



Take10 Podcast Transcript

Where claims and cognitive science collide: The use of behavioral science techniques in claims management

(GK) Gayle Kanchanapume – Interviewer and Take10 Lead

(MB) Matt Battersby, Vice President, Chief Behavioural Scientist

GK

Welcome back to RGA's Take10 podcast series.

I'm Gayle Kanchanapume and I'm joined today by RGA's Chief Behavioral Scientist, Matt Battersby. Hi Matt.

MB

Hi Gayle.

GK

So Matt, you're our behavioral science expert here at RGA. So, for anyone listening that isn't already familiar with what behavioral science is, can you explain this for us please?

MB

Sure. Yeah. A good and important question. Behavioral science really simply, kind of brings together insights from the human sciences, such as psychology, neuroscience, sociology, etc and combines them with, economics and then it uses a scientific and evidence-based approach to apply these insights to consumer decision making and behavior.

It's an increasingly influential field, and is already improving the way life and health insurers design products, policies and communications etc. Much of the focus to date has been on using behavioral science to help life and health insurance, particularly in digital channels and also to increase the accuracy and honesty of underwriting disclosures. But I think now it's time to apply behavioral science more consistently to the claims experience where many opportunities exist to improve the experience, both for insurers, but more importantly for their customers.

GK

So as a claims person myself, that's really quite exciting to hear you say that it's now time to start applying behavioral science to claims. I'd be really interested to learn a bit more about how we can use this to help us enhance claims management. Can you share a little bit about that with us?

MB

Yeah, so I'd say we're currently focused on three main challenges. So, the first is, increasing the honesty, accuracy, and speed of disclosures within a claims process, and that's applying some of the lessons that we've learned through our successes in the underwriting process, but also trying some new things as well.

Number two is helping disability income insurance policy holders return to work. It's obviously, it already was an important issue and it's become increasingly important. We see the long term impacts of COVID, and we've done an interesting project recently with Old Mutual in South Africa, looking at this. And, then finally, kind of a longer-term point is how can we ultimately reduce claims through improving healthy lifestyles? Behavioral science does a lot of work encouraging, healthy behaviors, and how can we build that into more of the work that we're doing.

GK

So, I think those first two points are highly relevant to our listeners. Perhaps you could begin by explaining how you're using behavioral science to increase the honesty, accuracy, and speed of disclosures within the claims process.

MB

Yeah, I mean I think we all know that there are few industries that as reliant on customer honesty and, and accuracy as life and health insurance. We would like to think that people are completely honest and accurate when applying for insurance or making claims, but we know this is often not the case, and there are many reasons for what you might call this disclosure gap. Inaccuracy can be intentional or unintentional. Sometimes people just make mistakes as they go through. But obviously it clearly has consequences, you know, miscalculated risk and premiums, so impacts both consumers and insurers. Fortunately, there are solutions that exist. We have done lots of test and experiments over the years about how you frame questions in a way that get better disclosure. And that can mean a multitude of things. It can mean framing questions in a way that people don't feel like they're being overly judged for their behavior. So, they feel it's okay, they feel less embarrassed, less guilt about the behavior that they're admitting.

Sometimes it's designing questions so it's not completely clear what the underwriting rule or claims rule is. You know, if someone is trying to cheat the system and your question is very clearly guiding them towards a right or wrong answer, then obviously that has an influence. But, I think really importantly and kind of what we're doing a lot in claims at the moment is, how can you just make it easier for people to give you the right answer?

People don't spend as much time thinking about these issues as we do. They're trying to complete forms quickly using, you know, minimal brain power, possibly trying to juggle other things at the same time as they do it, and we need to make our questions as simple as possible, to get the information we want.

But what's interesting about that, is, when I say simple often, I think people jump to simplicity, meaning fewer questions or fewer words. Whereas, actually what we find is simpler can often mean more clarity, more direction for an applicant or claimant. So, for example, we are doing some testing at the moment around occupational duties disclosure questions. Both in underwriting and claims, can

we get better disclosure? Obviously, it's fundamental for many policies. And what we're finding through our testing is almost in the rush to make questions simple, we've actually made them complex. So, asking someone, what are your occupational duties seems simple because there's not many words in that question, but it's a question no one's ever thought about before.

