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# Life insurance, as it's meant to be

It's time to rethink life insurance in Australia.

If you were to stop and take a look around, you'd be hard pressed to find something untouched by innovation.

Our lives are constantly evolving and the social expectation is that our services do the same and maintain pace.

Unfortunately, Australia's life insurance industry has failed to satisfy that expectation.

Legacy systems are stifling innovation in the life insurance sector and its financial advisers and their clients that are ultimately paying the price.

Integrity Life is looking to change all this, and it's doing it through transparent product design, sustainable fee structures and an easy to navigate user interface to deliver the best possible customer experience.

"I think it comes down to the fact they have big legacy product books and big legacy systems, and it is very complex and expensive to change those systems out," Integrity Life managing director and chief executive Chris Powell explains.

Integrity Life is starting with a clean slate; building its systems from the ground up, it is able to innovate across products, servicing and pricing.

"We can really make a difference in the way we do business with advisers, and make a difference to the way they do business," Powell says.

Powell argues that a lack of innovation also engenders uncertainty and mistrust among consumers.

"When processes take too long, when pricing is not transparent and product seems complex, that's when people begin to mistrust the industry," he says.

"We are living in a modern, technology-driven era and when things are too difficult for a consumer, it just becomes too hard to do business."

Integrity Life is looking to eliminate all of those pain points, building adviser-friendly systems that can reduce the amount of time spent doing painful paperwork.

"Time is money, and when it takes a long time to get an approval on an application or process a claim, that's chewing up your practice productivity and profitability," Powell says.

To date, many organisations have viewed innovation as a task, assigning a dedicated innovation expert to contribute to modernising their existing offering or creating an 'innovation hub'.

"Innovation has to bubble up from below; everybody needs to be engaged," Powell says.

At Integrity Life, innovation is embedded in the business DNA, with everyone in the organisation encouraged to be constantly thinking about how systems, processes and products can be improved.

## Listen. Learn. Act. Repeat.

The philosophy also underpins Integrity Life's retail proposition, having worked closely with financial advisers to develop and refine its offering.

Before Integrity Life even began designing its systems, the startup conducted extensive market research, reaching out to both advisers and their clients.

In doing so, the insurer identified 16 major pain points that advisers and their clients experience when dealing with legacy systems.

Feedback included products that were too complex and lengthy Product Disclosure Statements, which Integrity Life then worked to simplify and restructure to make them easier to digest.

Integrity Life built solutions and took them back to advisers for testing; 12 of the 16 were successful.

The insurer returned to the drawing board for the remaining four and these too were soon successful with advisers.

"We're constantly asking for feedback from advisers. We want to listen to them, learn from them and then we want to act to make the changes," Powell explains.

It's a process the life insurer plans to continue to ensure it is always giving advisers, and their clients, what they want.

Powell sees Integrity Life's clients as co-creators because knowing what they want is vital to how the insurer needs to operate in the current environment.

"And I think it's vitally important for the industry going forward as well," he says.

## Show me the money

One of the most common issues that arise in applying for life insurance and often one of the most complex things for advisers to understand and explain to clients is the pricing of their cover.

A lack of transparency around how pricing builds up has long dogged the life insurance industry. Integrity Life has moved to eliminate this uncertainty.

For example, if a client has a less than ideal body mass index (BMI), the Integrity Life 'shopping cart' will show a loading ap-

plied for that reason; loadings are not simply absorbed as part of the total premium.

Equally, any applicable discounts are also clearly shown.

"You'll see those loadings or discounts shown against each of the products that you might be buying in a package of products," Powell explains.

It means both advisers and their clients can see the individual components that make up the final price of premiums.

Transparency and simplicity are not concepts generally associated with the life insurance industry, but Powell says they are critically important in the post-Royal Commission world.

"We need to restore trust in our industry. Much of what we've seen in recent years tells us we're not well regarded or well trusted in society. We have to do something about that," he says.

Exemplifying this is the common misconception that life insurers do their best to get out of paying claims when they're made. However, this simply isn't true.

Data collected by the Australian Prudential Regulation Authority and Australian Securities and Investments Commission shows that more than 90% of life insurance claims are being paid each year.

In the 12 months to 30 June 2018, the acceptance of life insurance claims for the industry as a whole was 97.5%.

"That's a really basic trust issue and somewhere, something is going wrong," Powell says.

"We also need to be transparent and efficient, enabling people to see where they're up to in a process at any point in time, and to enable advisers to see clearly for their clients where they're up to," Powell explains.

Creating efficiencies alone won't restore trust though, he says.

"It's also about the care that the life insurer needs to exhibit to the person they're dealing with and that's really important to us, as it should be to all insurers," Powell says.

"These are really key elements to restoring trust and I think that's really what we've got to be about in life insurance at this time." **FS**

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