



Macquarie Life Active

Macquarie Life Active is the latest offering from Macquarie built on the premise that when it comes to insurance, a common sense approach goes a long way, writes MICHELLE BALTAZAR.

Australia is a lucky country for many reasons. According to the 2010 Mercer 'Quality of Living' survey, its capital cities rank in the top 20 most livable cities on the planet.

The country's pension system, health-care, economy and standard of living are the envy of the world – and we haven't even mentioned the weather and the beaches yet.

It is almost no surprise that with all these good tidings, Australians have adopted a "she'll be right" attitude. Studies show many are underinsured for major health events and only a fraction have the right income cover.

But even a nation that boasts a lot of sunshine suffers the occasional rain. It is when these unforeseen events happen that the right insurance, at the right price, can turn a dire situation into a manageable one.

Insurance through a different lens

Justin Delaney, head of insurance provider Macquarie Life, said one of the reasons why many people are underinsured is not because they don't want insurance but because they don't know where to start.

In some cases it becomes an acute case of 'analysis paralysis'. Broadly speaking, there are three distinct 'benefit' types. People can get insurance for death and terminal illness, trauma and TPD (total and permanent disability).

Carving out these benefits into separate silos has its advantages but the catch is that they end up confusing people.

For example, Delaney said there are institutions that offer insurance products with three or four benefit types and, in some cases, there's a trade-off involved in terms of their clients that might get "a little bit less of that and a bit more of this".



Delaney and his team addressed this problem by developing a new insurance product called 'Macquarie Life Active', an all-in-one package covering all the benefits and effectively at a lower total premium than when you apply for all three benefits individually.

"The way we structured Macquarie Life Active is so that it's a very efficient use of premium, and results in a reduction of as much as 30 per cent in terms of the premium people would normally have to pay for the same breadth of cover."

Built from the ground up

It took 18 months of gestation, testing and development before the product launch last month. Delaney said Macquarie Life Active differs from existing products because it's not a leaf out of the same (insurance) book – it's a new book.

"We started with a blank sheet of paper and built it from the ground up rather than starting from an existing product suite and working on how to change that," he said.

"For the first time in a long time, advisers now have an alternative to existing products. This is not simply a variation of existing products but a clear alternative choice."

Besides being an all-in-one product, Delaney said Macquarie Life Active allows the client to make multiple claims under the same policy, offers more options on how to receive a claim, and increased the breadth of cover so it now covers all body systems (not all insurance products do this without charging extra).

"The other key difference in terms of the traditional TPD product is that clients can have more certainty that they will have cover based on objective medical criteria rather than a subjective occupation-based assessment.

He pointed out that the reason insurance products have become so complicated through time is a function of history..

By starting from scratch, Macquarie Life Active doesn't have to address many legacy issues.

Common sense insurance

Delaney has been in the industry long enough to know from experience that insurance will never be front-of-mind for many Australians, especially when there are more exciting things to talk about (like sports, politics or the rickety transport system).

"Will the average Australian talk about insurance around the barbecue? Probably not, but if we can actually start to bridge that insurance gap in terms of the lack of awareness and engagement by having a product that is intuitive to their needs, then we try to focus on that."

By intuition, Delaney means adopting a common sense approach to insurance. That's why Macquarie Life Active allows multiple claims under the same policy be-

cause they know that statistics suggest clients may need to.

And besides combining trauma and TPD benefits, Macquarie Life Active also offers severity-based payments, which means they can offer broader coverage of medical conditions at a lower cost.

Delaney said that for inspiration, Macquarie Life looked at the insurance industry in the UK and South Africa, with the expert guidance of their latest recruit, Dr. Sally Phillips, Macquarie Life's new head of underwriting and claims who was the founder of Discovery Life, an innovative life insurer that quickly rose to become the top five major players in South Africa.

