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Insurance Product Launch: The Top Five Mistakes Guaranteed to Sabotage a Successful Product Launch

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Rolling out a product offering can feel like an overwhelming endeavor, particularly as this process typically follows immediately on the heels of an arduous product development phase. That said, momentum is key and building a comprehensive product launch plan is critical to achieving success.

As the English author, Lewis Carroll, accurately stated, “If you don’t know where you are going, any road will take you there.” The importance of developing and following a clearly articulated launch plan cannot be overstated. Most organizations do not suffer from a lack of new product ideas or the enthusiasm to promote those products. Many, however, fall short in designing the launch plan.

A product roll out requires a great deal of effort – all of which is lost if the launch collapses. To significantly strengthen your product launch platform, avoid the following errors:

1) Fail to assemble the proper internal team

It is imperative to assemble the proper internal team at the outset of a product launch. Sales, products, marketing, under-

writing, actuarial, legal, compliance, customer service and systems all have a vested interest in the development process as they will have substantial responsibilities and accountabilities following the launch. Representatives from these key functional areas can be expected to have the collective knowledge and expertise to significantly contribute to the launch plan. Relying on only one person (or a very limited team) to create the roll-out plan is a serious mistake and one that should be avoided.

In addition to acknowledging how each functional areas’ activities will affect the others through the launch and beyond, certain members of this team will also support the launch externally via contact with distribution channels. Most notably, sales will be called upon to educate brokers on the need for the offering, how the product was developed, the intended market, etc., to successfully sell the product. The disability insurance industry, for example, serves a wide range of employer groups, each with its own unique needs. An employer may wish to offer employer-paid disability coverage as a way to attract and retain employees, or may wish to sponsor the coverage, but not pay for it. In either scenario, it is critical for sales representatives to understand the research behind the product

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and the pricing structure to successfully sell the product and educate brokers.

A thoughtfully selected internal team is critical to a smooth roll-out process.

2) Neglect to secure buy-in from senior management

Without buy-in as to the appropriate “fit” with your company’s current offerings and direction, the launch will not move forward. It is important to clearly establish the objectives of the product launch at the outset of the initiative and to secure agreement on these objectives. Detailed discussions during the design phase would include, at a minimum, the need for the product, a market analysis of competitive products, and revenue goals. Management must be informed – if not deeply involved – with the product design phase and certainly should not learn of the product at the launch phase.

Developing and launching a product that aligns with your company’s business model is key. If your company, for example, is focused on disability insurance and does not have the capability or capacity to sell and manage dental insurance products, a dental offering would be a clear misalignment for the company and one you should not expect your corporate team to support.

Securing buy-in will be more easily achieved when supported by thoughtful research and a solid product roll-out plan. Be prepared to clearly articulate the research behind the proposed product, the distribution strategy and sales potential. Also, formulate and share the metrics for a periodic review of the roll-out, being certain to include room for adjustments to the plan based on sales results.

Gaining support from your management team early on in the product development process will save valuable time and position them to speak confidently and knowledgably about the offering as they work to promote the product in the market.

3) Fall short in clearly conveying the need for the product

Researching the market, analyzing the data and designing the product are functions undertaken by the internal team. As would be expected, the design team would be very familiar with the research behind the product and the underlying data. All too often, however, the information preceding the decision to launch the product is delivered to key stakeholders in a manner that is incomplete. Merely assuming that key stakeholders are aware of the extensive analysis supporting the decision to launch the product

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will impede sales. Internal and external partners, and especially distribution channel representatives, need to be armed with all the information gathered by the design team if they are to confidently and effectively sell the product. They need to understand why the offering was developed, for whom it was developed, and the rationale behind the pricing structure. Supporting information should include:

- **Market interest:** Why is the offering valuable to the end consumer?
- **Competitive data:** Does anyone have a similar offering?
- **Competitive positioning:** What are the advantages of your offering?
- **Launch process:** What is needed to implement the offering?

It is also important to educate the brokers and sales representatives about market penetration as it relates to the opportunity for new sales and how the compensation structure for the new product aligns with existing offerings.

Develop the product story and focus on the value of the offering. A firm grasp on the details behind the offering enhances the potential sales opportunities.

