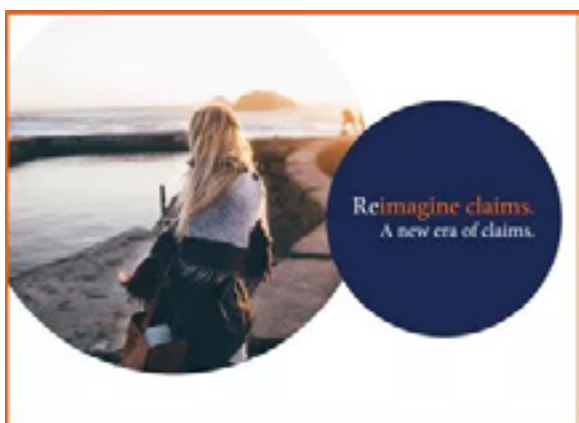


## SPRING 2018



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## Editor's Note – Spring 2018

Posted on [November 6, 2018](#) by [admin](#)



**Welcome to the Post-Conference Edition!**

**Welcome to the Post-Conference Edition!**

I was one of 500 fellow ALUCA Members who attended the [ALUCA Innov18 Life Changing](#) conference in October and must start by congratulating Amanda our CEO, Jim our Chair, the Conference Convenors Mary, Sean and their Conference Committee for putting on a truly sensational event! 17 diverse plenary topics were on offer, underpinned by 36 sponsors/exhibitors/supporters showcasing their wares in the magnificent Hotel Grand Chancellor venue – and all coordinated with seamless efficiency.

A healthy balance was struck between technical presentations and speakers with an eye on the future. The common theme was how [and when] we will adapt to a rapidly changing client demographic *i.e. the rise of the Millennials* and distribution trends *i.e. predictive modelling*. I beelined to these plenaries and in doing so gained a great deal of thought-provoking ideas that can be explored at my organisation immediately – a key success measure for any conference. Previous conferences that I have attended (Alice Springs 2008 and Auckland 2012) were invaluable for my development at that time and it was extremely satisfying to witness the evolution of ALUCA at this 2018 conference.

Of course we had plenty of fun too!



More on the conference to come in this edition including a link to the photos!

#### Also in this Spring edition ....

- a timely Life Code Compliance update in the wake of the [Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry](#)
- winning papers from our industry thought leaders
- *5 Minutes With ...* ALUCA Life Member Award Winner Peter Jones
- **we need your help!** The ALUCA Rehabilitation Working Group have put together a Draft Position Statement and value your feedback.

We hope the delay of this Spring Edition hasn't caused too much inconvenience. We made a call to publish post conference so that ALUCA Members were not waiting until mid-December to hear about the conference and see the photos.

The Summer Edition will run to our pre-Christmas schedule so if you have a contribution to make, **please let me know asap.**

I hope you really enjoy this Post Conference Spring Edition of ReB.

Cheers

Michael Reid  
ReB Editor

**Michael.Reid@aia.com**



Comment and discuss this article with other industry professionals in the [ALUCA Linked-In group](#)

## CEO Corner – Spring 2018

Posted on [November 6, 2018](#) by [admin](#)



**My congratulations and thanks to everyone involved in making ALUCA's biennial premier conference held in Hobart last month one of our highest rated. It's been inspiring and humbling to receive so much positive feedback about the highly relevant content, speakers, venue and location. It was really heart warming to witness the genuine camaraderie, connectedness and warmth of delegates interacting during the breaks. A sentiment that was echoed by one of the conference sponsors who had never been to an ALUCA conference or event previously and was struck by this. The conference truly showcased what ALUCA is all about educating, developing and connecting ALUCA members.**

The conference papers will be made available shortly via ALUCA's Member Centre. You can read more about the conference and view photos from the event in the conference article [here](#).

**Spoiler alert** – In the conference article you'll see our next biennial conference location has been announced: The Star, Gold Coast, October 2020. The bar for this has been set very high thanks to our hardworking conference committee headed up by Board members Mary Sinclair-Porter and Sean Potter. A huge thanks to all of them and our sponsors. Congratulations also to the Turks Legal and SwissRe scholarship winners and Life Member Peter Jones – which you can also read more about later.

## Strategy

ALUCA's Board met in August for our strategic planning day which included a review of key activities and our measures/performance against each of these. Member engagement and member growth being high on our agenda. Both of which exceeded our target with our highest membership engagement and our highest membership levels of over 1,800 members. Our professional development accreditation membership has also proved very successful, exceeding expectations. We also discussed the changes to ALUCA's Medical Sub Group who will be evolving to a Medical Forum – similar in structure to our Executive Leadership group. A Forum

structure run and supported by ALUCA will ensure we are better able to leverage and grow this important group of members who currently make up 2.5% of our membership. You can also read more about this in this edition of ReB.

## Webinar

We experienced some technical issues with our first webinar platform provider which set us back in delivering this years webinar program. I'm delighted to share that we have a new provider and successfully held the annual CPLI webinar for accredited members with Nick Kirwan from the FSC and life member Tony O'Leary in September. If you missed this you can now view via the Member centre.

## Governance

This last quarter has been a challenging one for our industry. Corporate governance is a critical part of any business and has been the subject of some of the issues arising from the Royal Commission. At ALUCA we are committed to ensuring we have and uphold strong corporate governance. We are in the process of rolling out policies, procedures and agreements with all of our volunteers, contractors and staff alike and are embarking on a big cultural transformation program to deliver our 2020 strategy.

## Professionalism, ongoing education

I personally found the conference session with Dee Maddigan about how companies/industries can recover from brand damage and rebuild their reputation really interesting. She talked about changing the perceptions of your customers via actions and strong branding, instilling confidence through the promises that are made and over deliver on these. This will help to create delighted customers and an industry people want to be a part of. She also went on to mention the importance of increasing the professionalism of the industry with a continued focus on ongoing education and great customer service. All of which are important to us at ALUCA and as I said in my conference opening notes *it's never been more important to continue to focus on the professionalism and ongoing education of the industry and reinforce the enormous & positive difference we make to the communities we all serve and the value that Life Insurance professionals contribute to this vibrant industry.*

I'll sign out on that note and look forward to catching up with you at an ALUCA end of year event.

**Amanda McKernan**

**ALUCA CEO**

[ceo@alUCA.com.au](mailto:ceo@alUCA.com.au)



Comment and discuss this article with other industry professionals in the [ALUCA Linked-In group](#)

## Chatter From The Chair – Spring 2018

Posted on [November 6, 2018](#) by [admin](#)



**Welcome to the spring edition of RiskeBusiness. The pace of change surrounding our industry has certainly accelerated since the last edition back in July, and this was one of the many themes discussed at our successful conference in Hobart. The conference will be covered elsewhere in this edition, but I will once again convey my thanks to the organising committee for the brilliant, content-rich program that they developed for us and I'd also like to thank our friends from TAS, The Association Specialists, for ensuring that everything ran smoothly. This was our largest conference ever, with 501 registered attendees, and judging by the universally positive feedback received to date, our most successful. It was a pleasure to meet many of you in Hobart, and what I found particularly striking was the spirit of togetherness, professionalism and friendship that ran throughout the conference.**

As Amanda has noted in her column, ALUCA is currently enjoying record levels of membership, with more than 1800 financial members at the time of writing, which is approximately up 25% on October 2016. Whilst the conference is recognised as our flagship event, Amanda and I have been fortunate to attend many of our subgroup seminars in the last 3 months which have covered a wide range of topics relevant to our members and industry, and our sincere thanks go to the volunteers who make this all possible. The passion and commitment of the ALUCA subgroups is mirrored in their continued success, with a record 2200 people due to attend subgroup events in 2018, which in itself is approximately 25% up on 2016. Please check the ALUCA website for details on upcoming End of Year events in your area.

