



Insurance Innovation: Six Steps to Success

Most of us are familiar with the apocryphal story of Sir Isaac Newton and the apple: Young Isaac, sitting under an apple tree, is hit on the head by a falling piece of fruit, prompting him to suddenly conceive his law of gravity. In reality, of course, events did not occur in quite that way. Newton's *Principia*, which contains his three laws of motion, was the product of years of contemplation and hard work.

While insurance innovation may not rise to the level of Newtonian physics, it does present its own complex challenges. And similar to Sir Isaac's groundbreaking work, successful innovation does not happen in an instant. It requires a thorough process – from observation and conception through testing and execution – and demands that the insurer devotes the time and resources necessary to see that process through. While inspired moments certainly play a part, in the end innovation remains a journey – fueled every step of the way by a passion for overcoming the industry's biggest challenges to improve the lives of customers served.

RGA recently partnered with an insurer in Hong Kong to launch a critical illness (CI) multi-care product to cater to fast-changing customer needs. The successful development, implementation, and marketing of that product highlights how far insurance innovation has moved beyond core capabilities in underwriting, actuarial services, and claims management. It now also requires a wider range of technical skills and ongoing support to create comprehensive, consumer-centric solutions. Results from RGA's proven six-step process demonstrate not only how to successfully bring a product to market, but also what kind of impact the right insurance solution can have on people's lives.

Step 1: Anticipate

RGA worked with the insurer client to proactively anticipate customers' needs by conducting a customer database analysis. Together, the team discovered that the client's existing portfolio had more insured children as a percentage of business than the market as a whole. The deduction? A product designed to serve unmet needs of children and families would be favorably received.

Step 2: Listen

To develop a truly customer-centric product, the team conducted thorough market research and incorporated subject matter experts into the product development process:

- An online survey of Hong Kong parents determined that developmental disorders and limited information about such diagnoses were the areas of greatest concern.
- In-depth interviews with parents of children with developmental disorders identified pain points during the assessment and treatment process, as well as a general lack of support.
- Interviews with psychologists and pediatricians in Hong Kong and China provided insights into the diagnosis process, treatment options, and importance of early treatment.

No existing insurance products met these market needs. Armed with these insights, the team developed a CI multi-care product that included:

- A juvenile development care extra benefit with access to early treatment extending to mild and moderate conditions
- Value-added services featuring holistic home care services support to facilitate in-home recovery



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Step 3: Integrate

The team worked proactively to identify value-added services to seamlessly package with the CI insurance offering. This included finding the best opportunities with the right home care services providers and together developing optimal solutions. The team evaluated and selected from among four local home care services providers based on:

- Hospital-to-home care
- Child care
- Daily care and therapies
- Elderly care
- Palliative care
- Nursing concierge services

Once the provider was selected, work commenced on integrating these services within the CI product.

Step 4: Optimize

The team employed underwriting expertise and advanced technology to speed the underwriting process and enhance the customer experience. Existing questions were not intuitive for customers and proved difficult to answer. By reviewing wording of questions and engaging with behavioral scientists, the team was able to employ language specifically designed to elicit greater disclosure. This more accurate information enabled the team to move the insurer's all-manual underwriting process to an automated e-platform, accelerating decisions and improving the customer experience.

Step 5: Think

... from the customer's perspective. Insurers should view marketing as an opportunity to engage consumers. By applying behavioral science principles to product marketing messages, the team was able to reduce the stigma attached to childhood developmental disorders. A positive framing approach in discussing health conditions helped avoid negative emotions in parents that could have reduced marketing effectiveness. Instead of describing pain points, language focused on benefits. For example, "disorder benefit" became "care benefit."

Step 6: Support

RGA believes that ongoing service and support after a product launch – for both our insurer client and their customers – are just as important as any product innovation. For this product, the team partnered with the client to conduct trainings, workshops, and seminars to equip the workforce to master the product design and adapt to the new underwriting system more effectively. Stronger product understanding almost inevitably leads to more effective customer service and stronger policy retention rates.

End Result: Success

The Hong Kong product was a significant success, attracting widespread media coverage and generating positive sales results. Most importantly, the solution helped fill an existing protection gap and increased public awareness of childhood developmental disorders.

With insurance coverages becoming increasingly complex, innovation requires much more than an apple to the head. But good ideas pursued through a proven process and enough hard work can still produce inspiring results.

At RGA, we are committed to partnering with clients to bring innovative and sustainable solutions to market.

To learn more, [contact us](#). ■