

Re-engaging with the protection market

- *An overview of the UK protection market*
- *The growing use of technology in protection*
 - *What might the future hold*

- Mortgage adviser and trainee broker consultant (1993-2000)
- LifeSearch Senior Technical Adviser, Head of Protection Strategy, Director of Public Relations (2000-2008)
- Voted 2nd most influential person in UK protection industry, awards won for protection advice, PR and strategy (2003-2008)
- PruProtect Director of Protection Development (2008-2010)
- Voted 24th most influential person shaping the future of IFAs by Professional Adviser magazine (2011)



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Peter Le Beau, MBE
Co-Chairman



Andy Couchman
Co-Chairman



Kevin Carr
Chief Executive

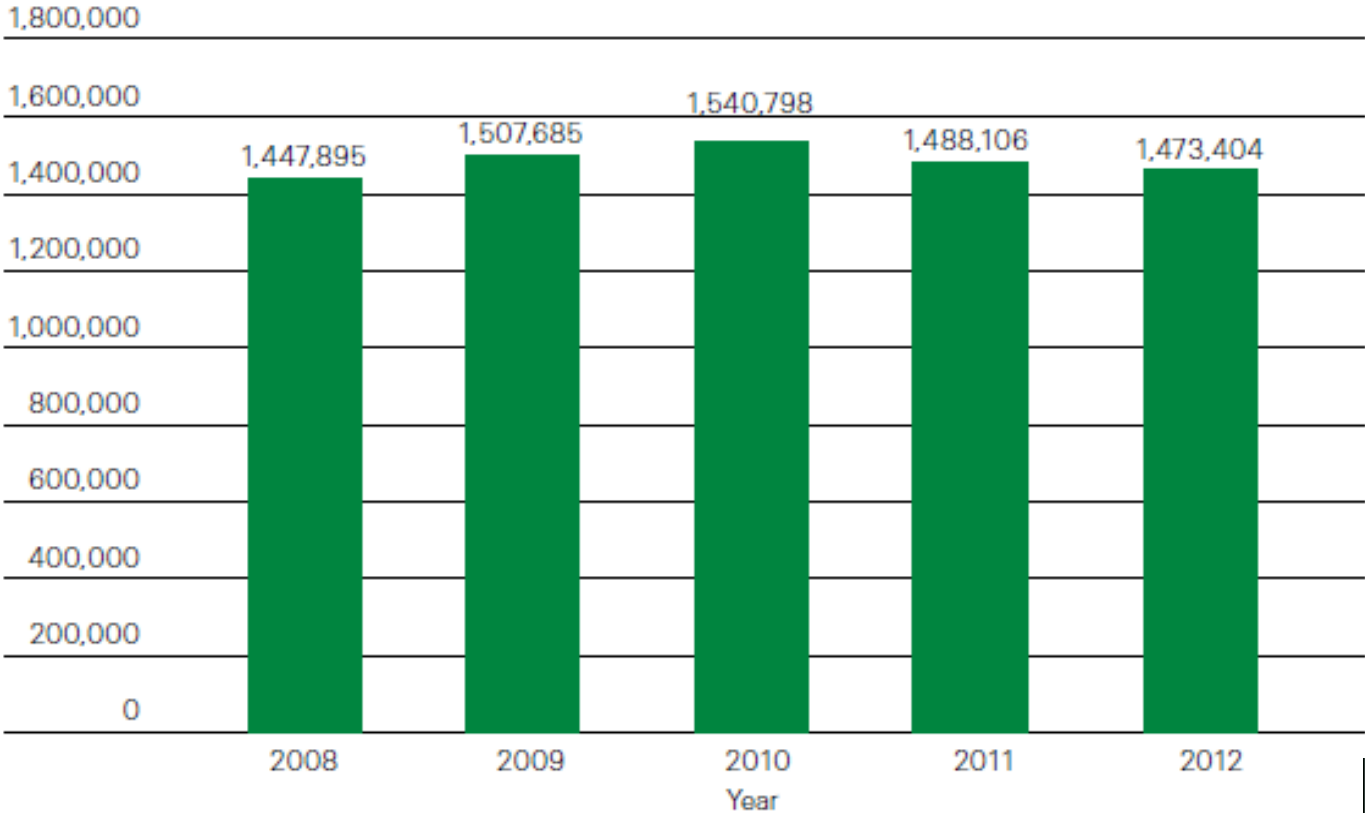
- *Conference , awards and dinner management*
- *IFA protection training, Media protection training*
- *Consultancy work in the UK and overseas*
- *Research & Surveys (inc The Syndicate)*
- *Writing articles and commenting for the media*
- *Product reviews*
- *Technology research*
- *Putting our monthly e-PR publication together*
- *And championing the cause for protection wherever we can*