No one sits and thinks what are my occupational duties? So, it's actually a really difficult question, even though there are a few words in it. And what we're testing is, if you give more detail in the question, more guidance, does it actually make it simpler for people, so you get better disclosure, but also you get a better customer experience.

Now we're kind of doing this research at the moment, we will be publishing the full results later in the year, but so far, what the testing has shown is what we had hypothesized, which is actually, you can make the question a bit more detailed, give people a bit more direction, you get better disclosure, customers say that they prefer the question, they understand the reason for the question and the impact on timing is pretty minimal. So, for an extra few seconds, you get a better customer experience and better disclosure.

GK

Yeah, that makes sense, and sounds really promising, I look forward to learning more as those final research findings are released. Could you now explain how we're using behavioral science to help claimants return to work? Because I know that that's probably the key question that our listeners are listening out for.

MB

Yeah, absolutely. I mean, I think the important point here is, you know, it's widely recognized that long term absence from work can be harmful to an individual's physical and mental wellbeing. So, we know that returning to work benefits, claimants, their families and their employers, as well as keeping disability income insurance affordable for others. So, it's an important issue. However, we know that claimants sometimes need help to find the motivation, to recover sufficiently from their illnesses and injuries and to enable their return to work. So, this is very much what we've been focused on at the moment, because we know that behavioral science techniques can facilitate return to work after a temporary disability. However, we know that insurers often find it hard to effectively implement these techniques into a claims journey. They need to be embedded throughout a process and claims teams themselves play an important role in their delivery. So, what we've been doing is, is looking at how we can, really turn behavioral science best practice into something that is workable and usable and feasible for claims teams.

GK

So, let's talk more about RGAs recent partnership with Old Mutual in South Africa. You mentioned earlier using a specific behavioral science technique called goal setting. Could you tell us a little bit more about how this worked with Old Mutual?

MB

Yeah, so when designing behavior change interventions aimed at this problem, about return to work, it's important to assess whether an individual claimant has the capability, the opportunity and the motivation to return to work. So, you know, lack of capability is the primary reason for a disability income claim, due to mental or physical causes. Once the capability is returned, opportunity to work then becomes key, particularly if the insured has lost their job or working capabilities have changed. But even if you have capability and opportunity, someone does need the motivation to return to work, and often we find that there could be low or conflicting motivations which impact this. Behavioral science knows that one significant source of motivation is the existence and pursuit of goals. So, goals can help people assume ownership of objectives and focus attention on achieving them. So, what we found is, one thing that's important is to help claimants set the right goal or goals in

this return to work journey. This is not necessarily a kind of revolutionary thinking, I think many insurers think about how they can use goal setting to help people return to work, but what the science tells us is perhaps that the goals that we're using are not always the most appropriate goals. So, the goals that we talk to claimants about are very much our goals: when are you going to return to work; let's set a date, which is great, you know, ultimately that's the goal that we want, but, assuming kind of a claimant's immediate financial needs are met by their insurance, their goals may be slightly different, so they may not have a really motivating goal to return to work, but they may have other goals which will facilitate a return to work. So, for example, they may have a goal to play sport again, and they need to get fit enough to play sport with their friends again. That achieving that goal would also allow them to return to work. Also, one may have the goal of spending time with others again, then getting the social aspects of work, which they don't get at the moment, focusing on that goal of the social interaction may be then the way of facilitating the return of work.

So, we do a lot of work trying to understand what are motivating goals that insurers can set with their claimants, but then also helping them create these plans to achieve those goals. Having a goal is rarely enough on its own. You need to plan in advance, because there will always be barriers in the way to getting to your goals, so how can you help claimants predict what those barriers will be and overcome them?

GK

So, you worked with Old Mutual to embed goal setting techniques within their claims management processes. Can you tell us, what was the impact of that?

MB

Yeah, so old mutual already knew the importance of, of goal setting, and what we call goal striving, behavioral science techniques. But I think they really needed help to determine how best to embed them in the claims function, so as to maximize their potential. So we worked with them to finalize the approach and then inspire train and coach the claims team and importantly, to create the materials, the guides, the email templates etc, to help make this process as easy as possible for the team. The results have clearly showed that for a relatively small investment of time, these best practice behavioral science techniques can be incorporated into every phase of the claims process from filling out claims forms and triaging, to the communications, whether on the phone or on email, SMS text messages. So, really embedding this goal setting across the process, So it has a maximum impact.

