



16<sup>TH</sup> EDITION

# INSURANCE INSIGHTS

INTERVIEW:  
EVELYN BOURKE  
GROUP CEO, BUPA

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# A CONVERSATION WITH EVELYN BOURKE GROUP CEO, BUPA

Interview conducted by Anthony Bice  
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**ANTHONY BICE:** *Thank you for sparing the time for this interview for our sixteenth edition of Insurance Insights. My first question concerns Bupa's global footprint. Given that Bupa already has a strong international presence, what will be the most significant contributor to Bupa's growth in the future?*

**EVELYN BOURKE:** Bupa's growth comes from a combination of factors – both organic growth in our existing businesses, and mergers and acquisitions (M&A). This has been the pattern for the last 20 years.

We refreshed our strategic framework last year and have made clear that we place our customers front and centre. And because we are a service business, our employees must be empowered and enabled to deliver for our customers. Digital is very important for us, because that's what our customers expect.

We prioritise investments to strengthen our position in various aspects of our business. In terms of M&A priorities, we continue to look to expand in health insurance where possible, although the opportunities are scarce. We also look to expand into adjacent businesses which complement our leading healthcare positions. For example, our purchase of Oasis Dental Care, the largest private dental operator in the UK, was very much part of our strategy. We see this purchase as an opportunity to gradually acquire a larger number of customer relationships, as well as deepen our existing customer connections and build loyalty in healthcare insurance. We will have a branch network of 420 dental clinics, which will ultimately give the Bupa brand a high street presence in the UK. We believe that through providing a branded Bupa service experience, particularly in sectors such as dental, we will reinforce the customer's connection with Bupa as a brand.

We still have ambitions to grow our international presence. We have been in Latin America for a long time. In 2013, we acquired Cruz Blanca Salud. This company is now called Bupa Chile and is the number two player in health insurance and clinics in that country. We are also building a large hospital in Santiago.

“We refreshed our strategic framework last year and have made clear that we place our customers front and centre.”

We have acquired clinics in Peru, and aim to grow in Colombia too. At the end of last year, we acquired a health insurance business in Brazil, Care Plus. This provided us with an opportunity to get back into the Brazilian market, but through a licensed domestic entity. We're very pleased with that acquisition and the opportunity to grow and expand further in Latin America.

We've also always wanted to expand more in Asia, the Middle East and in the longer term, in Africa. The strongest growth in demand for health insurance can be seen in countries like Hong Kong, Saudi Arabia. Our developed markets continue to demonstrate strong growth as well, partly due to medical expense inflation which continues to exceed general inflation.

**ANTHONY BICE:** *This issue of medical expenses must be a real challenge for a company like Bupa. How do you manage medical expenses, given that you're just one part of what is a very complex ecosystem?*

**EVELYN BOURKE:** Yes, it is a challenge. However, it's also part of the reason why health insurers exist, because you can contract for price and quality with providers on behalf of either corporate or individual customers across a whole range of services. Contracting has become far more sophisticated and far more granular than it used to be. Now there's a detailed schedule of all of the treatments and procedures, and there are target times for hospital stays. As well as carrying out the detailed contracting, we also monitor the compliance of the providers against the actual agreed contractual standards.

But the key thing is that medical technology for treatments continues to advance at a rapid pace. New medical technologies are often adopted early, even before they are fully supported by medical evidence. These technologies are still very expensive. But because health is such an emotional purchase, people want the best possible care when they have a serious illness.

The treatments are also expensive because health care provision in most parts of the world is still based on a fee-for-service model. In some instances, providers and doctors are therefore incentivised to do more, which does not always necessarily lead to the best outcome in terms of quality of life for consumers. We're trying much more to act as the intermediary between the consumer and the health system, giving advice on optimal care pathways, and helping to promote more debate about medically evidenced treatments. So yes, responding to medical expense inflation is certainly one of the biggest challenges we have.

“We believe that through providing a branded Bupa service experience, particularly in sectors such as dental, we will reinforce the customer's connection with Bupa as a brand. This will also deepen customer relationships with regard to health insurance.”





ANTHONY BICE: *Bupa is not just an insurer; you also have a range of businesses. How do the different businesses support each other in your overall strategy?*

EVELYN BOURKE: Bupa is a health and care company. The health industry is very different in every single market. The mix of public and private, the role of health insurance, the range of benefits provided by health insurance, whether tax incentives exist, and how health insurance is sold – these can all vary from country to country. As a consequence, our footprint is very different in each country. In the UK, Bupa used to own hospitals as well as health insurance, but owning the two didn't work. Competitors either on the hospital side, or on the health insurance side, regarded this practice as anti-competitive, and ultimately Bupa exited the hospitals business. But we did subsequently buy one hospital in London – the Bupa Cromwell Hospital – as this gives us an important insight into what drives hospital performance, while allowing us to understand the current thinking on medical treatment, and stay in touch with practitioners and consultants.

We have more hospitals in Spain, through our acquisition of Sanitas in 1989. Sanitas came into our organisation as a combined health insurance, hospital and clinic group. We're fortunate to have a hospital footprint in Spain because the market has become extremely concentrated.

I think the last 20 years have seen a massive shift in hospital ownership away from charitable or quasi-charitable organisations and towards private equity. These private equity investments are often leveraged with substantial debt, placing great pressure on hospitals to deliver for their shareholders.