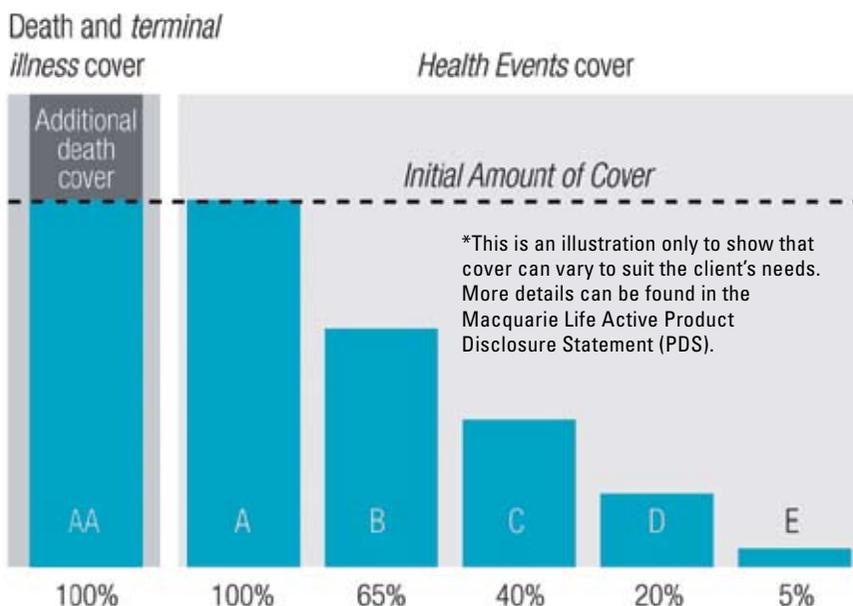
Attention to detail

Macquarie Life has certainly put a lot of thought into their new offering with the aim of helping financial advisers spend more time providing advice to clients than looking after the detail behind the insurance product they offer. After all, insurance is just one part of the many services that advisers have to give to their clients including superannuation advice, estate planning and investments, among others.

"What we've tried to do from Day 1 with the Macquarie Life business is really focus on enabling advisers to provide advice – drive efficiency in their back office and provide excellent service, he said, adding that the group scored top marks in adviser services based on the 2009 Taylor Intermediary Study.

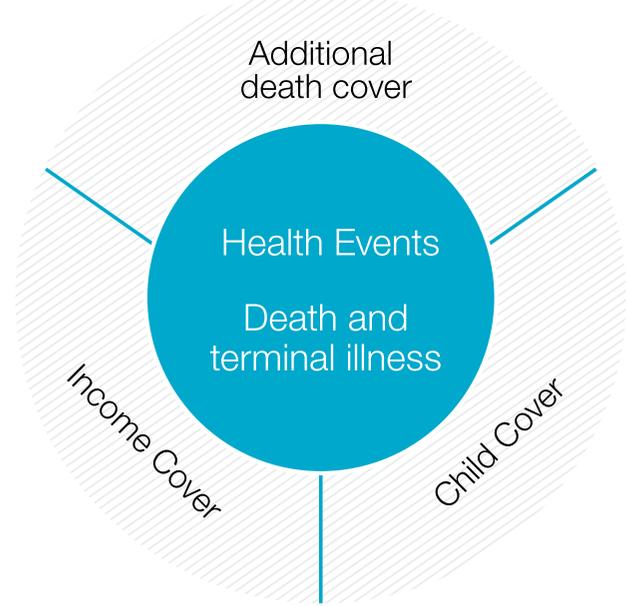
With Macquarie Life Active, financial advisers can tap into a new wave of insurance products that are more flexible, offers more cover for lesser premiums and ensures their end-clients are looked after whatever challenges life brings. Just another proof that Australia's got a lucky charm, really. ●

Figure 1. Health Events, terminal illness and death cover*



Source: Macquarie

Figure 2. Macquarie Life Active all-in-one insurance solution



Source: Macquarie