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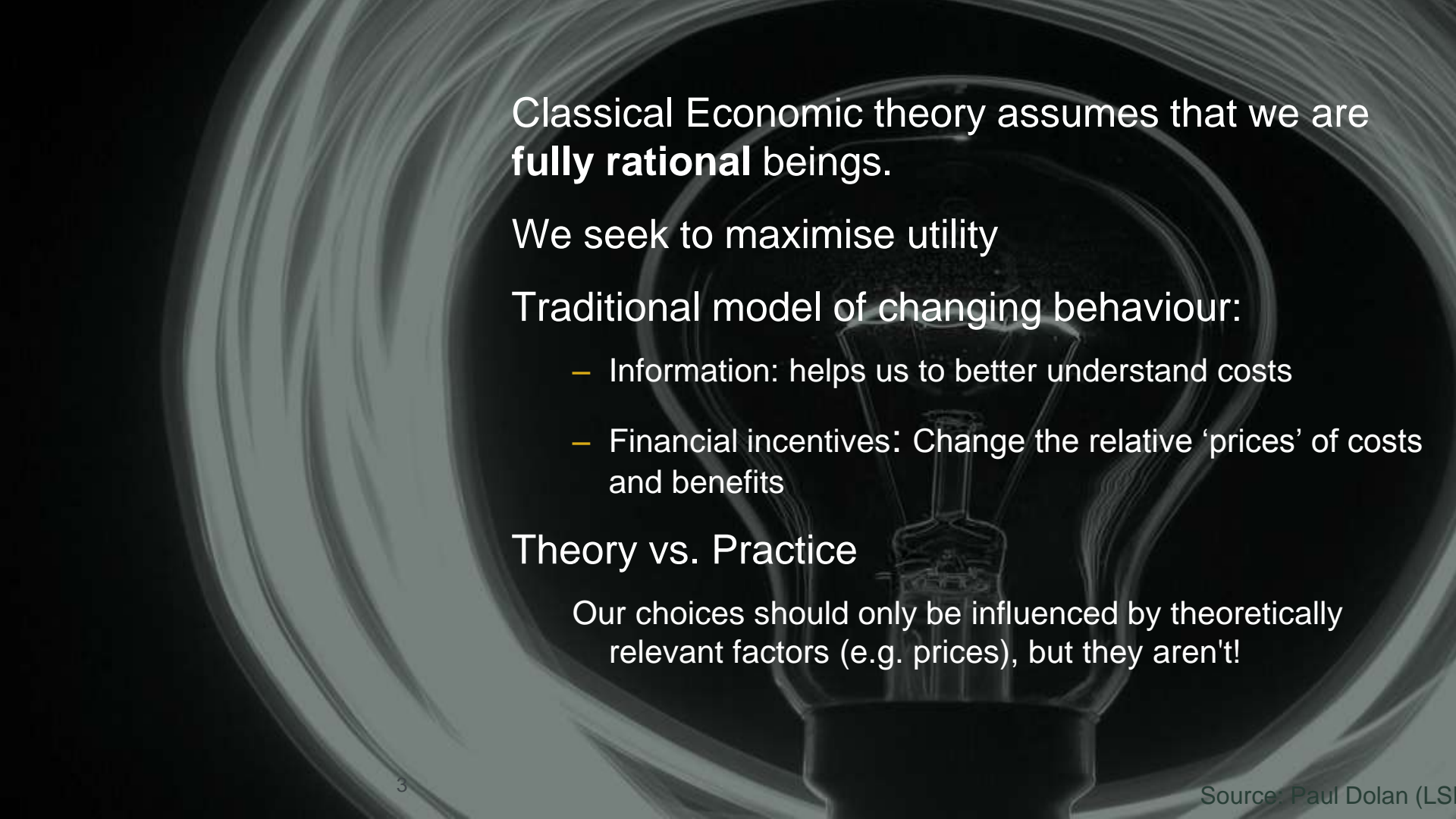
Can behavioural "nudges" be used on Drs to help speed up claims payment?

