risk selection does not lead to a large group that are uninsurable. To request access to the webinar please contact [UK.Marketing@hannover-re.com](mailto:UK.Marketing@hannover-re.com).

## Author



### Tim Smith

Head of Protection  
Hannover Re UK Life Branch  
Tel. +44 20 3206 1811  
[tim.smith@hannover-re.com](mailto:tim.smith@hannover-re.com)

Connect with me on [LinkedIn](#)

---

Follow us on [LinkedIn](#) to keep up to date with the latest Life & Health news.



---

The opinions expressed in this publication are those of the authors, which are not intended to be advice and should not be construed as such. This publication is subject to copyright. All rights reserved. Apart from any fair dealings for the purposes of research or private study, no part of this publication may be reproduced, stored in a retrieval system or transmitted in any form without the prior permission in writing of Hannover Re.

Single copies may be made for the purposes of research or private study. Multiple copying of the content of this publication without permission is always illegal.

© Hannover Re UK Life Branch. All rights reserved.