4) Overlook the importance of a detailed roll-out strategy

A roll-out strategy that does not clearly define key metrics can expect mediocre results at

best. Define and articulate the specific launch objectives and establish a timeline to achieve those objectives. Basic actions include:

- **Training of external and internal contacts** – decide who will provide the training and how/when it will occur
- **Creating collateral materials** – design materials for brokers, employers and employees to clearly explain the value of the offering for each group
- **Developing a communication strategy** – define how you will communicate with sales representatives to announce the release of the offering as well as which mediums will be utilized
- **Setting sales goals** – create solid expectations regarding quote activity and revenue goals to drive sales
- **Establishing KPIs (key performance indicators)** – define how success will be measured (e.g. quoted cases, case count, premium, etc.) and articulate these measurement standards to stakeholders

A well structured roll-out program will include a comprehensive package that includes details about the product, guidelines for sales, pricing and marketing materials. A clear roll-out strategy results in sales, not missed opportunities.

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5. **Never look back! Never Reassess!**

A product launch that lacks a timeline for evaluating the success of key metrics is destined for failure. Measurements for success must be developed as part of the roll-out strategy and those metrics must be reassessed and modified as needed. For example, if after having specifically designed a new product for the First-Time-Buyer market it is discovered that the product appeals to a more broad spectrum of markets, adjust the product accordingly to maximize sales.

Carefully track sales, monitor feedback and allow for adjustments based on the market response. Expect that changes are required over time as customers' needs shift. For example, employees are remaining in the workforce longer and, consequently, their needs will evolve over time. Product solutions need to

evolve in tandem with customer needs if they are to adequately support workers through various life stages.

Establish goals and measure for success at predetermined intervals in the roll-out process. Support the tactics that are working and adjust those that are not.

Launching a successful product begins with having the right team assembled to research the market and design the product. Corporate leaders must be engaged in the process to support the product launch and to communicate the product's value proposition. Developing a detailed roll-out strategy that allows for periodic reassessments is essential. Finally, and perhaps most importantly, carefully monitor the roll-out and adjust the plan as needed. ♦

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Effective Use of On-Line Resources Can Enhance Your Claim Investigation

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Technological advancements over the past two decades have had a dramatic impact on the insurance industry. Most insurers have migrated to a paperless environment, receiving claims and maintaining files on-line. Many also correspond with insureds via E-mail as part of the normal course of business. It stands to reason that insurers will continue to pursue and utilize an evolving array of options to enhance their claim investigations.

In the Disability market, for example, insurance risk management has become increasingly complex. Pre-existing condition exclusions, self-reported illness limitations, discretionary clauses, and Social Security practices continue to be closely examined. Insurance departments, courts, and plaintiffs' attorneys across the country are scrutinizing insurers' claim practices. Adding to the mix, the current economic environment has triggered cuts to benefit programs and employee headcount and insurers are facing growing legal and regulatory challenges. With increasing frequency, insurers are utilizing technology, among other resources, to help them effectively manage risk. When employed appropriately to supplement claim investigations, on-line resources can help insurers make timely and accurate claim decisions while mitigating costs.

Understanding Your Needs, Goals and Obligations

A strategic approach should be employed to determine which investigative tools will be

most effective for your organization. While some insurers' needs and goals are clear cut, others may not be as evident. When managing Disability claims, it is important to have the ability to access reliable, pertinent data in an efficient manner to make timely and complete claim determinations. In relevant cases, Federal Law (ERISA) mandates that a liability decision is rendered within a specified time period. It can be particularly challenging for an insurer to finalize a claim decision within a mandated period of time if:

- 1) the policy has a lengthy elimination period;
- 2) the claimant is reporting multiple co-morbid conditions; and/or
- 3) the pre-existing condition exclusion applies, requiring the review of medical records that pre-date the effective date of coverage.

Insurers have an obligation to obtain and review all information that is pertinent to the eligibility decision prior to making a determination. Denying a claim and subsequently receiving information (available at the time of the initial decision) that alters the decision creates challenges for both the claimant and the insurer. The situation can be even more problematic when a claim is approved, benefits are paid for a period of time, and the insurer discovers information (that existed when the claim was approved) that impacts the claimant's eligibility for benefits. The insurer has the burden of establishing that the claimant's condition changed to warrant the termination of benefits. The insurer's lack of diligence when initially investigating the claim is not sufficient

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Effective Use of On-Line Resources Can Enhance Your Claim Investigation

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grounds for terminating benefits. Clearly, obtaining complete information early in the claim investigation process is of paramount importance.

Identifying the Right Tools

Once an insurer has clearly identified its needs and goals, vendors should be invited to demonstrate their products. These demonstrations are incredibly enlightening and allow insurers to test a few claims, present various scenarios, and ask questions. One can see firsthand:

- 1) the source of the information;
- 2) the level of detail captured; and
- 3) the reliability/quality of the data.