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Alison McLean, Head of Behavioural Research, Swiss Re

Overview

- Introduction to Behavioural Science
- How Behavioural Science can help address insurance "pain points"
- Running a trial to help with Doctor turn-around times
 - the pain point
 - the trial
 - the results
- What next?





Classical Economic theory assumes that we are **fully rational** beings.

We seek to maximise utility

Traditional model of changing behaviour:

- Information: helps us to better understand costs
- Financial incentives: Change the relative 'prices' of costs and benefits

Theory vs. Practice

Our choices should only be influenced by theoretically relevant factors (e.g. prices), but they aren't!

Behavioural Economics

- Incorporates the lessons from psychology into the laws of economics (Nobel Prize for Daniel Kahneman)
- System 1 vs. System 2 thinking
 - Automatic: fast, unconscious, associative and very low energy consumption
 - Reflective: slow, conscious, analytic and consumes a lot of energy.

(from Thinking, Fast & Slow)

- we are mostly automatic beings (and evidence that this is mostly good)
- ➔ Therefore, we are hugely affected by context as well as simply content



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A

B

C



12

13

14



13





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Conclusion: people are hugely affected by context (not just content)

... so run live trials to determine what are the **true** drivers of behaviour

We learn from others and their trials

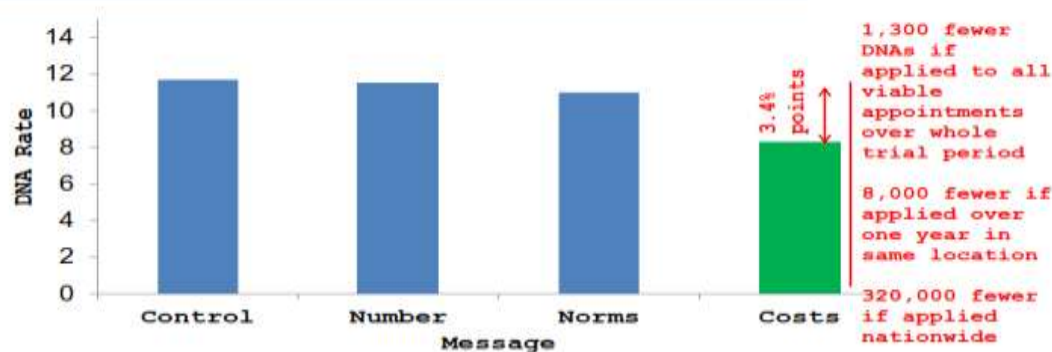
Aiming to reduce GP appointment no-shows



Name	Message
Control	Appt at [hospital] on [Sep 16] at [10:00am]. To cancel or rearrange call the number on your appointment letter.
Number	Appt at [hospital] on [Sep 16] at [10:00am]. To cancel or rearrange call 02077673200.
Norm	We are expecting you at [hospital] on [Sep 16] at [10:00am]. 9 out of 10 people attend. Please call 02077673200 if you need to cancel or rearrange.
Costs	We are expecting you at [hospital] on [Sep 16] at [10:00am]. Not attending costs NHS £160 approx. Call 02077673200 if you need to cancel or rearrange.

DNA rate reduced by 3.4% points (29%)

THE
BEHAVIOURAL
INSIGHTS TEAM



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(Source: Cabinet Office Behavioural
Insights Team, 2013)

We learn from the academic research

Anchoring

$$1 \times 2 \times 3 \times 4 \times 5 \times 6 \times 7 \times 8$$

Median guess
512

$$8 \times 7 \times 6 \times 5 \times 4 \times 3 \times 2 \times 1$$

Median guess
2,250

Correct answer: 40,320

Source: Tversky & Kahneman



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We tested it for ourselves, too

Anchoring

- **Question 2: Population of London**

Group A

Population of London smaller
or greater than 1m?

Greater: 100%

Smaller: 0%

Group B

Population of London smaller
or greater than 20m?