You will have seen we have the notification of the 2018 AGM which is being held on 21 November 2018 in Sydney and Melbourne. We welcome your contribution to our AGM, and proxy voting is available should you be unable to attend in person. The AGM also sees the election of a new board, marking the end of a very successful tenure for the current board, which on top of the growth outlined above, has seen great success in securing ALUCA's ongoing sustainability, modernising ALUCA's footprint and delivering to the professional development needs of our members. My thanks go to each of the board members and our CEO, Amanda McKernan, for

everything that has been delivered over the last two years and for their time and commitment to ALUCA's success over that period.

Finally, I would like to convey my congratulations to Peter Jones, ALUCA's newest life member. Peter has made a profound contribution to ALUCA over many years and this accolade is highly deserved. Peter is the star of this edition's regular "5 minutes with..." article.

I look forward to seeing many of you at the End of Year events. As always, please feel free to contact me on [chair@aluca.com](mailto:chair@aluca.com).

Best regards,

**Jim Welsh**  
**ALUCA Board Chair**

[Jim\\_Welsh@amp.com.au](mailto:Jim_Welsh@amp.com.au)



*Comment and discuss this article with other industry professionals in the [ALUCA Linked-In group](#)*



## Sub Group Updates – Spring 2018

Posted on [November 6, 2018](#) by [admin](#)

### ALUCA MEDICAL GROUP TO MEDICAL FORUM

#### Evolution of ALUCA Medical Group to Medical Forum

As part of ALUCA's strategic review earlier in the year it was determined that to better support and leverage an important group – ALUCA Medical members – that a Medical Forum, run and supported by ALUCA, would better utilise the expertise of our medical members rather than a traditional Sub Group structure. The rationale for this being that a formal ALUCA subgroup status can be time-intensive with many administrative activities, accounting and budgeting, banking, etc., however these requirements are embedded in ALUCA's rules and are required to be able to show to ALUCA members and sponsors that ALUCA is being run in a sustainable and accountable manner.

#### So what does this mean?

Fundamentally, the aims and objectives of the ALUCA Medical Forum remain closely aligned to the aims and objectives of the former subgroup that is to provide a forum where medical practitioners within the Life Insurance industry can come together in a collegiate forum to exchange knowledge and maintain their currency and breadth of medical knowledge specific to the life insurance sphere whilst providing thought leadership in their space.

The ALUCA Medical Forum will include representation from ALUCA's board and secretariat.

In 2018 two joint Medical and rehab events have already been held and two Medical Forum end of year events are being held in Sydney and Melbourne.

Finally, we would like to place on record our sincere thanks to the former Medical Sub Group led by Chair, [Goran Lazic](#), along with [Pramodh Nathaniel](#), [Dielle Felman](#), [Newman Harris](#) and [John Cummins](#).

**Register Now for ALUCA's Medical End of Year events @ [aluca.com/events](http://aluca.com/events)**

Sydney – November 23rd 12.15pm – 2.15pm Park Hyatt, Sydney

Melbourne – November 27th, 6.00 pm – 8.30pm Sofitel Melbourne

## ALUCA REHABILITATION GROUP

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The ALUCA Rehabilitation Subgroup's Annual Professional Development Days were held in Sydney and Melbourne. There was record attendance across both events and feedback received has been overwhelmingly positive. We extend our thanks to all those who attended and supported these events.

Our 2018 theme focused on the application of technological advancements to revolutionize the future of rehabilitation, health science and biomedical technology. The Sydney event was held on Friday 31 August 2018 at AMP's Circular Quay office. The event was MC'd by [Kristina Maguire](#) (AMP). The Melbourne event was held on Wednesday 12 September 2018 at AMP's Docklands office. The event was MC'd by [Trent McCormick](#) (AMP) and [Josh Agar](#) (MLC).

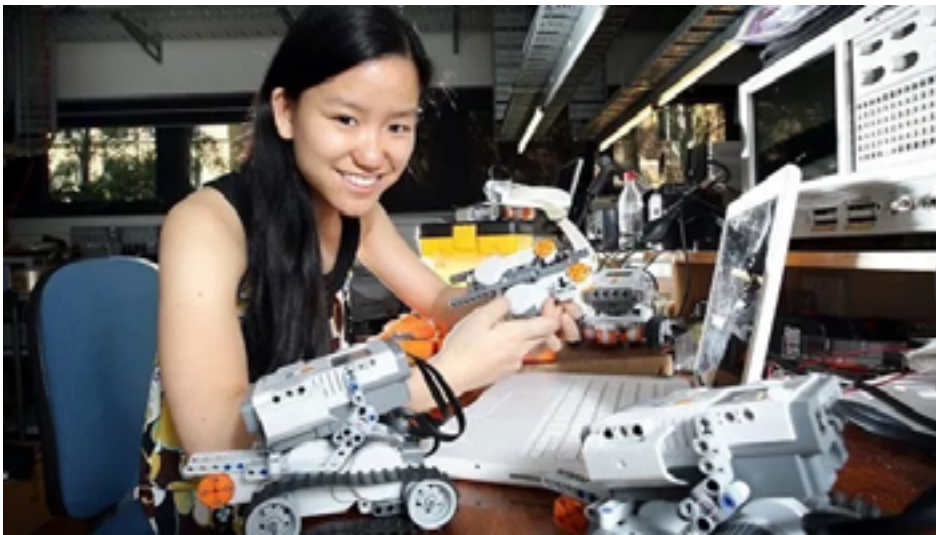
[Rohan O'Reilly](#) from Smarter Bodies Smarter Minds presented at both events and gave an engaging presentation on the application of virtual reality in rehabilitative therapies. [Dr Raghav Murali-Ganesh](#) from Cancer Aid also presented at both events and presented on Australia's leading Cancer app- CancerAid- which allows patients to access personalised, medically reliable information about cancer; track their symptoms and appointment, nominate friends and family members who will support them; and access a news feed with information and supportive advice. [Aamer Fattah](#) from Munich Re presented at the Sydney event and gave an insightful presentation on social robotics and the future potential of artificial intelligence. [Marita Cheng](#) from Aubot presented at the Melbourne event. Marita was the 2012 Young Australian of the Year and presented her work on tele-presence robotics and its application in disability management.

The winner of the 2018 Swiss Re ALUCA Excellence and Innovation in Return to Work Award was announced at the Sydney event. We congratulate BT on their winning submission and CommInsure for their highly commended submission. All papers will be published and available on the ALUCA website soon. Congratulations again to [Ben Crawley](#) from BT who will be off to the International Forum of Disability Management in Vancouver this October!

As noted throughout the year, the 2018 ALUCA Rehab Working Group have been collaborating across insurers, reinsurers and rehabilitation providers to develop a position statement to help drive best practice occupational rehabilitation in life insurance. [Mark Raberger](#) and [Mitu Ray](#) from the Working Group updated on the progress of the position statement at the recent Professional Development events. The position statement is in its draft version and will be distributed to ALUCA members for your feedback and comments – we're looking forward to publishing the final version on the ALUCA website early in the new year!

In 2016, the ALUCA Rehab TPD Working Group developed a guidance note on minimum standards for Employability Assessments for TPD claims. The TPD working group is looking to undertake further work on areas related to Employability Assessments in 2019. Further information regarding this will be distributed to ALUCA members before the end of the year.

