

CONVERSATION MANAGEMENT

An interview with Stephen Dalton of Sermos Ltd

How would you define conversation management?

Conversation management is an interviewing approach designed to facilitate the creation of a working relationship with any interviewee. The principles of conversation management include a desire to establish a rapport through a structured interview framework, productive questioning, the capture of accurate detail in a controlled manner, and the confirmation and evaluation of that information to support an assessment of risk.

How did you get involved in conversation management?

In 1999 I was a fraud investigator with Thomas Cook Financial Services where we handled suspect travellers cheque claims over the telephone. It was during this time that I met and was trained by forensic psychologist Dr Eric Shepherd, and the originator of the conversation management approach. I found I had an affinity for the subject and was involved in the project to develop the first insurance claims version of the technique.

In 2000 I co-founded VFM Services Ltd (which was instrumental in bringing the technique to the general Insurance industry in the UK). I worked at VFM for over eight years developing conversation management solutions for insurers and loss adjusters dealing with general insurance claims, as well as credit card issuers dealing with transaction disputes and retailers screening 'card-not-present' transaction activity.

In January 2009 I set up my own consultancy service – Sermos – providing independent consultancy and training.

So conversation management has been applied to general insurance claims. How can it be applied to life and health assurance?

Conversation management had been used primarily to identify the lies and potential deception found in claims fraud, in which its utility and benefit is obvious. Although the detecting of deception is possible at life application stage I always believed it was going to be problematic. For example there are only so many ways you can ask if someone smokes. I also struggled at first to see the commercial benefit to insurers at the application stage, where deception indicators and the subsequent delays would be seen as a barrier to sales.

It wasn't until I worked with a life insurer and listened to their nurse-led tele-medical interviews that I realised that the objective of the conversation was quite different. Conversation management during the process was not about detecting deception, it was about creating the right environment to encourage the applicant to be honest.

If a life company can demonstrate it has done its utmost in this regard, any subsequent rejection of a claim as a result of undisclosed medical history or lifestyle (which may come to light during validation of the claim) can be defended.

Surprisingly the principles of conversation management described above remained the same. It is the application that changed.

What impact does conversation management have on the customer and the life application process?

The first and most significant impact is a dramatic improvement in the customer experience. This is because the requirement to capture specific data for underwriters has led some who have deployed tele-interviewing to mimic the application form when designing an integrated

information capture system. These scripted rigid condition-based question-and-answer systems struggle to deal with the spontaneity of human interaction.

Often, the customer departs from the script, expands his or her answers, changes the subject or goes back to correct a previous statement. Many interviewers following a screened system are unable to cope with this: they fail to respond or do not listen fully to what is being said (because they are concentrating on the next question or typing the answer to the last), leading to an interview which often sounds cold, with a lack of rapport and empathy.

This is not the case with a conversation management-based interview where the interviewer is encouraged, within a structured framework, to respond to the customer, building the relationship and encouraging disclosure in a conversational style.

The amount of detail that can be captured accurately also improves. The same lack of attention means that the potential for assumptions, inaccuracies and omissions (classic symptoms of poor attention and detail capture) are much more likely in rigid question-and-answer processes. Finally, because the detail is captured in a chronological fashion the output can be fashioned in a narrative style which is easier to read and interpret, thereby speeding up the assessment undertaken by the underwriter.

And what about claims?

The claims environment was the first in which conversation management was used commercially. The deployment of claims interviews using this technique has delivered proven results in a number of general insurance settings. The most obvious comparison for life claims is creditor or income protection plans.

There is a growing awareness that medical intervention can have a positive impact on claims duration and some life companies are using nurses to screen high-risk claims. Conversation management has obviously utility in these situations.

Can you give us some practical examples of your work within the life and health insurance sector?

I can't provide client details due to confidentiality agreements but there are two case studies will appear in the conversation management chapter of the tele-interviewing report published by SCOR:

Case study 1:

The impact of introducing a conversation management model can be striking. A life company's in-house tele-interview team were retrained and their interview process redesigned; a key target was to improve disclosure of lifestyle questions. The consequent increase in disclosure was significant enough to create a projected uplift in premiums which recovered the implementation costs in little more than three months.

Case Study 2:

An outsource provider discovered that the use of chronological topics employed to capture the 'story of the condition' has delivered increased underwriter productivity because reviewing and evaluating the disclosed information is easier.

What are your future plans?

Well I am very pleased and proud that Sermos has formed an exclusive alliance with SelectX to provide conversation management solutions in the life assurance market. Together we are developing a tele-interview audit service which will incorporate conversation management principles

We are also developing a Sermos/SelectX-approved conversation management brand which can be applied if a tele-interview process conforms with the principles and standards of conversation management.

Sermos is also keen to assist companies wishing to use conversation management in the assessment and control of high-risk income protection claims.

Why SelectX?

I have known the team at SelectX and I have been impressed by the breadth and depth of their expertise in risk management and the esteem in which they are held in industry – something which is clearly evident from their co-authorship of the SCOR tele-interview report.

I am also attracted to new ideas. In my view SelectX shows an innovative approach to underwriting, evidenced not least by their pivotal role (together with Hank George) in bringing tele-interviewing to prominence.

With this pedigree SelectX is a great company to be associated with.