Greater: 52%

Smaller: 48%

- **Question 3: Olympics ticket sales**

Median: 700,000

Median: 1,980,000

→ Showing an "irrelevant" number led to 2.8 x difference between both answers

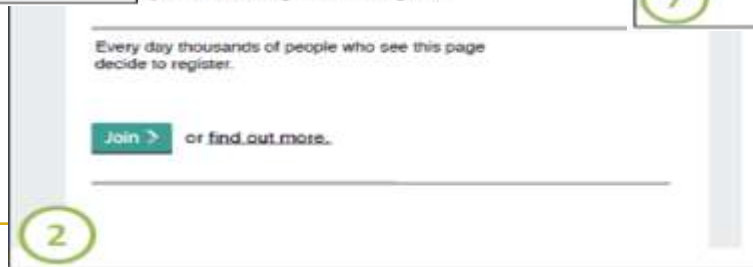
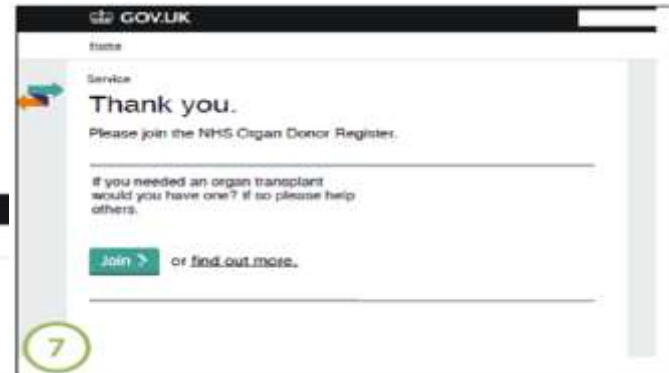
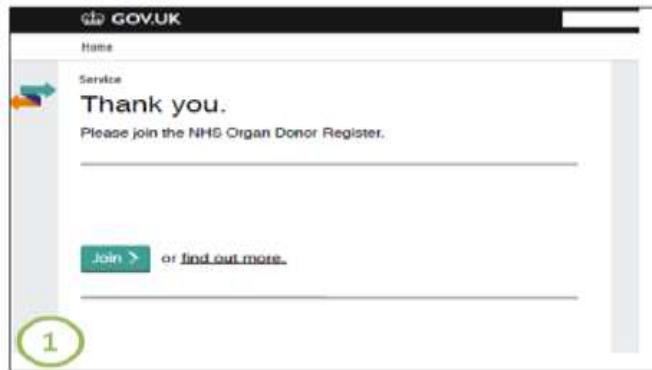


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We learn from others and their trials

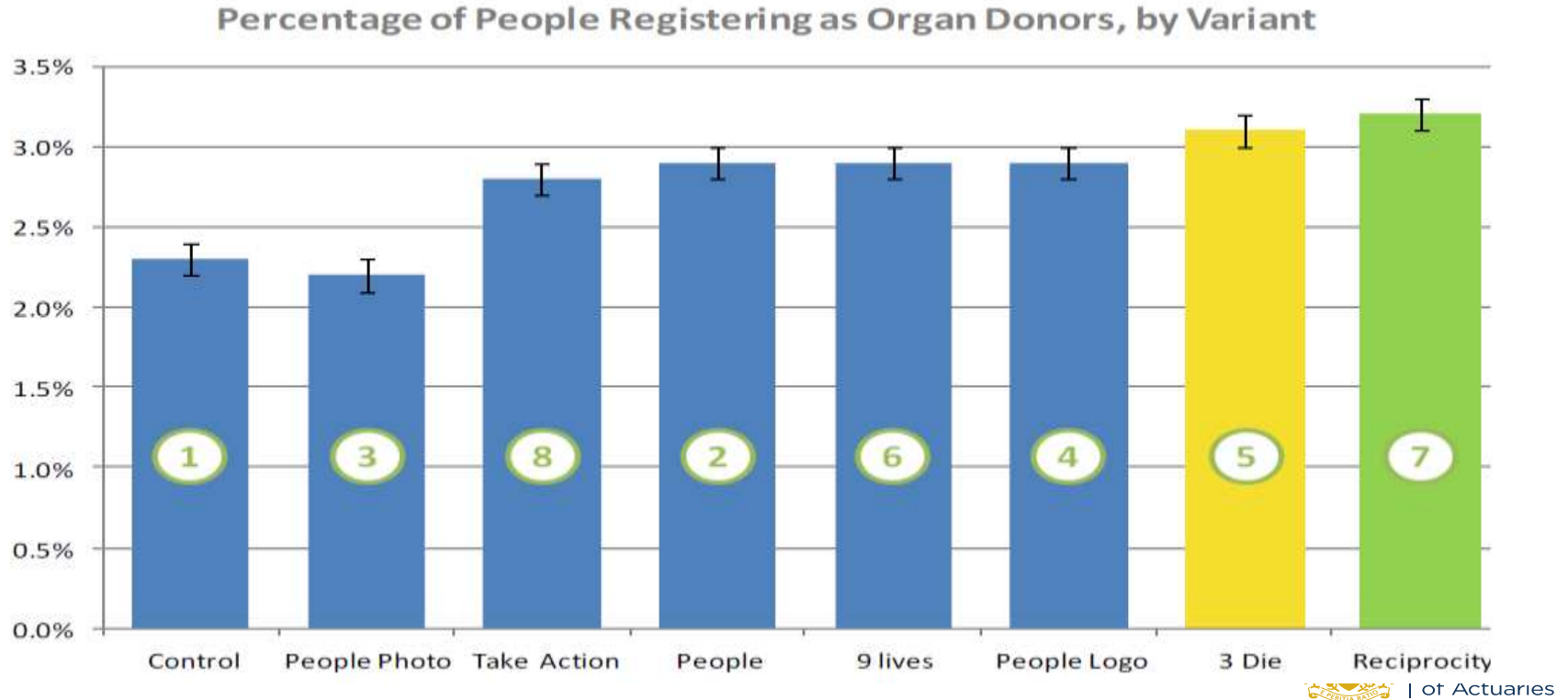
Applying Behavioural Insights to Organ Donation