Planning for 2019 is currently underway. There will be a number of opportunities to join the committee and our associated working groups next year. We will be calling for expressions of interest in November and more details will be available then.



Marita Cheng



Dr Raghav Murali-Ganesh



Rohan O'Reilly

**Jennifer Jackson**

**ALUCA REHABILITATION SUB GROUP CHAIR**

## ALUCA CMG

The ALUCA CMG held their most recent events in late September. Across Sydney and Melbourne we had approximately 100 delegates attend the event 'Claims Financial Workshop' with Forensic Accountant, [Peter Jones](#) from Cogent Management. In this workshop Peter covered financial policy definition, Case studies: Pre Application Financials, Pre Claim Financials and what are Business Earnings. In addition Peter covered how an assessor asks for specific financial information rather than the 'standard cover all' approach to requesting information.

We would like to thank Peter for taking time out of his busy schedule to conduct these presentations in Sydney and Melbourne.

The CMG has also recently welcomed two new members to our Victorian committee, [Lana Collaris](#) from Norton Rose Fulbright and [Dianna Comelli](#) from Life Risk.

As we head into the final few months of 2018 we are looking forward to the ALUCA conference and the End of Year functions.

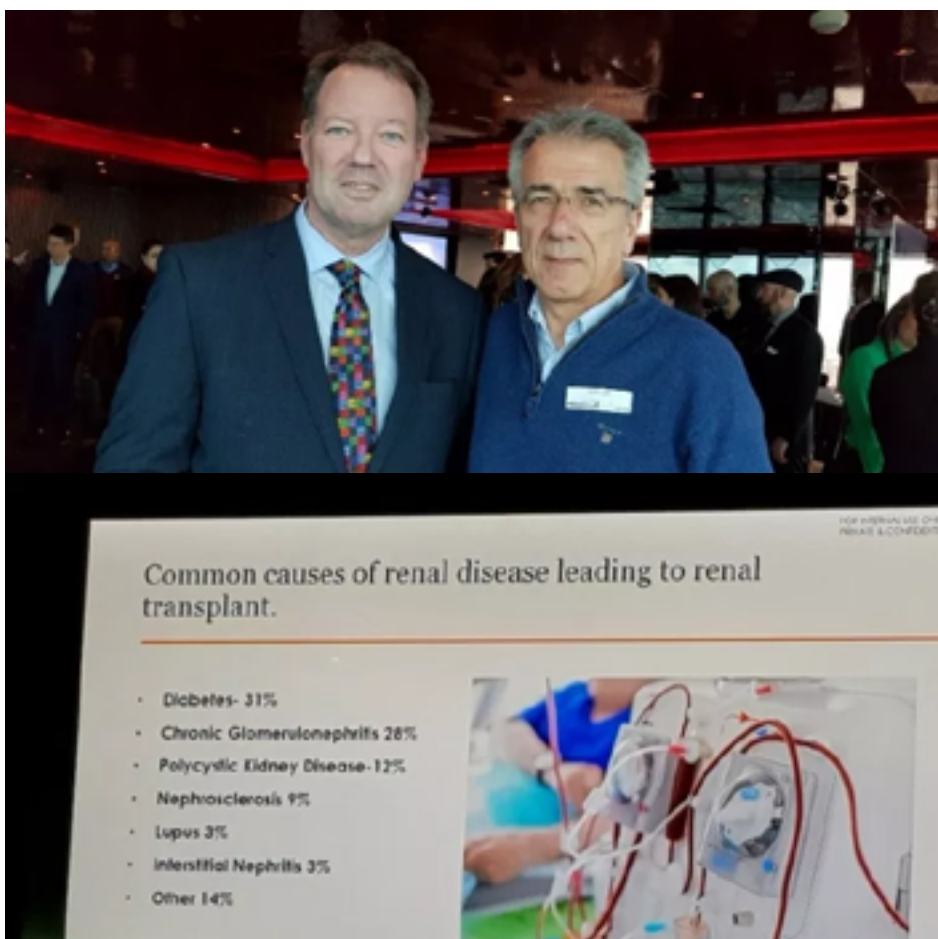
**Myles Kennedy**

**ALUCA CMG – CHAIR**

### Mid-Year Event – Transplantation – To Infinity and Beyond!



The ALUCA Victoria mid-year event was held on the 89<sup>th</sup> floor of the Eureka Tower on Thursday 5<sup>th</sup> July 2018. The venue provided a beautiful 2 course lunch and with the weather being kind on the day, we were treated to amazing views. Our keynote speaker, [Dr Bill Monday](#) of Pacific Life Re, provided a very informative presentation discussing organ transplantation, stem cell transplantation and bio-printing of organs.





Although medical technology is progressing rapidly we are a number of years away from creating readily available replacement organs. It was a valuable reminder of the importance of organ donation and if you wish to



## End of year event

The VIC end of year event is locked and loaded.

Pop a placeholder in your diary now to join us at the Duke of Wellington in Melbourne CBD on the 29<sup>th</sup> of November for lunch (12 to 2pm). Take the opportunity to discover more about finding purpose, pushing boundaries and instilling resilience from an entrepreneur, marathon runner and Ironman (or should that be Ironwoman?).

Get a sneak peak of our fabulous guest speaker, Alexandre Andre, by heading to this link [Alexandre Andre Sizzle Reel](#)

**Gail Jones**

**VIC SUB GROUP COMMITTEE**

## ALUCA WESTERN AUSTRALIA

Thank you to all of our members who have continued to support us during the first half of the year.

As I reflect on the year so far we have been both entertained and educated by a Professor in Genetics and a Consultant Orthopaedic Surgeon. These sessions continue to provide an interactive session and I thank you all for joining in the conversations and in the discussions that are created at these events.

Our next seminar event follows on from ALUCAInnov18 in Hobart. We have secured the services of [Dr Jon Spear](#), Consultant Psychiatrist to speak with our community on Thursday 18<sup>th</sup> October. Dr Spear will reflect on Psychiatric Disorders from his perspective including the process from when a patient first seeks medical advice including the role of the Mental Health Care Plan. Further details can be located on the ALUCA website.



Mental illness in Australia is very common. It is reported that one in five Australians aged 16-85 experience a mental illness in any year. One in seven Australians will experience depression in their lifetime. The most common mental illnesses are depressive, anxiety and substance use. Depression is reported as the number one cause of non-fatal disability in Australia (23%)\*.

\*Source : [www.blackdoginstitute.org.au](http://www.blackdoginstitute.org.au)



Our final event of the year is scheduled for Thursday 29<sup>th</sup> November, we will be joined by [Amanda Mckernan](#) – ALUCA CEO. This will be Amanda's first trip over to WA since stepping into the CEO role and provides a great opportunity for our members to hear from Amanda as she reflects on the past 12 months and provides a glimpse into what ALUCA has planned for the year ahead.

We will shortly begin planning for the year ahead and if you have any recommendations for future topics and Speaker recommendations please contact myself or one of the committee. We would love to hear from you.



On behalf of your local committee I would like to thank you for your attendance and support throughout the year and would also ask that if anyone locally would like to consider volunteering to work with myself and the committee to contact me to express your interest.

Thank you and I look forward to seeing you at our final two events of the year.

