

# Statistical Miscellany

## *Life Insurance CEOs See Technology as Both Problem and Solution*

While only 10 percent of life insurance company CEOs feel prepared to address information/technology management issues, the No. 1 way they would address distribution challenges is with improved use of technology (50 percent), according to a new Tillinghast-Towers Perrin survey of life insurance company CEOs. Technology was also the No. 1 response to distribution challenges in the 1993, 1995, and 1997 surveys and was the top response of investment management and property/casualty executives in this year's survey.

However, technology limitations tied with a hypercompetitive environment as life companies' No. 1 obstacle to preparedness, according to survey respondents. Only one quarter of respondents think that their companies are "well prepared" overall to respond to the key strategic issues facing their companies, such as distribution effectiveness, increased competition, and changing market/customer demands.

As in the 1995 and 1997 surveys, most CEOs chose distribution effectiveness/productivity as the No. 1 issue facing the industry. In total, 85 percent of respondents selected it as one of the top three strategic issues. About 30 percent of respondents indicate that their companies are creating new distribution channels including the Internet and e-commerce, telesales, direct mail, wholesaling, broker/dealers, and financial planners.

CEOs also indicated that, over the next three years, their companies will increasingly offer nontraditional products. Currently, nearly all life insurers (over 90 percent) market both life insurance and annuity products; over 70 percent offer packaged investment/accumulation products; and roughly 50 percent offer postretirement payout products and health insurance. By 2002, 75 percent of the companies plan to offer postretirement payout products. The percentage of companies of-

fering savings accounts is predicted to double, and those offering personal trust/custody-related services is expected to nearly triple.

## *Proper Re-evaluation of Continuous Oxygen Therapy Could Save Up to \$153 Million a Year*

A study released in April 2000 reveals that improper re-evaluation of patients with chronic obstructive pulmonary disease (COPD) may be costing Americans \$153 million per year in unnecessary continuous oxygen therapy (COT). The study shows that many COPD patients, primarily smokers over 45, remain on COT unnecessarily either because they are not re-evaluated in a timely manner or because the re-evaluation they receive is not performed accurately.

The study report refers to the Third Oxygen Consensus Conference, which recommended that patients receiving COT be re-evaluated one to three months after continuous oxygen therapy is initiated when the patient is medically unstable; the Medicare system currently allows a full year to pass before reevaluation. The study considered 57 COPD patients who were prescribed home oxygen therapy. Of the 55 who returned to the clinic, only 19 were appropriately re-evaluated according to the guidelines established by the Conference. Of those 19, 11 (58 percent) were discontinued from COT. Researchers say that up to 60 percent of the remaining patients could have potentially been discontinued from COT if they had been given appropriate re-evaluations.

The study report also indicates that close to 800,000 patients receive long-term oxygen therapy in the United States yearly, at a cost of \$1.8 billion. Recent Medicare statistics reveal that in 1992 more than 168,000 beneficiaries were new home oxygen users. Based on the study's findings, approximately 32,000 of those COPD patients remained unnecessarily on COT during that year. Proper re-

evaluation of such patients could have saved anywhere from \$106 million to \$153 million.

## *National Consumer Survey Shows Growing Momentum for Online Insurance Trend*

The first national consumer opinion survey commissioned by QuickenInsurance<sup>SM</sup> and the Electronic Financial Services Council (EFSC) reveals that 25 percent of Internet households will use the Web to comparison shop or purchase insurance via an online marketplace or carrier Web site.

This benchmark survey indicates that a positive relationship exists between those who have purchased products and services over the Internet in the past, and consumers who would shop for and purchase insurance online. Almost half (45 percent) of Internet households surveyed responded that they have purchased goods and services online, with nearly 10 percent having visited Web sites specifically to compare insurance prices or buy insurance. The survey also discloses that Internet purchasers are three times more likely to have visited one or more Web sites for the purpose of comparing insurance rates or purchasing policies (15 percent vs. 5 percent).

Furthermore, the findings reveal that age is a major indicator of consumer willingness to use the Internet as a comparison and purchasing tool. Respondents ages 18-34 are the most likely to shop for and purchase insurance products online (36 percent), followed by respondents ages 35+ (15 percent).

"While these results indicate that purchasing insurance via the Internet has yet to become as mainstream as purchasing books from Amazon.com, it is important to keep in mind that the online insurance industry is still young," says Jeremiah Buckley, General Counsel for the EFSC. He adds, "Forrester Research predicts that online sales of auto, home, and life insurance will hit \$4.1 billion by 2003."