- 9 out of 10 people support organ donation, but fewer than 1 in 3 are registered!
- one opportunity to sign up is during car tax renewal or car registration (DVLA website)
- 1m visits over 5 week period – split by 8 variants – using Randomised Control Study



(Source: Cabinet Office Behavioural Insights Team, 2013)

Results: reciprocity & fairness wins out



What is your pain point?

We bring behavioural insights for testing in a live environment



Sales

How to increase interest and take-up-rate



Underwriting

How to encourage more accurate disclosures



Claims

How to increase accuracy & speed in the process



Retention

How to improve lapse/renewal behaviour



Agents

How to nudge brokers (sales, product, underwriting)

Testing. Testing. Testing. **Not:** customer research

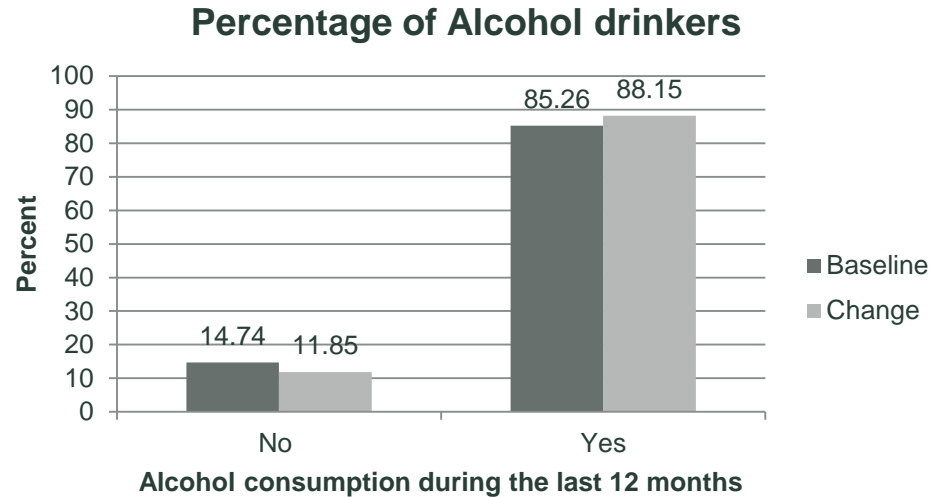
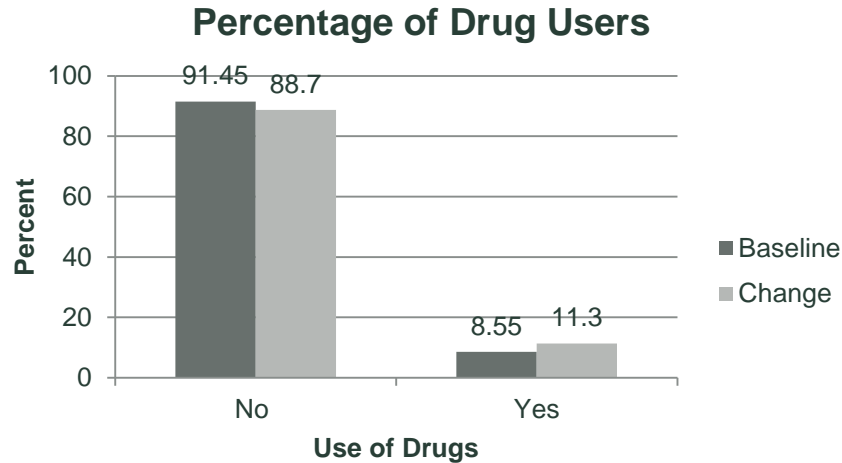