[Stephen Chapman](#)

WA Chair

## [ALUCA NEW SOUTH WALES](#)

The 3<sup>rd</sup> event 2018 event for ALUCA NSW covered a very exciting topic “Building ethical algorithms and keeping human in the loop” presented by [Rick Shaw](#) and [Kranthi Ram Nekkcalapu](#) from Deloitte.

Rick leads Deloitte’s Business Algorithms practice. He is a mathematician and actuary recognised internationally for his thought leadership on risk and capital modelling. Kranthi is a manager and an experienced data scientist within the analytics practice at Deloitte with more than 7 years of experience.

The session was attended by senior leaders in underwriting, claims and product and was a very interactive session. Topics covered include the evolution of algorithms, limitations of artificial intelligence, Human in the loop and 5 principals to build algorithms. The recent Royal Commission was a hot topic which led to some interesting conversations on how do you define “Fair”.

The other key take outs were how to avoid bias when building algorithms, accountability and governance by involving human in the loop and leveraging behavioural science to better understand the interactions. The session was followed by networking drinks. Both Rick and Kranthi’s presentations were filled with interesting facts and good humour and very well received by the attendees.

Please note the **NSW End Of Year event** is being held once again at the stunning MCA venue on **Tuesday 11th December**. We hope you can join us for what promises to be a very special night. ALUCA NSW, CMG and Rehabilitation committees all look forward to seeing you there.

Register now: [aluca.com/events/event-calendar/](http://aluca.com/events/event-calendar/)

Lisa-Marie McKechnie / Mills Oakley  
NSW SUB GROUP CHAIR

## ALUCA QUEENSLAND

The river city was blessed this winter, not only with spectacular, mild weather, but three top shelf speakers at our Triple Shot seminar on August 1. It proved to be our most popular seminar yet, with over 80 attendees.

[Professor Tony Rahman](#) (Director of Gastroenterology and Hepatology – The Prince Charles Hospital) delivered a wide-reaching presentation which covered:

- Treatment, prevention and management of hepatocellular carcinoma
- Risk assessment of abnormal LFTS and possible cirrhotic changes
- Innovations, including the increasing use of Fibroscan

[Shane Burdack](#) – Swiss Re followed with two topics, both under scrutiny within risk management circles. He explored the increasing use of PrEP to prevent the transmission of HIV infection, and the success and risks of its use in the community.

An industry expert in the field, Shane then discussed the current governmental machinations surround insurance and genetic testing, and posed the question ‘Is the right to underwrite .....under threat?’

The afternoon was capped off with legend of the pool, [Hayley Lewis](#). She regaled us with stories of teamwork, perseverance, success, failure, and her quest to meet the Queen, all peppered with her down to earth, dry humour.



Our final ALUCA function of the year will be November 30<sup>th</sup> at Southbank Social (some pics below of the venue). We're delighted to have [Matt Griggs](#) joining us to close out the 2018 year. Matt is now a seasoned inspirational speaker and high performance coach, drawing from his ex-professional surfing career, to coaching World Champions and high-level executives, his depth of knowledge will have you engaged and excited about making those changes to succeed in life without compromising yourself in the process.



This is a great opportunity to hear from a high performance speaker whilst catching up with industry colleagues whilst enjoying some canapés and beverages. We would also love to hear your ideas as to what you would like to see in QLD in 2019!

Hope to see you there!

**Jody O'Sullivan**  
**Secretary**

## **ALUCA SOUTH AUSTRALIA**

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Don't miss the SA end of Year event – Register now

**Date:** Thursday 6th December 2018

**Time:** 4.00 pm to 8.00 pm

**Venue:** Publisher Hotel, 110 Franklin Street, Adelaide

**Speaker:** Michael Renny, Swiss Re

**Cost:** Non-member: \$30.00 + GST, Member: Complimentary

**RSVP:** November, 30th

**Ashley Hicks**



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## **2018 ALUCA TurksLegal Scholarship Winner's Paper**

Evgeney Schkola  
Case Manager, CommInsure

### **How will "Insure Tec" shape the future of the Life industry?**

Artificial intelligence and robotic process automation have become an integral part of manufacturing automobiles and other consumer products.

A recent announcement that UTS Advanced Analytics Institute is collaborating with a major player in the Australian life industry\* to harness advances in machine learning shows that it has the potential to also become a significant driver of change in many different areas of life insurance.

What do you see as the future of "insure tec" applications developing over the next 10 years in the life industry? Your answer should include:

- The role of data analytics and the specific challenges of analytics in the life insurance context.
- Where will "insure tec" applications be turning up and what benefits will they bring?
- What social and commercial challenges are there to realising the benefits of these technologies for the industry's customers?

### **\*Reference article:**

[CeBIT Australia, 'AI the future of insurance and underwriting....', 16 May 2018](#)

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*Technology feeds on itself. Technology makes more technology possible.*

Alvin Toffler

*The best way to predict the future is to create it*

Peter Drucker

## Introduction

The Life Industry is experiencing almost unprecedented challenges. Premiums across the industry are increasing while at the same time margins are shrinking [1]. Here in Australia, negative perceptions about the industry are being reinforced by the media coverage of the current *Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry* [2]. In the face of these challenges one solution is to invest in InsureTech.

InsureTech (or “Insure Tech”) is the use of new, emerging technologies to revolutionise or revitalise the insurance industry. Across the world many are taking advantage of emerging technologies such as big data, artificial Intelligence and blockchain. One estimate is that there are currently more the 1,500 InsureTech startups [3]. Existing insurance companies are also embracing InsureTech. ANZ-One Path has partnered with the UTS Advanced Analytics Institute (AAI) to take advantage of the latest AI machine learning [4].

So what is the future of InsureTech? Historically, attempts to predict the future tend to be grossly inaccurate. We tend to focus on the sensational rather than the mundane - such as flying cars, space travel or sentient robots rather than computers or communication. Yet the seemingly mundane can have much more impact on the world – who could have foreseen the tectonic shifts in society due to social media and mobile telephones?

By limiting our extrapolations to 10 years, we are presented with a much more feasible endeavour. A useful exercise is to first look back ten years and see if we can ascertain patterns that we might then be able to project into the future.

In 2008 the iPhone 3G was released. 2008 also saw the launch of the Apple App Store, and in 2010 the introduction of Siri, the iPhone virtual assistant. Siri was significant as it was the public’s first experience of a virtual assistant powered by machine learning, and it demonstrated the potential of an effective, natural language alternative to the usual touch-screen interface.

Listed below is a timeline of virtual assistants:

- Apple Siri (2010)
- Amazon Alexa (2014)
- Microsoft Cortana (2014)
- Google Assistant (2016)
- Google Duplex (2018)

In its first public demonstration, Google Duplex contacted a hair salon and in real time, negotiated a hair dressing appointment. It was able to carry out natural conversations, speak with a flawless imitation of a human voice, which included human-like intonations and use of filler words like “hmm” and “uh”. Journalists were amazed and remarked that it “spoke like a human” [5].

In a period of just eight years, virtual assistants powered by machine learning have evolved from a gimmick to the point that an AI can act and sound like a real human being. If we have reached this point within eight years, how far will machine learning progress by 2028? In light of this, a recent article stated: “There is no way possible that we will not have a general conversational AI in the next 10 years that can speak to any human in any language about every possible topic” [6].

## **InsureTech and data analytics**

Historically, the Life Industry has relied on data analytics. In fact, data analytics has been used in life insurance for 300 years [7]. The sources of data available for actuaries has grown from the traditional mortality tables to the overwhelming torrent of information contained within Big Data. The issue is, how to make effective use all this information? Any analytical model will only be as good as the quality (and quantity) of the information it is based on.