The time and cost savings that can be realized by utilizing certain tools will be immediately apparent, while other tools will reveal limitations that must be carefully considered.

In the Disability insurance arena, utilizing a combination of advanced search engines, social networking sites, and government databases has proven effective. Pipl.com, Wayback.com, Google Earth, IntelliScript, Accurint, Myspace and Facebook are among the most user friendly tools available and have proven to be very helpful in claim investigations.

Limit User Access

Historically, the primary claim management tools have consisted of computer software programs and industry databases. Much has changed - most notably the integration of deep web search engines and social networking sites. Insurers now routinely turn to these on-line resources to enhance their claim investigations. That said, putting on-line tools in the wrong hands can be counterproductive. There are legal and practical reasons why insurers must exercise extreme care in determining who will have access to the tools. The size of the organization and volume of claims managed will influence the appropriate number of dedicated users, however, access should be granted only to select employees who will utilize the tools most effectively and for the purpose intended.

Employers have been held responsible for illegal computer use by employees. To protect the confidentiality of nonpublic personal information, users must be authorized to access certain search engines and databases. Routine audits are conducted to ensure compliance. Third party administrators, self-insureds, insurance companies, law enforcement, criminal justice, and regulatory agency personnel are typically granted authorization. The information must be used exclusively for the purpose of processing insurance claims, investigating, detecting, and preventing fraud. Use of the data for other purposes is strictly

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prohibited. The Gramm-Leach-Bliley Act of 1999 and the National Association of Insurance Commissioners (NAIC) permit the use of these databases to fight fraud and for claims administration purposes. **Employers are responsible for the misuse of database information by employees** and must fully investigate and report any violations.

There are practical reasons why many employers use security filters to prevent employees from accessing certain internet sites. Some employees are spending excessive amounts of time on-line, distracting them from their work and significantly reducing productivity. “MySpace” and “Facebook” claim to have more than 300 million users combined. Employers without firewalls programmed to block access to these types of sites can reasonably expect that their employees are visiting these sites throughout the workday.

When deciding who should have access to these valuable on-line tools, consider your most disciplined employees. They will have at their fingertips an abundance of information with links to related topics and sites. It is easy to become sidetracked and employers will want to grant access only to those employees who can be expected to use the tools appropriately. One insurer recently noticed a handful of employees were regularly visiting a claimant’s Web site to read his blog in which this colorful character described his recent adventures. Considering

that the claimant reported difficulty ambulating and the inability to sit or stand for more than a few minutes due to failed back surgeries, they were fascinated by his ability to drive for fourteen hours through several states, with only a short rest break. While reviewing this public information may be of benefit to the claim investigation, when it becomes entertainment, it has the potential to negatively impact productivity.

Candidates considered for on-line access should also be detail oriented and possess solid critical thinking skills. They must have the ability to elicit factual information and recognize and resolve any inconsistencies. For example, during a particular claim investigation, background information was obtained on a young claimant who had been receiving a small Disability benefit for several years. While on the surface the report appeared relatively benign, an examiner with a critical eye noticed that the claimant had purchased a home without requiring financing. Further questioning by the examiner revealed that he paid for the real estate with proceeds he had recently received as part of a third party settlement related to his Disability claim. The Disability policy entitled the insurer to reduce his Disability benefit by the settlement amount. Taking a thoughtful approach and exercising discretion in determining which employees should be granted access to specific tools will maximize the benefits of these tools.

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Effective Use of On-Line Resources Can Enhance Your Claim Investigation

Stay Focused

The greatest concern with on-line resources is that they can, and often do, prejudice claim examiners. There is a tendency to give the information more weight than warranted and neglect to gather information from other important sources. This is particularly true when information is obtained through social networking sites. An examiner may learn about various hobbies, employment, or social activities that appear to be inconsistent with what the claimant has reported. When this occurs, the claim examiner should dig deeper and work to validate the veracity of the information and determine its

relevance to the claimant's true functional capacity. When in possession of what appears to be a proverbial "smoking gun," the disability claim examiner must not lose sight of the fact that the eligibility decision must be supported by persuasive medical evidence.

When examiners lose objectivity, the ability to render a thorough, fair, and well reasoned claim determination is compromised. Clearly, the advantages of utilizing on-line resources to supplement claim investigations far outweigh the drawbacks, but with insurers being held to a higher standard, it is critical that they demonstrate restraint, maintaining a balanced approach throughout the investigative process. ♦

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