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UK protection industry

Figure 2.1
Total new individual term sales including accelerated critical illness, 2008–2012,
by volume



Swiss Re Term & Health Watch 2012

Term assurance (including CI)

	Product provider	2012	2011
1	Legal & General	398,398	1
2	Aviva	309,309	2
3	Lloyds Banking Group	202,255	3
4	Friends Life	121,048	4
5	Royal London (Bright Grey and Scottish Provident)	103,226	5

Swiss Re Term & Health Watch 2012

Critical Illness

	Product provider	2012	2011
1	Legal & General	127,225	2
2	Lloyds Banking Group	120,949	1
3	Aviva	79,212	4
4	Friends Life	67,216	3
5	Royal London (Bright Grey and Scottish Provident)	43,440	5

Swiss Re Term & Health Watch 2012

IP

	Product provider	2012	2011
1	Lloyds Banking Group	23,152	2
2	Friends Life	18,008	1
3	LV=	17,091	4
4	Aviva	11,550	–
5	Legal & General	9,432	5

Swiss Re Term & Health Watch 2012

Whole of Life (inc. over 50s)

	Product provider	2012	2011
1	Sun Life Direct	165,290	1
2	Aviva	38,731	3
3	Lloyds Banking Group	38,394	2
4	LV=	30,854	4
5	Pruprotect	25,643	–

Figure 17

The journey of 100 life cover applicants



Red Declined

Orange Rated, not taken up

Dark Green Standard rates, policyholders beyond first year

Light Orange Standard rates, not taken up

Light Orange Standard rates, on books, lapse in first year

Light Green Policyholder who claims in first year

Light Orange Rated, policyholders beyond first year

Light Orange Rated, lapse in first year



Consumer research 2013



OVERALL RESULTS

- Almost 100 interviews
- 10 questions
- Feb, March, April 2013

1. Tell us briefly about your circumstances

2. In terms of life and/or health insurance, do you have anything in place? If so do you know what you have and roughly how much?

A. Apart from those who had nothing in place, not a single person interviewed knew the exact details of their cover

3. How does the answer make you feel?

I'm paying a lot of money for things that I may not use!!!

That I should be able to answer it in more detail and be aware of what cover I have and what I should have!

A bit rubbish. Like I am putting my children's future at risk.

Concerned

Fine / Ok / We have the cover we need

Whenever I think about money it actually physically makes my chest tight and sends me into a proper downer.

4. If you have bought cover,
how did you buy it?

A. Of those who have cover 60% said their main cover was associated with their bank or mortgage

A. This increases to 80% if Employer/Work is included

5. What things have or might put you off buying cover?

Reason	%
Cost	39%
Value	17%
Effort/Apathy/Lazy	15%
Process/Paperwork	14%
Don't need it	12%
Hard sell	3%

6. What things might make you more likely to buy cover?

A. Two thirds of responses including the word 'cost' and/or referred to affordability

A. Some talked about needing to be persuaded

A. Some mentioned the need for simplicity and removing the 'small print'

7. Roughly how much a month would you be willing to spend on life and health insurance?

The average across all numerical responses was...