While quantum computing may eventually provide the brute computational power to analyse extreme quantities of data, for our ten year look into the future we will confine ourselves to existing technologies. For this, InsureTech may provide a solution through the development of time-saving algorithms, which will improve themselves over time with machine learning. Data will be sifted by specialised algorithms, and the remaining useful information will be used to create sophisticated, elaborated actuarial models. The more data, the more variables can be accounted for resulting in a more accurate model with a corresponding reduction in risk.

## **The challenges of data analytics in life insurance**

In recent years the public has become increasingly wary of the collection, use and misuse of personal data. In the United States, Congressional investigations into Facebook and the attention on social media have created a hostile environment toward the collection of more data. Massive security breaches have resulted in the theft of millions of individual's personal details.

To overcome this the Life Industry will need to address the following points:

- how data will be collected
- how data will be used
- how data will be protected

The first two points may be resolved by insurance companies committing to a policy of being upfront and transparent. As to the third point, one technology that may greatly assist protecting sensitive data is blockchain. The use of blockchain may even result in situation where data can be kept secure and encrypted while still being able to be used in computations [8].

At this point in time there are very real limits to machine learning. Early adopters of InsureTech will have to invest substantial time and money before the benefits outweigh the costs. Eventually, InsureTech will result in the automation of many mundane and repetitive processes. This will free up human resources which can be shifted from processing and administration to areas which can benefit from human strengths such as creativity and the building relationships. People will still be needed as a back-up; within our projected 10 year timeline it seems unlikely that machines will have learnt to decipher every doctor's deliberately bad handwriting [9].

As nations around the world become increasingly multi-ethnic, accents and varying levels of verbal skills may be a challenge to for our emerging InsureTech; an interim stage where the Life Industry will need to retain the majority of front office staff. However as machine learning progressed, by 2028 the majority of verbal and written communication will be managed by AI.

## **InsureTech applications in the Life Industry**

### **Management of Statutory Reserves**

Globally, the Life Industry has been attempting to move away from government-mandated, formula-based reserving to principle-based reserving. InsureTech applications may result in a more dynamic and effective means of managing these reserves. As most governments are concerned with appropriate, prudent management of statutory reserves, the administration of these statutory reserves by an impartial, logical and practical AI may be allowed, especially if the algorithms are available to be examined and approved by an appropriate regulatory body such as APRA.

### **Underwriting and Claims**

Setting up a new policy is often long and drawn out process. Similarly, the process for assessing and accepting a claim can also be potentially a distressingly lengthy ordeal. Unless you are a “clean skin” (a term whose days are numbered as we develop a deeper understanding of risk), the process of requesting medical reports, weighing one expert’s opinion against another, gathering financial information and finally assessing the information can be extremely longwinded. However, in the future the process may be largely automated with appropriately developed apps.

Whether delivered verbally via a natural language AI, or digitally through a downloadable app, the underwriting and assessment process can be streamlined and tailored to the individual, based on their answers [4]. Requests for relevant reports and documents can be automatically generated, and depending on the adoption of reciprocal technology by medical providers and financial institutions, may be instantly delivered to the assessor.

### **Other benefits of InsureTech**

The adoption of InsureTech may have additional benefits to those already discussed:

- A perception of fairness due to AI’s impartiality
- Reduction or elimination of human error
- Reduction or elimination of risk/fraud
- Reduction in staff numbers

Risk management is an essential part of the Life Industry. It therefore follows that the ability to reduce the number of people involved (without affecting productivity) would see a commensurate reduction in errors and fraud.

Some people may find speaking with AI to be easier than with real people, as an AI will not argue and always remain polite and professional, as remarked in a recent trial of Google Duplex [5]. It has also been noted that many ‘Millennials’ prefer to send a text or email, rather than make a phone call [10]. For them, an insurance company that can do all its business via an app or via a natural language AI would be an appealing choice.

Many of the telephone calls currently taken by Life Industry companies are for the basic tasks or inquiries: Is my policy in force? What does my policy cover? Can I change my address? A natural language virtual assistant with sufficient machine learning is perfectly suited for this type of task. This will free up the human resources to deal with more complex or demanding interactions, such as complaints. Or for building relationships with financial advisers or helping older customers who may object to “talking to a machine.”

## Social Challenges

The actuarial use of Big Data and machine learning to create accurate risk models may result in undesired pushback from customers. In particular, it may become apparent there are strong correlations between particular risk profiles and various social or ethnic groups.

Customer will need to be educated on how risk is assessed, and the benefits of disclosing information. One approach might follow the example of how insurance companies distinguished between smokers and non-smokers, by introducing a 'non-smoker discount' for customers who declared their non-smoker status, while smokers would remain on the standard rate.

For example, the initial underwriting may be based on standard information that customers already provide. From this an appropriate risk profile is developed and an offer made. The customer is then given the option to provide further, more sensitive information, with the guarantee that while their premium will not be increased, it may be decreased. And by using blockchain technology, the customer may even be able to retain ownership of this data. The information might then be deleted (or made effectively unreadable) once the assessment is completed [8].

- Perceived discrimination
- Older customers may have difficulty in adopting
- The danger is that we will end up in a bureaucratic dystopia
- Dangers – there is a growing anti-science movement in society. While discrimination is the basis of insurance, there are segments of society that are campaigning against all forms of discrimination.

But what about employees? This may end up being in the realm of how companies seek to differentiate from one another. Some companies may publicise how InsureTech automation allows them to cut costs and reduce errors, resulting in cheaper premiums. Other companies may take the opposite approach, and publicise their human resources, emphasising the warmth of real human communication – that it takes a human to understand a human. When you call us, you are speaking with a person. The warmth of human interaction versus cost-saving automation.

## Conclusion

We can see that while there are numerous challenges to overcome, the potential benefits of InsureTech are impossible to ignore. While early adopters may have to carry more of the initial development costs, companies that delay will run the risk of becoming precariously uncompetitive. There will be fundamental changes. Insurance companies will need to restructure. The necessary technology will need to be developed or acquired. Human resources will shift away from monotonous, repetitive, back office tasks as InsureTech develops. Even the number of staff in front office roles will eventually reduce, and the few that remain will be customer service specialists, ready to step in on the rare occasion when the AI flounders, or to handle a complaint or a caller wants to speak to a real person.

There are challenges to be overcome. In the current spotlight the gathering and use of information is seen as problematic. But as we have seen, current technologies such as blockchain may restore public confidence in this area. However, if the public are educated, the data is collected and used in as transparent a way as possible, most of the barriers can be overcome.

InsureTech apps will have a large impact on data analytics and the modelling of risk profiles. The variables involved in an individual developing a claimable condition are myriad, but they are finite. Looking past 2028, the rise of InsureTech taking full advantage of Big Data, Quantum Computing and sophisticated AI may result in a situation where nearly all medical conditions can be predicted with an almost certain level of accuracy.

Still, risk may never be completely eliminated. Even if every biological factor is identified and tracked, and inputted into a Quantum Computer powered algorithm, there will always be external factors that may be impossible to ever truly quantify. At one level, exposure to environmental factors such as carcinogens, and at the other accidents caused by unpredictable random events.

What does this all mean? It means that insurance will move from assessing risk based on broad, gross trends across large population groups, sex, age, medical history, to a more specific, bespoke insurance tailored to the individual. Insurance will become more agile and proactive, rapidly responding to changes and development in medicine and technology.

