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Industry Insight

Insight into Miscellaneous Medical & Life Sciences - Underwriting in Canada

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Beazley launched its suite of Miscellaneous Medical and Life Sciences (MMLS) offerings to the Canadian Market in March 2020, building on two decades of experience writing this business in the US and London.

Our Canadian healthcare team is headed by Derek Dow, who joined Beazley in May 2019 from a large multi-national broker. He has recently taken responsibility managing our global MMLS team outside of the US.

In this interview Derek is joined by Beazley Underwriter, International Miscellaneous Medical & Life Sciences, Prashansa Daga, his Singapore-based colleague, to discuss the pace of change in the healthcare industry and how insurers and brokers have worked together to ensure clients are properly served by their insurance products.

Firstly, can you explain what we mean by "miscellaneous medical and life sciences"?

Prashansa Daga: Miscellaneous medical is built around the provision of a healthcare service, whereas life sciences is to do with healthcare products. When I say product, it can be everything from cosmetics through to permanent surgical implants.

Derek Dow: I would stress that miscellaneous medical is a very broad term. We don't just mean services provided by a doctor, it includes services such as paramedics and first responders, physio and rehabilitation, Medi-spas, home health, nursing, dental clinics and healthcare staffing. It can also include digital health services such as telemedicine.

Prashansa Daga: Life sciences can also include manufacturing and trials, not just the sale or use of products.

Why do these entities require coverage which has been tailored for their operations?

DD: Each area of healthcare is faced with different risks arising from the varied nature of the services and products they provide. For example, the introduction of technology to all sectors of healthcare, as well as clinical trials, increases complexity and requires a different underwriting approach.

PD: Learning that you've got gaps in cover at the point of claim is an expensive way to learn. Using "off the shelf" wordings could cause issues for the insured, particularly if they haven't been updated in some time. For example, some policies may not cover bodily injury appropriately. This is a fast-moving industry, and you need that underwriting expertise.

What more can be done to help clients understand their exposures?

PD: We need to change the conversation on risk and have an open discussion with clients about their operations. We can learn a lot from clients, helping us to better tailor coverage to meet their needs, avoid gaps and giving value to the client. I'm not saying brokers don't add value, they do, but having the client in the room is beneficial to all. What trends have you seen over the past year as we (hopefully) emerge from the COVID-19 pandemic?

DD: It has been interesting to witness the increased reliance on digital healthcare, especially here in Canada, for which the pandemic has been a catalyst. Serving rural and remote areas with telemedicine is something which would benefit those communities, as well as areas such as elder care.

PD: We've also seen governments invest more in their own life sciences industries, ramping up their own domestic capabilities to reduce reliance on other countries and cut costs. Over reliance on foreign supply meant many had to pay over the odds for vaccines and other drugs.

Governments are also investing more in tools to keep their populations healthy and out of hospital. In Asia, as in most places, we have an increasingly ageing population and an increase in chronic disease such as diabetes. That is likely to be a focus for healthcare systems in the coming years.

What are the challenges and opportunities in the insurance market?

DD: There are risks out there which are perhaps not underwritten on the right product, or perhaps at all. We need to be better at connecting the dots between insurers, brokers and the industry to ensure that clients are properly served, and their interests protected. There are many gaps and misconceptions about cover which we could fill.

What are the main misconceptions you come across?

DD: I would say the long tail nature of this business. It can take many years for claims to arise or for a full picture about severity to emerge.

As a result, pricing isn't as straightforward. While underwriters and brokers understand this, it can result in difficult conversations with clients about pricing.

Moreover, there is a misconception that some products such as nutraceuticals or non-implantable devices are devoid of risk. It is the same with start-ups. There are different angles to risk which we could do a better job at explaining.

PD: Another example includes the need for E&O if you are a contract manufacturer or tech provider to the healthcare industry. For many, the focus is often on meeting the minimal contractual requirements to purchase insurance. We don't move the conversation on to talk about their wider insurance needs, and we should.

Have you seen changes in the type of insured seeking cover or a change in enquiries about the type of cover sought?

DD: Yes, I think insureds are getting more sophisticated. As mentioned earlier, technology now touches many areas within healthcare. Those who have that exposure will need a Tech E&O cover which includes bodily injury and ties together medical malpractice with tech and cyber in one joined coverage. Buying these separately may result in gaps in coverage or disagreements between insurers who provide the separate coverages.

Can you give an insight how you work with together as a global team and with claims to ensure delivery of quality service to insureds?

DD: Well, we've been writing this business in the US for over a decade and have enjoyed significant growth in Canada, the UK and Singapore in recent years. We work well as a team to identify regulatory and legal trends and share that information with brokers as they emerge.

PD: Beazley is a smaller, closer-knit company, which has its advantages. It is easier to share information and collaborate when you are more flexible. We involve claims proactively in the underwriting process as they can advise on claims trends and exposure. Moreover, claims service is what a client pays for when taking out a policy; clients and brokers should have a relationship with claims as well as the underwriter.

DD: Our global claims expertise is second to none. They help us win business, and can advise us, and clients, on how best to structure a policy based on emerging trends they see. For us to have access to that level of expertise, in each territory where we operate, helps us punch above our weight.

How do you see the industry changing over the next 5 years, and what does this mean for insurance?

DD: We have a population which is living longer, and which is suffering from an increase in chronic disease, which will increase pressure on health systems. This will require different approaches in the delivery of care and in disease prevention. There will be more focus on keeping healthy and managing health conditions through personal medicines, nutraceuticals, and sharing health data with healthcare professionals.

PD: As a result, there will be a blending of healthcare services, products and technology which will change how exposures arise. This will need us to change the conversation with brokers to better understand the nature of a clients' operations so we can design cover which meets their needs.

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