£50.35pm

8. Overall what proportion of claims do you think are paid out each year?

The highest estimate was... **95%**

The lowest estimate was... **5%**

The average estimate was... **38%**

9. Which company or brand would you most associate with life and health insurance?

Company	%
Axa	32%
Aviva	29%
Bupa	25%
L&G	4%
Standard Life	4%
Prudential	4%
Scottish Widows	2%

10. Is life and health insurance something you would want to revisit and update regularly or get it done once and forget about it?

Revisit... 26%

Forget... **74%**



Association of British Insurers



Insurers paid £6 million every day in 2012 to help families deal with death, serious illness or injury

- ▶ 98% of life insurance claims paid
- ▶ 92% of income protection claims paid
- ▶ 91% of critical illness claims paid

Why are claims declined?

- ▶ Not meeting the definition
- ▶ Non-disclosure

4.16

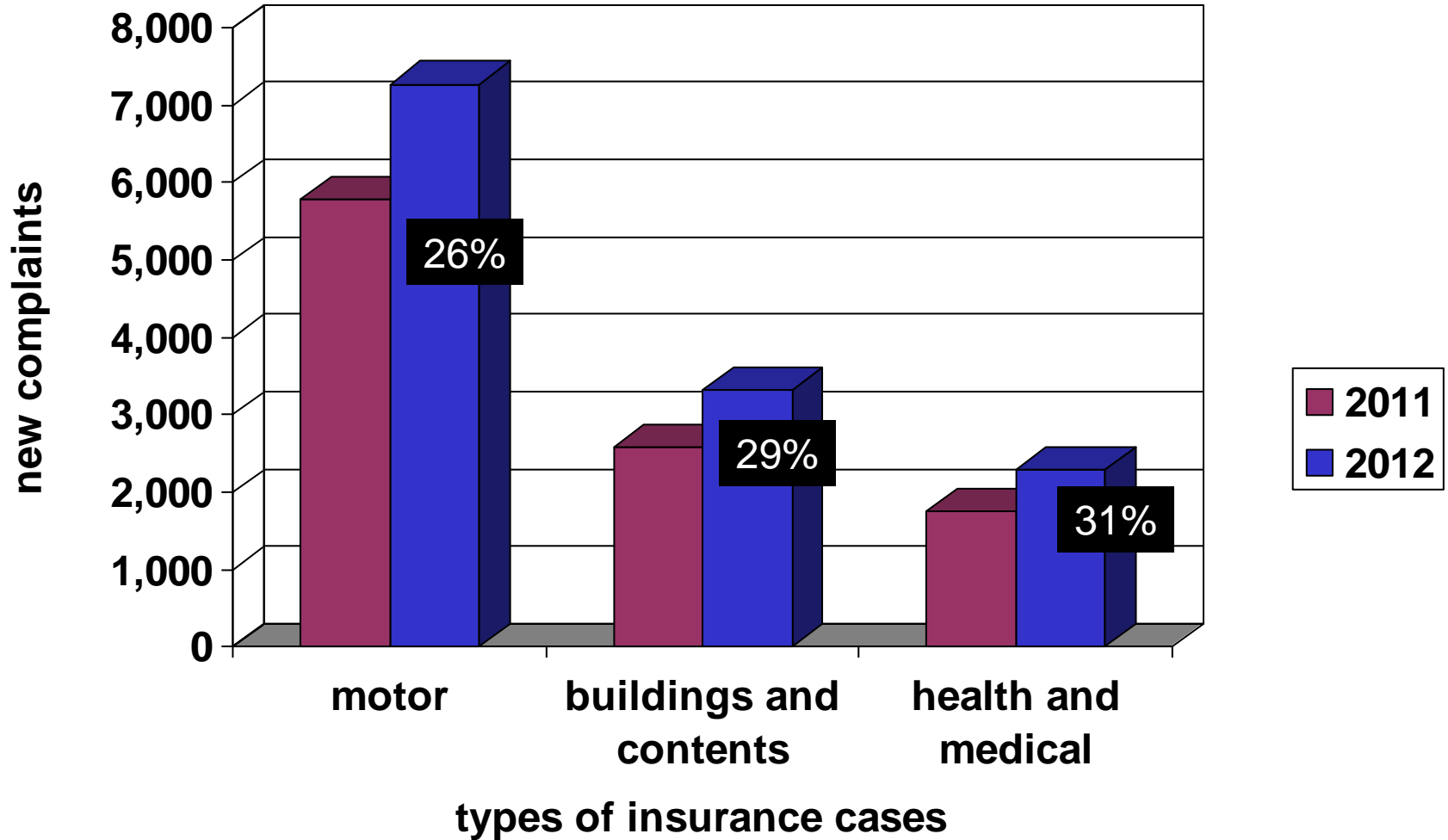
The ombudsman's long-standing approach to complaints about non-disclosure is a three-stage one:

- Was there a clear question, and was it answered incorrectly?
- Was the insurer induced?
- What kind of non-disclosure was it?



Financial
Ombudsman
Service

complaints breakdown



don't bring me down

% of cases that were upheld

product type	2010	2011	2012
motor insurance	38%	45%	49%
buildings insurance	43%	42%	50%
travel insurance	44%	42%	52%
contents insurance	38%	41%	52%
health insurance	35%	43%	40%

source: annual review 2012

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Does it pay out?

Critical Illness Cover Claims Paid	Aegon	Aviva	Bright Grey	Friends Life	Legal & General	LV=	Scottish Provident
1. Do you collate statistics for claims paid on Critical Illness policies in 2012? <input type="checkbox"/>	Y	Y	Y	Y	Y	Y	Y
1.1 What percentage of Critical Illness Cover claims were paid? <input type="checkbox"/>	91%	93%	93%	89%	93%	91%	93%
1.2 What percentage of Childrens Critical Illness Cover claims were paid? <input type="checkbox"/>	Less than 75%	83%	Less than 75%	Less than 75%		80%	78%
1.3 How many claims on Critical Illness policies were paid? <input type="checkbox"/>	331	1716	234	1556	3080	169	1060
1.4 What is the total value of claims paid? <input type="checkbox"/>	£20M>£25M	£130M>£140M	£15M>£20M	£120M>£130M	£200M>£220M	£10M>£11M	£90M>£95M
1.5 What percentage of claims were not paid due to the following: <input type="checkbox"/>							
1.5.1 Non disclosure? <input type="checkbox"/>	3%	2%	4%	3%	2%	2%	2%
1.5.2 Not being a valid claim? <input type="checkbox"/>	Less than 1%		Less than 1%				Less than 1%
1.5.3 Not meeting the claim definitions? <input type="checkbox"/>	6%	6%	3%	8%	5%	7%	5%
1.5.4 Other <input type="checkbox"/>	0%	0%	0%			0%	0%
1.5.4.1 If other please state reason for declining claim <input type="checkbox"/>		0					
1.6 How long on average did it take to pay a claim? <input type="checkbox"/>	Over 14 working days	Over 14 working days	Over 14 working days	Over 14 working days		Over 14 working days	Over 14 working days
1.7 What was the average age of male claimants? <input type="checkbox"/>	Age 48	Age 46	Age 45	Age 48		Age 49	Age 50
1.8 What was the average age of female claimants? <input type="checkbox"/>	Age 44	Age 43	Age 43	Age 46		Age 47	Age 46

Death:

1 in 12 (or 18 for females)

Serious illness:

1 in 5 (or 6 for females)

Off work 3mth+:

1 in 5

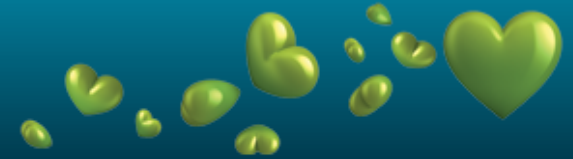
Euromillions:

1 in 76,275,360






Risk Reality Calculator

Find out what life may have in store for you



Find out what life may have in store for you

We all hear news of a friend or a relative who

-  is off work for a few months, or
-  has been diagnosed with a serious illness, or
-  has unexpectedly died.

It's shocking and all the more difficult to imagine it happening to us.

What are your chances? Are you prepared?

Enter just a few personal details to see the LV= risk reality calculator results for you.

This calculator uses **population and industry statistics** to give you a rough idea of the chances of one of the above events happening before your chosen retirement age. But remember, these results are only a guide and are not certain to happen. Everyone is different, as are their financial needs, which is why you should always talk to your financial adviser.

Your details:

Name

Age

Gender



Smoker



Retirement Age

 60

 65

 70

Partner details (optional):

Name


 60

 65

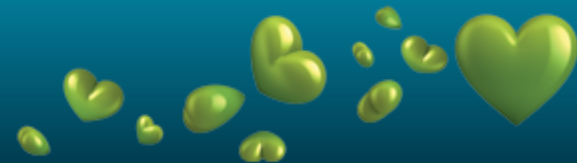
 70

[Calculate Risk](#)



Risk Reality Calculator

Find out what life may have in store for you



Results for Kev

Kev, here is what life might have in store for you before age 65

29% risk of being unable to work for 2 months or more [Shocked? read more](#) ▼

16% risk of suffering a serious illness [Shocked? read more](#) ▼

8 % risk of death [Shocked? read more](#) ▼

45% likelihood of any of the above happening [Shocked? read more](#) ▼

Recalculate your risks

Save and share your results

Print your results

Probable things happen.

Make sure you're financially prepared for them

Talk to your financial adviser now

Understand more about your results and what they mean:

UK's leading Experts in Critical Illness Insurance

[Why Critical Illness?](#)[Misconceptions](#)[Cause of Confusion](#)[The Best Plan?](#)

One of the most important financial decisions you will ever make for family

A critical illness, such as cancer, stroke or heart attack, affects one-in-four women and one-in-five men before they reach retirement age.

Having an appropriate critical illness plan can ensure that your mortgage and other debts can be repaid if a critical illness strikes you or your spouse.

Tax-free lump sum - Critical illness insurance will pay a tax-free lump sum if you are diagnosed with one of the conditions covered. As well as repaying the mortgage this can also be used to buy specialist private medical treatment, meet ongoing costs, pay for convalescence



Early stage cancers?

Carcinoma in situ of the Breast

Aegon	Lower of £20,000 or 20% of sum assured payable if mastectomy.
Ageas	Lower of £25,000 or 50% of sum assured payable if mastectomy, segmentectomy or wide local incision. Excludes Lobular Carcinoma in situ.
Aviva	Lower of £20,000 or 20% of sum assured payable if any surgery. Excludes Lobular Carcinoma in situ.
Bright Grey	Lower of £15,000 or 20% of sum assured payable if mastectomy, segmentectomy or lumpectomy or Quadrantectomy. Excludes Lobular Carcinoma in situ.
Friends Life	Lower of £12,500 or 12.5% of sum assured payable if mastectomy, segmentectomy or lumpectomy. Excludes Lobular Carcinoma in situ.
L&G	Lower of £25,000 or 25% of sum assured payable if any surgery. Excludes Lobular Carcinoma in situ.
LV=	Lower of £12,500 or 12.5% of sum assured payable if mastectomy, segmentectomy or lumpectomy or quadrantectomy.
PruProtect	25% of the sum assured payable if mastectomy. Excludes Lobular Carcinoma in situ.
PruProtect	10% of sum assured payable if lumpectomy, cystectomy or partial mastectomy. Excludes Lobular Carcinoma in situ.
Scottish Provident	Lower of £15,000 or 20% of sum assured payable if mastectomy, segmentectomy or lumpectomy or Quadrantectomy. Excludes Lobular Carcinoma in situ.
Skandia	Lower of £25,000 or 25% of sum assured payable if undergoing surgery to remove tumour.
Zurich	Lower of £15,000 or 20% of sum assured payable if mastectomy or lumpectomy.