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**The 2019 ALUCA TurksLegal Scholarship will be launched  
and applications available in July 2019.**

**Further information, please refer to either the [TurksLegal](#) and  
[ALUCA](#) websites.**

## Swiss Re – ALUCA Return To Work Award Winner – Ben Crawley of BT Financial Group

Posted on [November 6, 2018](#) by [admin](#)



*Swiss Re and ALUCA were proud to partner for our third Excellence and Innovation in Return to Work Award this year. BT Financial Group's submission detailing an innovative wellness recovery program for customers diagnosed with cancer secured the 2018 Award. Ben Crawley of BT has just returned from the International Forum of Disability Management (IFDM) in Vancouver, Canada (the Award prize) and has shared some of his key insights below. We also congratulate CommInsure for their highly commended paper on 'human insurance'. To read more about the Award and to download all of the submissions, please click [here](#)*

**Carly Van Akker**  
**SWISS RE**

"I was lucky enough to attend the IFDM held in Vancouver this year after BT Financial Group won the Swiss Re & ALUCA Excellence and Innovation award for Return to Work following our submission paper: Giving customers with cancer an early chance at getting their life back on track.

The forum brought together many professionals who work across the globe in varying stakeholder roles and disability systems such as; social and disability services, workers compensation, and life insurance. The speakers were experts in their chosen fields who presented passionately about ways in which they have applied intervention strategies for bridging the gap and empowering those with a disability to function in society and return to good work. I was amazed at how consistent themes were presented across different developed countries and it has got me thinking on how we can apply new strategies to improve the health outcomes for our life insurance customers suffering from disabilities.

I particularly enjoyed hearing from Francois Perl (Director of Social Services – Belgium), Dr Joachim Breuer (Director General – German Social Accident Insurance – DGUV), Donal McAnaney (Chief Academic Officer at Pacific Coast University) and Graham Halsey (Director of Well Working Matters).

Francois, Joachim, and Donal communicated how the labour market is evolving at a rapid pace. The digitalisation of the modern world is creating new self-employment opportunities and short term contracted work through the “gig economy.” It is important for worldwide occupational health & safety risk systems and social services to keep up with this trend to reduce the new risks of occupational illness and disability, but also provide opportunities of good work for those transitioning into new employment when they may not be able to return to a previous occupation due to an illness or disability.

Speakers communicated on governing policy and the need for the different compensatory systems, social disability services, and life insurers to improve the lines of communication across systems in order to achieve a more coordinated approach improving the speed of appropriate interventions, thus facilitating improved return to good work outcomes for those with a disability. Without a unified approach, the costs and burden of disability will not only decrease the individual’s quality of life, but will also add pressure on social services to support individuals who develop chronic disability and extended absenteeism which inevitably leads to loss of employment.

Given BT’s paper on early intervention for management of cancer conditions, I was very interested in Graham Halsey’s presentation on “People with Cancer – The Hidden Workforce.” Graham, who has worked in the life insurance industry in the UK presented on good work being a part of Cancer treatment giving purpose, meaning and confidence to the individual. Graham communicated on the value of Occupational Rehabilitation support for opening lines of communication with employers and bridging the gap between treating parties for coordinating a safe return to good work.

Whilst the forum was insightful for many reasons, it was evident that managing mental illnesses continues to remain a significant challenge around the world. Disability and absenteeism from mental illness is on the rise in all countries. From the forum it was evident that there is still a stigma surrounding mental illness and a lack of understanding support those suffering, particularly with employer understanding and support networks at the workplace. The stigma of mental health varies significantly from industry to industry and a one size fits all approach for mental illness management may not be the answer. This is the next challenge to find solutions which will identify and provide the right care, support, and coaching to all stakeholders so that those with a mental illness can return to good work in a timely and sustainable manner.”



Ben has over 12 years' experience across the Occupational Rehabilitation space, which spans across both Group and Life insurance.

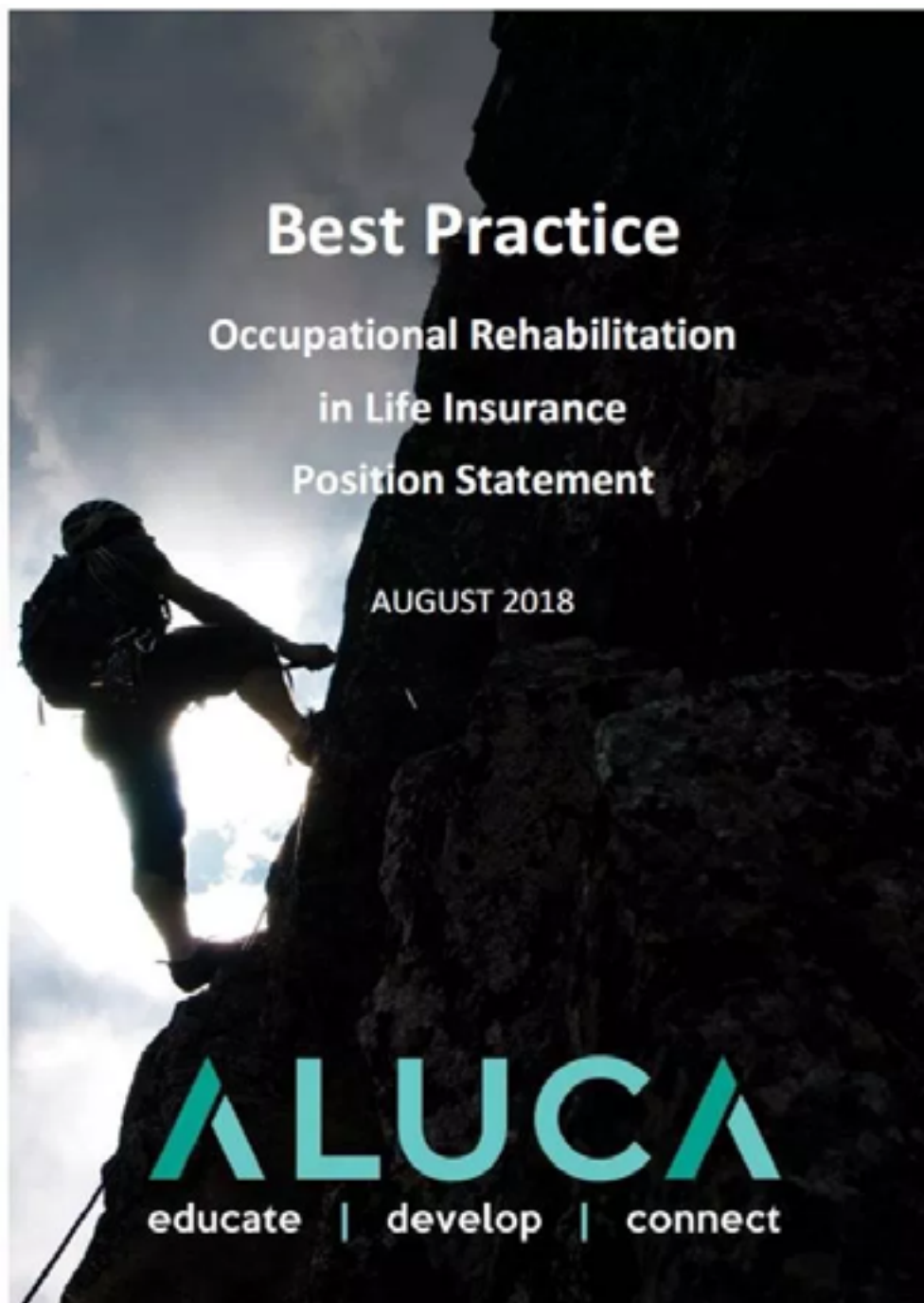
He has worked in a variety of roles in an Exercise Physiologist space and involvement in early intervention programs for workplaces injuries, non-workplace related injuries and illnesses.

Ben has a strong passion of the value of appropriate early intervention strategies to support customers in achieving their best health outcomes.

In 2017 Ben commenced working with BT Financial Group with a strong focus on a new early intervention strategy for our customers diagnosed with Cancer and has recently developed a 12 month pilot called Cancer Assist Program (CAP) which was successfully awarded the Excellence and Innovation in Return to Work award.

## ALUCA Rehabilitation Working Group Draft Position Statement

Posted on [November 6, 2018](#) by [admin](#)



Click [here](#) to view the draft position statement and please direct all feedback to Carly Van Den Akker ([carly\\_vandenakker@swissre.com](mailto:carly_vandenakker@swissre.com)) by **16 November 2018**. We look forward to hearing your thoughts – and thank you!

# Designing Life Insurance Products For Increasing Consumer Expectations

Posted on [November 6, 2018](#) by [admin](#)



**Melissa Yeoh reports on the recent “Designing Life Insurance Products for Increasing Consumer Expectations” Insights session which discussed current issues and implications for Life Insurance product design, including the legal perspective and considered how the industry could restore the imbalance between consumer and insurer.**

Over the course of the recent year, the life insurance industry has come under increasing regulatory and media scrutiny. A key theme emerging is that products are not performing to consumer expectations, with the balance tipped in favour of the insurer. The industry now faces the challenge of addressing and restoring the imbalance between consumer and industry

An Insights event “Designing Life Insurance Products for Increasing Consumer Expectations” was held at the Actuaries Institute in Sydney on 17 October, with Elizabeth Baker (Directory Advisory at EY) leading the discussion, along with Dale Jackson (Associate Director Advisory at EY) and Darryl Pereira (Partner in the Insurance and Financial Services team, TurksLegal).

The session discussed the background of events leading to the current situation with Dale recapping the numerous investigations into the industry that have led to a string of findings such as the Parliamentary Inquiry report, the proposed Federal Budget changes for Insurance in Super, the ASIC 587 Direct Life report and most recently the Royal Commission hearings.

The policy questions arising from the Royal Commission Round 6 hearings were summarised into the following key themes:

- Low value products
- Unreasonable exclusions
- Out of date legacy definitions
- Confusion over default coverage
- Confusion over claim thresholds
- Imbalance in rights / obligations and lack of transparency

Insurers need to question the drivers underlying these themes that have led the industry to where it is today.

Dale referenced an article<sup>[1]</sup> that posed the following 10 questions a customer should be able to answer about their life insurance:

1. Are you paying for multiple life insurance policies?
2. Do your premium costs align with your cover?
3. What is covered?
4. What is excluded?
5. Is there a risk loading?
6. What do income protection and trauma insurance cover?
7. How much life insurance do you need?
8. What does TPD cover?
9. Insurance default schemes – do they meet your needs?
10. When should cover be reviewed?

The nature of the questions suggest consumer understanding is low and that this further drives the gap between expectations and reality.

These findings mean the **accountability to design products that are suitable to the customers who are sold them is greater than ever**. With further legislative proposals being put forward and placing further constraints e.g. limiting access to medical information at time of underwriting and claims assessment, it is imperative that product changes occur to ensure sustainability.

## The legal perspective

Darryl continued the discussion by sharing a legal perspective on life insurance product design. The legislative changes **focus on member value and the misalignment between actual cover and perceived cover** that result in “illusory” cover.

Regulators are also considering member value through the prism of inherent restrictions on cover. Examples of current restrictions which are not always known or understood include TPD cover definition flip, Limited Cover, IP deeming clauses, end of cover provisions due to insufficient account balances and offset provisions.

The speakers also noted that the current opinion based TPD definition has the highest rate of disputes amongst all benefit types and courts often place significant scrutiny on the insurer’s decision process.

Other notable legislative updates include the proposal to extend unfair contract terms protection to insurance contracts, the introduction of the Design and Distribution Obligations Bill and a Parliamentary Inquiry into allowing life insurers to fund rehabilitation.

## Product design in life insurance

Elizabeth proceeded to share some approaches to improve the balance of life insurance product design, where the aim is to promote better consumer decision making around insurance cover.

Principles to consider when designing life insurance product should include:

1. The product itself (should meet consumer needs and not be overly complex).
2. Product level metrics (should be reasonable and not too high / low).
3. Individual benefit levels (should meet consumer needs and not be overly complex).
4. Data (should support pricing, product features and any exclusions).
5. Product features and eligibility (need to be clear and not create confusion).
6. Product exclusions (must be necessary and reasonable).
7. Pricing factors (should be reasonable now and into the future).
8. Claims (should produce consistent customer outcomes across the customer segments).

## Taking up the challenge

The audience were challenged on long standing practices and to think about product design and pricing from the bottom up.

A **customer and insurer “value exchange” framework** was also suggested. Under this framework, the various attributes of a product are assessed and then classified as either meeting, marginal or not meeting customer expectations. Using this framework, the insurer can then determine and agree action items to address areas that do not meet customer expectations.

The life insurance industry has recognised the need to improve awareness and value to customers and initial steps have been taken such as the implementation of the Voluntary Code of Practice. However, as customer expectations continue to grow and evolve, the challenge remains for insurers to re-evaluate existing products by placing a customer lens over the end-to-end process of product design. To do this, a shift in mindset is required from “what can be done” to “what should be done”.

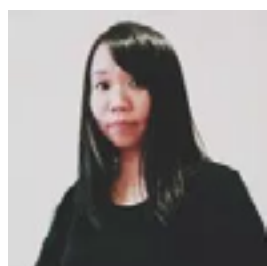
[1] Source: Australian Financial Review 21 September 2018 Duncan Hughes: “Ten questions that could save your life (insurance)”



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**CPD** Actuaries Institute Members can claim two CPD points for every hour of reading articles on Actuaries Digital.

*This article was originally published in Actuaries Digital [here](#), by Melissa Yeoh on 25 October 2018.*



### MELISSA YEOH

Melissa is a Technical Pricing and Product Specialist at AIA Australia and a Fellow of the Institute of Actuaries Australia.

## Life Code Compliance Committee – Update

Posted on [November 6, 2018](#) by [admin](#)



### Busy start for life insurance compliance body

The Life Code Compliance Committee (the Committee) released its inaugural Annual Report on 25 September 2018. The Committee independently monitors subscribing insurers' compliance with good industry practice, as set out in the Life Insurance Code of Practice (the Code).

#### **The 2017-18 Annual Report outlined a busy first year, in which the Committee:**

- established processes and procedures for its operations and Code monitoring, including launching its Annual Data and Compliance Programme
- met and inducted all subscribers, clarifying with them compliance obligations and how to report instances of non-compliance
- investigated Code breach allegations
- engaged with stakeholders to build awareness of the Code
- shared its experience and suggestions for improvements to the Code with a submission to the Financial Services Council (FSC)

The Committee's key purpose is to help the life insurance industry improve its service to customers. In 2017-18, working with the FSC, the Committee developed an online Code breach allegation tool for consumers. The Committee also worked with subscribers to rectify Code breaches and implement remedial action to improve outcomes for consumers.

Subscribers self-reported 23 breaches of the Code, most often concerning policy changes and cancellation rights. The Committee identified two Code breaches through its targeted monitoring of compliance.

The Committee received 747 Code breach allegation referrals, including 711 referred in bulk by a plaintiff law firm. Towards the end of 2017-18, the Committee began investigating a sample of the allegations from the bulk

The Code came into effect on 1 October 2016 and subscribers had a transition period before having to adopt the Code by 30 June 2017. As at 30 June 2018, there were 26 subscribers.

**The Committee's primary role is to:**

- carry out proactive and reactive monitoring
- make determinations in relation to matters it investigates
- ensure remedial action is carried out and sanctions are imposed if required.

Committee Chair Anne Brown said: *"We aim to achieve robust monitoring of the Code in a timely manner, and provide practical guidance to subscribers on how to comply with the Code."*

*"We also want to provide assurance to consumers that subscribers are being held to account in meeting their Code obligations and look forward to receiving sufficient ongoing resourcing to meet those obligations and objectives."*

*"It was pleasing to note in ASIC Report 587 the impact the Code has already had on improving the quality of sales of direct life insurance and we look forward to contributing to the next version of the Code during the 2018-19 year."*

**The report can be found on the FOS Code website [here](#).**

If you have any queries about the report, the Committee or Code compliance, please contact:

**Katy Rall**

Compliance Manager,  
Code Compliance & Monitoring  
(on behalf of the Life Insurance Code Compliance Committee)  
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**Katy Rall, MBBS, ANZIIF Snr Assoc CIP**  
**Compliance Manager – Code Compliance and Monitoring**

*Katy originally trained and worked as a medical doctor before transitioning to work in the life insurance industry and specifically claims management. She holds a Bachelor of Medicine and Bachelor of Surgery as well as subsequent qualifications of a Diploma in Life Insurance. Katy has worked in the life insurance claims environment for over 12 years covering group and retail insurance, for a number of organisations and across a number of roles, including the*

Melissa is a Technical Pricing and Product Specialist at AIA Australia and a Fellow of the Institute of Actuaries Australia.



## **ALUCA Life Member Award Winner – Peter Jones**

Posted on [November 6, 2018](#) by [admin](#)

### **What made you want to become a volunteer with ALUCA?**

Having commenced working with the life insurance industry, initially with Prudential, I came to realise the great divide in considering financials as a key element in the underwriting of life insurance applications and assessing of claims. The first person I worked closely with in the industry was Andrew Morrison who has fortunately, recently returned to work with life insurance after many years of experience both within Australia and overseas.

Right from the early stages of working with the industry I realised there was a large divide between underwriting and claims and financial advisors (then known as agents).

I saw the work being done in those days by people like Tom Renny and others in an effort to bring the different elements of life insurance together and this inspired me to be a part of the organisation (ALUCA) that was endeavouring to bring about these changes and provide an education and recognition for those working within underwriting and claims.

### **What are you most proud of as your time of volunteering with ALUCA?**

I would have to say that the thing that has made me most proud during the time that I have been a part of ALUCA is seeing the dedication of the people that I have worked with on the board to bring about the most recent changes to the structure of the Association and particularly from growing from a single point dependency Secretariat to that of having a dedicated Chief Executive Officer and full-time Secretariat. This also encompassed the restructuring of the board and the change in thinking in the aims and objectives of the organisation to encompass the philosophy of educate, develop, connect.

Also to encourage people working within claims to make the opportunity to actually meet face to face with a claimant when given the opportunity.

### **What is the most memorable ALUCA event / conference that you have attended and why?**

Probably the most memorable event that I have attended has been this year's conference for two reasons.

The first being obviously that I had life membership of ALUCA conferred on me, an honour that I am extremely humble and proud about. Mainly however, because of all the conferences and events I have been to since joining ALUCA this was the best conference that I have attended both in terms of venue and but more importantly because of the content and the organisation and I would congratulate those in the management, on the conference committee and on the board for achieving such a great result.

## **What advice do you have for other ALUCA members who are thinking of putting their hand up to volunteer with ALUCA?**

To be passionate about the industry they work in and understand that volunteering does not just mean turning up once a month at a committee or board meeting and further to ensure that their employer agrees with and supports their volunteering knowing that their participation will bring benefits to themselves as employee and the company.

## **What additional skills and capabilities did you gain by being with ALUCA?**

Undoubtedly, the ability to fully understand the importance of life insurance in the community and the need for the industry to be diligent and particularly the assessment of people's claims. This particularly has come about through the opportunity to meet personally with claimants and gain a full understanding from people who actually are suffering and need support offered by insurance cover.

## **4 words to describe ALUCA?**

Participate, Educate, Develop, Connect

## **4 words to describe Peter Jones?**

Passionate, dedicated, wine lover

## **What's next for Peter Jones?**

Continue to participate and connect with the people in the life insurance industry; spend more time with my grandchildren and travel.



**Peter Jones** is an accountant who has worked extensively with life insurers and reinsurers in both retail and group areas in Australia and New Zealand since 1985. He spent six years as a board member of the Australasian Life Underwriting and Claims Association (ALUCA) during which time he was instrumental in upgrading the structure of the association. Prior to joining the ALUCA board Peter participated in the preparation of the Association's submission to government regarding changes to the Insurance Contracts Act in Australia and two conference programme committees.

Delegates learnt about the opportunities and innovations that will lead our industry into the future. The latest developments in Behavioural Economics and big data, technology, wearables, the future of work, resilience and mindfulness were all covered during the three days along with social media & AI, pathology and genomics, sessions from APRA and an update on the Code of Practice from the FSC and so much more.

In addition to the above, ALUCALAND contained exhibitions from 17 exhibitors where delegates enjoyed catching up and connecting with their fellow peers all from the Life Insurance industry.

The conference concluded with ALUCA's special Gala dinner where winners of ALUCA's and key partner scholarship awards were announced in addition to the 2018 prestigious ALUCA Life member award.

The highly regarded recipient of **ALUCA's 2018 Life Membership** is Peter Jones from Cogent Management. Peter has made a significant contribution to ALUCA and the life insurance industry over a large number of years during his career as a Forensic Accountant, positively impacting so many people. Our congratulations to him.

In addition the ALUCA Turks Legal scholarship winner and runners up were also announced and the winners from the ALUCA-Swiss Re Rehabilitation award. A huge congratulations to them all and our sponsors Swiss Re and Turks Legal who make these awards possible.

## 2018 ALUCA award winners summary

**2018 ALUCA Life Membership:** Peter Jones, Cogent

**2018 ALUCA Turks Legal Scholarship award Winner:** Evgeney Schkola from Comminsure **Runners Up:** Christine Gan, Comminsure and Aimee Kelly, CommInsure

**2018 Swiss Re-ALUCA Rehab award winner :** Ben Crawley from BT Financial

A sincere thanks to ALUCA's amazing conference committee: Lucy Hartley, Lizz Kiernan, John O'Leary, Matt Paul, and Ingrid Thorn who were led by Board members Mary Sinclair-Porter and Sean Potter supported by The Association Specialists conference team.

A HUGE thanks as well to ALUCA's national sponsors and conference sponsors for supporting such a very important event on ALUCA's calendar.

**The 17th ALUCA Biennial National Conference has been announced for 2020 and will be held on the Gold Coast in October 2020.**

## Conference photos



Thanks to all 7 people who entered the ALUCA photo booth social media competition. The judges all loved the creative photo shots but unfortunately none of them met the full competition criteria! The good news is that we will look to roll out another competition next year with the same prize attached. Stay tuned for further details...