We also deliver services in the clinic space, because there is an increasing emphasis on preventative intervention through health assessments. Corporates often not only want a health insurance provider but also require a partner who will look after the health of their employees.

Dental has also become very important for Bupa in the last five years. In some countries such as Australia, Spain and the UK, dental insurance is a major product line. Owning dental provision while also being a provider of dental insurance works well, particularly where that complements individual and corporate private medical insurance.

*ANTHONY BICE: You mentioned earlier that digital is one of the cornerstones of your strategy. How would you assess Bupa's role in the future of digital healthcare? And how do you see digital transforming the whole health ecosystem?*

*EVELYN BOURKE: There are many processes in both health insurance and health services that are ripe for digitisation, such as administration and records management. Nowadays, it feels like technological solutions are more accessible and cheaper than they used to be. There will be many more innovative solutions for customers through engagement on their mobile devices.*

In digital health services, I think big data has the potential to make health systems smarter, and there's scope for more effective medical monitoring. People not adhering to medications has a major impact on the cost of health systems, and I think digitisation will help us to understand better why people struggle to adhere. We can help them to stay on their course of medications through more monitoring and engagement.

I think another interesting area for digital is primary care. In many markets, it's a reality that there aren't enough doctors to meet the demand, and it takes seven to 10 years to produce a fully operational clinician. Digital services may be able to create a primary care clinician by making use of smarter search capabilities to deal with routine queries, which can then be escalated up the chain into webchats and video consultations. Some customers can receive a lot more of what they currently get from a face-to-face primary care clinician delivered in a digital fashion. In return, each primary clinician will deal with a greater number of customers and also eliminate unnecessary travel.

*“In digital health services, I think big data has the potential to make health systems smarter, and there's scope for more effective medical monitoring.”*

ANTHONY BICE: *What about wearable technology that has become so popular? Is this an area where you see Bupa as a pioneer?*

EVELYN BOURKE: I think you have to differentiate wearables. There are wearables which are toys, that are not medically approved devices – they're fun and are useful in supporting behavioural change by nudging people, making people more conscious of counting steps and so forth. But I don't believe that these devices are particularly transformative.

I think more sophisticated medical monitoring devices do offer an opportunity for more efficient and higher level of monitoring of people, making more real-time data available to clinicians to prompt them to intervene, rather than wait until someone turns up in a primary care clinic or emergency room with a serious problem. I think that's quite exciting.

But I'm also clear that this has to be done in a way that works well for human beings. It has to involve human-centred design, because we're not robots. Sometimes, it might look like some behaviours are irrational, but when you dig further, there's often a reason why something isn't working for that person. I think part of the challenge for us is to really understand the human circumstances that are either enabling or obstructing utilisation or adherence.

We're not going to be a pioneer in wearable technology. Our focus is on health insurance and health services. Although we won't be at the cutting edge of innovation in this space, we will aim to keep a close watching brief and follow very closely behind on the development. We'll be led by customers. We always seek to stay close to the customer, to be relevant and appropriate.

ANTHONY BICE: *What are the most important lessons you've learned since becoming Group CEO of Bupa?*

EVELYN BOURKE: I have become even more conscious that people are everything. As CEO, you have to make absolutely sure that you have the right leadership team around you. We're a globally dispersed organisation. From my point of view, I feel it's really important that the people who are accountable for parts of Bupa share my values and aspiration for the company. They need to be very risk-aware because the brand is in their hands. It is essential that we have the right leaders who are focused on ensuring that Bupa continues to be successful and financially sustainable long into the future, that we have leaders who actively monitor and manage risk.





ANTHONY BICE: *What is your view on being a female CEO in the healthcare industry?*

EVELYN BOURKE: It's more unusual in insurance than it is in healthcare. As it happens, when you look at different markets across the world, there are actually quite a lot of female CEOs leading major healthcare businesses.

For me, being female has not really been an issue. It's not something I'm particularly conscious of. I think there is external interest because you are seen as a role model. But does it actually impact how I do my job? Absolutely not.

As it happens, I'm very encouraging of female talent. One of the things society hasn't yet absolutely worked out is how you support women in the workplace and ensure their progress. I think you have a lot of very talented women at the entry level into the workplace, but often after having families, they may end up giving up more of their career than their husband or partner does. This is still unsatisfactory from both a society and business standpoint, and we have to get smarter about this.

Mentoring is an area I feel strongly about. I believe more in informal mentorship where you cultivate relationships with people who are interested in supporting you and are also interested in your ideas. It's the kind of mentorship that is a two-way street. I have been very fortunate to have had some great mentors who have also become friends.

ANTHONY BICE: *How do you maintain a work-life balance?*

EVELYN BOURKE: For me, keeping weekends for my husband and family is really important. The other thing that's been just as important has been being building in more regular exercise into my life, something that I've grappled with for many years. How do you actually get the habit embedded into your routine, because that's the trick, isn't it? I finally came up with the answer by having an exercise bike at home, and getting up early in the morning to do half an hour on it. It gives me a great start to the day. Staying healthy, as well as managing my mental space, has been really important in maintaining a work-life balance.

ANTHONY BICE: *Finally, what would your advice be to a 25-year-old Evelyn Bourke, given where you are now?*

EVELYN BOURKE: I'd tell her to be keen to pursue new experiences, build relationships, always seek to learn, and never assume that you've mastered something. It's important to appreciate one's good fortune in life and not take anything for granted.

ANTHONY BICE: *Thank you, Evelyn, for taking the time to speak with us.*



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