Early stage cancers?

Early Stage Cancer of the Prostate

Ageas	Lower of £25,000 or 25% of sum assured – requires prostatectomy, external beam or interstitial implant therapy
Aviva	Lower of £20,000 or 20% of sum assured – requires treatment
Bright Grey	Lower of £15,000 or 20% of sum assured – requires prostatectomy, external beam or interstitial implant therapy
Friends Life	Lower of £25,000 or 25% of sum assured – requires prostatectomy, external beam or interstitial implant therapy
Legal & General	Lower of £25,000 or 25% of sum assured – requires treatment
LV=	Lower of £25,000 or 25% of sum assured – requires treatment
PruProtect	25% of sum assured paid on diagnosis
Scottish Provident	Lower of £15,000 or 20% of sum assured – requires prostatectomy, external beam or interstitial implant therapy
Skandia	Lower of £25,000 or 25% of sum assured – requires prostatectomy, external beam or interstitial implant therapy
Zurich	Lower of £15,000 or 20% of sum assured – requires prostatectomy, external beam or interstitial implant therapy

Carcinoma in situ of the Cervix Uteri – requiring hysterectomy

Friends Life	Lower of £12,500 or 12.5% of sum assured
LV=	Lower of £12,500 or 12.5% of sum assured
Skandia	Lower of £25,000 or 25% of sum assured



Policy Compare

Kevin McChadlin

Status: In Progress

[View Summary](#)

Client Details

Policy Select

Policy Compare

Condition Difference

Price Check

Policy Comparison

Male, 45 - 54, Smoker

(Including Child Cover)

[< Back](#)

[Save](#)

[Next >](#)

Show all comparison notes

A

B

DEC 2002 ^H
12/02 to 03/03

JUL 2012
07/12 to present

Total Score

21,094

20,613

Difference: **-481**

Click on conditions to select
Differentiating conditions

Select all
Differentiating
Conditions

Select all
Differentiating
Conditions

Accidental Hospitalisation

Aorta Graft



Aplastic Anaemia







Bacterial Meningitis

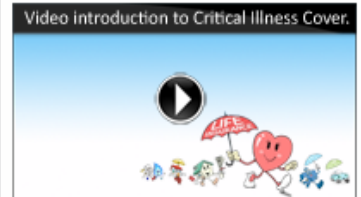


Your Results

Policy Type **Level Term Life Insurance** **Amount of Cover** **£15,000**
Critical Illness **Yes** **Length of Cover** **25 years**

Insurance Company	Monthly Premium	Policy Features ?	Why are we so competitive ?
	£10.88 Reviewable	<ul style="list-style-type: none"> ✓ Pays on Death (£15,000) ✓ All Core Critical Illnesses (£15,000) ✓ Children's Benefit (£7,500) ✗ Low Grade Prostate Cancer ✗ Testicular Cancer 	PROCEED ► <i>what happens next?</i>
	£11.00 Reviewable	<ul style="list-style-type: none"> ✓ Pays on Death (£15,000) ✓ All Core Critical Illnesses (£15,000) ✓ Children's Benefit (£7,500) ✓ Low Grade Prostate Cancer (£3,000) ✗ Testicular Cancer 	PROCEED ► <i>what happens next?</i>
	£11.32 Reviewable	<ul style="list-style-type: none"> ✓ Pays on Death (£15,000) ✓ All Core Critical Illnesses (£15,000) ✓ Children's Benefit (£7,500) ✓ Low Grade Prostate Cancer (£3,000) ✗ Testicular Cancer 	PROCEED ► <i>what happens next?</i>
	£11.81 Guaranteed	<ul style="list-style-type: none"> ✓ Pays on Death (£15,000) ