

## Treating Global Health Insurance Customers Fairly

The past five years has witnessed a period of explosive growth in the use of the World Wide Web, particularly by expatriates plus those living and retiring abroad and their families, who consider purchasing international health and medical insurance plans. Consumer web usage has escalated in Asia, USA & Canada, Europe too and recently in South America. Broadband technology and website familiarity has resulted in millions of people using the web for both research and purchases of health insurance and travel insurance related products, on a "location non specific basis" across the World, on a 24/7 timescale.

This New Web audience is choice aware, used to email communication methods and demands both human contact (voice and email) and speed of service. The Web Consumer is the Buyer. He or she is not being sold a "Brand". By demanding choice of premiums and benefits across a range of international health plans, clients break the old cycle of "Brand Push" marketing. They ensure that they are in control of the purchasing, education, advice and contact process. The new "Holy Grail" across the web is the trust of the cyber consumer. These Global Clients, estimated as a community of some 35 to 40 million people, growing at some 10% per year, are from all walks of life and often hold two residencies e.g. a British Lawyer living long term in Hong Kong, an American CEO running a new Venture in Shanghai, or an Indian software expert living in California. Global corporations too are sending increasing numbers of small groups of often expert expatriates abroad sometimes for several years to new and emerging markets.

These global consumers in the main understand complaint procedures, taxes and regulation. Consequently, the arrival of the UK Financial Services Authority (FSA) as the over riding Regulator of both Intermediaries, Brokers, Plan Providers and Health Insurance Companies this year, taking control of the market for general insurance from 14th January 2005 has yet to have a major impact on the international market place, but I do believe that it will very shortly.

With the EU expanding this year to a market of 25 countries all aligning themselves to individual freedom of work, movement or residence across an expanded Europe, the various National Governments are being forced to reconsider their healthcare budgets. Immigrants and elderly retired people moving across Europe, create anomalies in healthcare demand for services. Someone has to pay for all these medical services as medical technology improves and some treatments cost more and more (above inflation).

Consequently, the issue of Insurance Premium Taxes (IPT) on Health Insurance and Surplus Lines Taxes all have a new role to play. We have noted that some EU Countries have taxes on health insurance amounting to 14.5% of premium whilst other countries still rate health insurance at zero tax (please see attached table). But who will be responsible for collecting and paying such taxes to National Governments? This is a major future operational issue across the EU States but for Regulators such as the FSA, the primary question is how to ensure that customers of health insurance providers are treated fairly. The UK now has an active Ombudsman scheme running with the vast majority of International Plan Providers joining it.

How do Regulators and national Governments ensure that not only are all the appropriate IPT rates taken and paid on all and any policies written for such clients, but how do such clients receive fair treatment in disputes? If claims are not paid, where do they go and what do they do? Clearly by working through or with reputable international health and medical insurance brokers, such clients will be advised on proper dispute resolution and claim procedures, firstly to the Plan Provider and their Underwriter, then to an Ombudsman or legal system or international arbitration.

As our Global National Governments "creak for new revenue sources" in order to support their ageing populations and an escalating healthcare demand for services, these new populations of moving expatriates and families, together with the new taxes on worldwide or global medical insurance policies will become of increasing significance to the National Budget calculations. However, the issue of jurisdiction of disputes and where a client is normally resident will be a significant issue also in the future. Some Providers Underwriters are now collecting the IPT due of new client policies, where others are setting up escrow accounts to pay later.

Many Plan Providers offering expatriate health insurance plans, from the UK have "passported" their new FSA compliant licences already through to other EU States. This should allow clients ready access to Ombudsman services when in dispute with the Health Insurance Provider. However, this all begs the question as to how good are Ombudsman services in other EU Countries or do such services even exist? What about disputes outside of the EU particularly those in the USA? How can a client ensure that he/she is treated fairly if their International Health Plan was bought outside of the EU jurisdiction and their Provider offers resolution in a Middle Eastern Country or in Asia?

How will the UK FSA respond to customers or brokers who may contact them about fair treatment, but are outside the jurisdiction of the UK? I would consider that the new market of global health insurance customers will be followed by much closer cooperation and assistance where National Regulators work together in a common interest.

For example:

Does a Client signing a cheque to a small "Offshore Island Healthcare Insurance Provider" have anything like the same protection and rights as signing a cheque to a fully regulated UK FSA Provider?

How will the UK FSA respond when clients complain that administration and claims of their UK based Plan Provider is actually taking place in some far away foreign jurisdiction? How can they go to an Ombudsman in say the Yemen, when they bought what they thought to be a UK International Health Insurance Plan?

Do Clients have to carefully read all the small print twice, to note the country laws under which their contract is made, jurisdiction for disputes and where claims are handled? Many Banks now have outsourced much of their customer facing services to Asia. Will this happen too with expatriate health plan providers?

It is quite a different thing to speak to someone in Asia over your bank statement, than it may be to understand or agree a complex medical claim or an emergency, where you need to speak to someone from your own language culture directly. It is vital that the issues of "Treating Global Customers Fairly" are not left to either Plan Providers, their third party administrators (TPA'S) or their Underwriters. All these Parties have some pecuniary interest in the costs of claims. I would conclude that we badly need powerful and cooperative Regulators today such as the FSA, worldwide in order to protect the new web based global consumer.

Treating Customers Fairly means also the successful and ethically minded Expatriate Health Insurance Plan Providers will also need to treat Brokers and Independent Intermediaries fairly. It should be recognised by now that power has shifted dramatically in the Internet Age to the Consumer, who can sue on an email. Clients really want fully independent, non-pressurised advice from those not pushing plans for commission only.

This paradigm shift or power shift to the Client and their Advisors, means that "Big Brands" no longer control these global health insurance markets as they once did. Routes to market, control of Agents and Distribution channels have been diversified and made "brutally transparent" by this new breed of Internet location non-specific consumers. The Client now stands at the Apex of a power triangle, with the enlightened Global Health Insurance Providers at the LHS with Broker/Advisors at the RHS. In other words, both the Provider and the Broker are at equal level in the web based consumer mind set. They both need to cooperate in order to get the business signed up and transacted.

This new breed of intelligent, educated, choice and service demanding clients are some 58% female within the expatriate community. This Group of 40 Million or so informed and often-expert clients will create new demands on Plan Providers and their Producers in years to come. They will talk to each other both as Clients and as Patients, weeding out the "Bad or Poor Performing" Plan Providers themselves. (See Independent Medibroker International 2005 Ratings Chart)

Regulators worldwide have recognised that Global Consumers are somewhat cynical about the ethics and procedures of a few major financial and insurance companies and that in order to restore confidence, "Bad Practice" has to be punished and "Good Practice" rewarded. Brutal transparency, choice, comparability and service, on the record, diminish the importance to clients for "voice commitments" from Brokers or from International Health Insurance Companies. Clients much prefer to have "something in writing" than to try to remember a phone conversation with an unnamed employee of some Provider.

It really comes down to putting our money where our mouths are and doing exactly what we say we will do, in a timely and effective fashion. If we make mistakes, take responsibility, apologise and fix the problem quickly. Treating Customers Fairly means honesty in our dealings, speed of service, choices, education and advice, whilst using technology to restore some human contact and trust in the relationships formed. A culture of care, coupled to a genuine belief in dealing with clients as human beings, will be held in esteem in the future web age. Successful Global Health Insurance Providers and Brokers will discover that the secret is no longer market share or bottom line annual profits, but the "trust and confidence of our customers" who demand and have every right to be treated fairly by all of us in this expanding Industry.

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