GK

So, what were some of the types of changes that they made to process and practice, that the claims team adopted in order to incorporate some of these behavioral science techniques?

MB

So across the claims journey, you need to help customers make a motivating goal, plan how they're going to get that goal, commit to that goal and then show progress along the way, so, we're continually motivated to do it. So, there are a number of steps along the claims journey - first of all when the claimant completed the claim form. So, could we embed as many of those steps in as possible, so asking claimants to identify their goals, and also the barriers to those goals and start making short plans towards that. So, actually embedding it into the first interaction that that claimant has with the process. Then step two is about identifying the claims that would actually benefit from this goal setting conversation, so triaging to make sure that the claims team could then focus on those cases where motivation was key, so where someone could return to work, but perhaps there might be a lack of motivation to do so. After that, then step three is about having those goal setting conversations and equipping the claims teams to have them. So, sending out pre-call text messages and emails to prepare the claimant and then creating call discussion guides for the claims teams to talk the goals through with customers and really help dig into what the motivation is, what their plans

would be, and then get them to make a commitment to achieving that goal. Then step four, you want to record those goals, those responses, and that commitment and replay it back to the claimant, so there's a sense that this is a plan that you're working towards together. Then really it's about the follow up from then. A period of time after our first conversation where we would ask, often email the claimant and ask them to reflect on their recovery progress and how they were working towards their goals and overcoming the barriers that they'd addressed, and then have a follow up feedback conversation to talk about the progress, ideally strengthen it, strengthen some of the goals, but also give the claimant's the positive feedback that they are working towards something that they wanted to achieve and they are making progress towards it. So that kind of positive feedback loop.

So really it was taking it across that whole process, but equipping the claims team with the call guides, the templates, the Q & A documents to make it as simple as possible for them to do this effectively with the claimants.

GK

Yeah, I really like the approach. I know that the templates and the guides to managing these different communications with claimants would be extremely helpful for claims assessors and help them, you know, build that confidence in having these interactions.

So, I know that the trial with Old Mutual was a success, can you talk about some of the very specific outcomes?

MB

So ultimately the trial has proved successful. We've managed to get approximately three quarters of claimants now set goals in their claim forms and these are motivating goals. What's interesting is when you look at that, many of them are lifestyle related goals, which will ultimately lead to return to work. So that kind of hypotheses is really borne out there. The claims assessors reporting that the process is having a positive impact on claimant engagement, and in the return to work motivation that they are seeing. So, as a result, the approach is being more widely and permanently rolled out across the business. I think it shows that there is therefore a wider application for this technique. I think we've shown that claims handlers who are equipped and motivated to explain why this is important, if they're equipped and motivated to use behavioral science techniques, they can make a real difference for claimants and the industry.

We know that many insurers are already trying to do a little bit of this in their claims processes, but rarely is the approach completely comprehensive, so, you are investing a bit of time, but not really getting a reward for it. I think we've shown that for just a little more investment of time and it is only a little more because you're streamlining the process - you can actually get the full impact from something that we know works. We know the better goal setting and better goal striving makes an impact.

GK

Yeah, I think having that structure definitely helps and arming the claims assessors with those tools that you've discussed definitely gives them that added boost of confidence when managing these discussions.

MB

I think the point here is that many insurers could significantly improve the effectiveness of what they were already spending time trying to do. This is something that they already invest in at many insurers and so it's not a case of doing so completely different, it's improving the effectiveness of what they were already doing, and this is often key isn't it? It's not about doing something completely revolutionary, it's just making something more effective, so actually, getting the advantage from something they already invest time and money in trying to do.

GK

So, I know that our listeners are really very interested in this topic, so I just want to say a huge thank you for taking time to talk with us today about how we can use behavioral science techniques in claims management.

Thank you to our listeners for tuning into this episode of Take10 and keep your ear out for our next episode, which will be coming soon.

Speakers



Matt Battersby

Vice President and Chief Behavioural Scientist, RGA UK



Gayle Kanchanapume

Executive Director, Value Added Specialist, RGA Global Claims