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Underwriting

Can we nudge people to be more honest/accurate?

- Evidence from Dan Ariely that "honour codes" increased honesty
- Moved honesty declaration from the end of the form to the start



Underwriting: Smoking question

What if the framing of the question made a difference?

- Previous question wording:

9. Have you smoked, or have you used e-cigarettes or tobacco in any other form, during the last 12 months?

- Behavioural idea: introduce categories making people feel more comfortable to answer the question.
- The new behavioural economics wording:

4.3 Regarding your smoking habit, which one of the following applies?

more than 10 per day ☐ occasionally or less than 10 per day ☐ pipe, vape e-cigarettes, hubbly-bubbly, chew tobacco ☐ do not smoke ☐

- We compared applicants who asked the old question vs the new question between 1 August – 30 November
- Results:
 - A significant **increase** in proportion of applicants reporting 'smoker'.
 - A significant **decrease** in proportion of applicants reporting 'non-smoker'.



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Within claims, what might be your "pain point"?

Turnaround Times

Accuracy of disclosure

Improving Customer Experience

Claims duration management

Rehabilitation

Objective

- To pay claims quicker for the customer
- Reduce E2E time
- Reduce costs

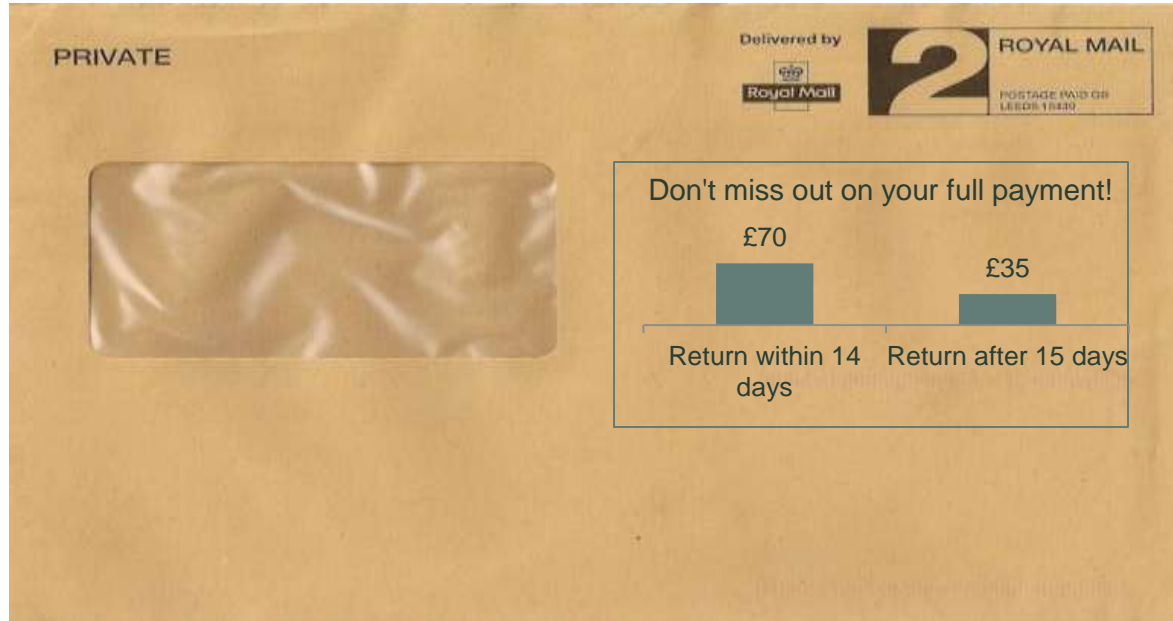


Turnaround times pre-trial

- Critical Illness: in the last 12 months we made 974 medical information requests to GPs and 510 to Specialists
- Terminal Illness: in the last 12 months we made 180 medical information requests to GPs and 431 to Specialists
- The average time taken to receive information on CIC is 33 days
- The average time taken to receive information on TIC is 24 days



One idea – the envelope



Money doesn't drive behaviour

PAYMENT

Doctor's name		We will pay a fee of £30 for this report as well as a reasonable fee for copies of letters Please provide your BACS payment details: Account name Account number: Sort code: Reference:
Date		
Signature		
Practice name and address		

- Reduced GP payment from around £80 to £30
- Reduced Specialist payment from £200+ to £70
- No change in behaviour!
- Reduced our medical fees cost from £10k pcm to <£5k



Payment box – all reports

Claims Targeted Report – «CICMEDICALCONDITION»			
Patient Name	«CustomerFirstName» «CustomerSurname»	DOB	«DOB»
Address	«CustAddress1», «CustAddress2», «CustAddress3», «CustTown», «CustCounty», «CUSTPOSTCODE»		
Policy number	«AGREEMENTNO»		

PAYMENT

Doctor's name		We will pay a fee of £30 for this report as well as a reasonable fee for copies of letters Please provide your BACS payment details: Account name Account number: Sort code: Reference:
Date		
Signature		
Practice name and address		

PLEASE ENSURE YOU ONLY PROVIDE INFORMATION FOR THE CONDITION BEING CLAIMED FOR.
Please note that we are not able to accept eGPRs for the purposes of this claim.

Section 1 – Your records

How long have you been their GP? _____

When did they first register with your practice? _____

Have they consulted a private doctor for their condition? _____

What date do your medical records begin? _____

If there are any gaps in your records, please provide a **reason** and the **dates**? _____



The trial

- Anchoring – GP report for Critical Illness claims
- Salience and emotional – Specialist report for Terminal Illness claims
- Anchoring – 2 months salary for engagement ring
- Salience – items on offer at the supermarket checkout



Anchoring theory – CIC GP letters

Our ref CS/H/Customer Claims/«CLAIMNUMBER»
Your ref
Telephone 01273 374 414
Date 1 September 2014

«TPTitle» «TPFirstName» «TPLastName»
«TPOrgName»
«TPAddress1»
«TPAddress2»
«TPAddress3»
«TPCity»
«TPCounty»
«TPPOSTCODE»

**Legal & General
Assurance Society**

P25/Customer Claims
City Park
The Droveaway
Hove
BN3 7PY

Tel: 01273 374 414
Fax 0370 166 0275
Email: Health.claims@landg.com

Dear «TPTitle» «TPLastName»

Person covered:	«CustomerTitle» «CustomerFirstName» «CustomerSurname»
Address:	«CustAddress1», «CustAddress2», «CustAddress3», «CustTown», «CustCounty», «CUSTPOSTCODE»
Date of birth:	«DOB»
Policy number:	«AGREEMENTNO»

**Did you know our fastest GPs return these forms in as few as 3 days?
Could you do the same?**

«CustomerTitle» «CustomerSurname» is making a claim under their Critical Illness policy following their diagnosis of «CICMEDICALCONDITION».

To help me assess this claim, please will you:

- **Complete the enclosed targeted report, using the full medical records**
- **Send me copies of all hospital and specialist correspondence in connection with your patient's diagnosis of «CICMEDICALCONDITION».**

It's not necessary for you to examine your patient for the purpose of this request.

I'm prepared to pay a fee of £30 for this targeted report plus a reasonable fee for copies of letters. If you would like your fee in advance, please either fax or telephone with your request.

I enclose a copy of your patient's consent and confirm that I've made them aware of their rights under the Access to Medical Reports Act 1988 and the Data Protection Act 1998. I may need to discuss the contents of the report and records with the claimant and, if necessary, will do so unless you advise me otherwise.

If there's any difficulty in sending these details please call me on 01273 374 414 (option 2) so I may inform your patient about any delays. Call charges will vary. We may record and monitor calls. Thank you for your help with this.

Yours sincerely

«HandlerFirstName» «HandlerLastName»
Customer Claims



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Salience and Emotional theories – TIC Spec letters

Our ref: CBHLIFE CLAIMS<CLAIMNUMBER>
Your ref: 01273 324 665
Date: 28 August 2014

Legal & General
Assurance Society
PoppleLife House
City Park
The Grange
Buckingham
MK3 7PR
Tel: 01273 324 665
Fax: 01753 198 0275
Email: life.claims@lsg.com

<TPFName> <TPFFirstNames> <TPLastName>
<TPQName>
<TPAddress1>
<TPAddress2>
<TPAddress3>
<TPCity>
<TPCounty>
<TPPOSTCODE>

Dear <TPFName> <TPLastName>

Policyholder's name:	<CustomerTitle> <CustomerFirstNames> <CustomerSurname>
Address:	<CustAddress1>, <CustAddress2>, <CustAddress3>, <CustTown>, <CustCounty>, <CUSTPOSTCODE>
Date of birth:	<DOB>
Policy number:	<AGREEMENTNO>

<CustomerTitle> <CustomerFirstNames> <CustomerSurname>
and has told me that I have a policy with them.

To help me assess the medical report, if you have any questions, please contact me on 01273 324 665.

If you're due to review your policy, please complete the review using the most up-to-date information.

I enclose a copy of the policy and a copy of the terms of the policy.

I'll pay your reasonable fee (in line with the British Insurance Association fee) for completing this report. Please provide a note of your fee at the end of the report or provide me with a separate invoice if you'd prefer to.

Thank you for your assistance. I look forward to hearing from you shortly.

Yours sincerely
<HandwrittenFirstNames> <HandwrittenLastNames>
Life Claims Department

Your patient may have as little as 12 months left to live. Please don't delay sending this form back. Thank you.



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What was done differently

- Briefed claims assessors
- Gain their buy in
- GP letter printed in colour
- Post-it attached to Specialist letter
- Sit back and wait and track results!



Complications.

- Legal & General enforced a 'Post-It ban' in an effort to save costs!
- Solution: Jen smuggled them in to the area
- 2 Specialists returned the completed report:
 - with their own Post-It attached
 - but in record time!
- Some difficulties with historical data



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The results – Critical Illness claims

- Intervention: anchoring message on GP requests
- Intervention period: Sept 2014 – Jan 2015, compared to same period a year earlier (to allow for seasonal effects)

Period	10 days	20 days	30 days
Pre-intervention	16%	45%	63%
Post-intervention	19%	51%	73%

- Improvements in all time-windows
- Statistically significant more reports coming in by day 30

✓ Statistical significant



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The results – Terminal Illness claims

- Intervention: Salience & Reciprocity message on Specialist requests (the post-it notes)
- Intervention period: Sept 2014 – Jan 2015, but absence of data in Sept-Nov 2013 meant we were limited to Dec-Jan in each year

Period	10 days	20 days	30 days
Pre-intervention	22%	56%	73%
Post-intervention	31%	59%	85%

✓ Statistical significant

- Improvements in all time-windows, statistically significant at 30-day period



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Future ideas.

- Working with Dan Ariely, American professor of psychology and behavioural economics and author of Predictably Irrational through Swiss Re
- Could transfer the anchoring message to Specialist reports or the Post-It to GP reports
- Encourage return rate on:
 - customer supplied evidence
 - checking your details form
 - declaration of health and policy lapses
- Improve communication on declined claims

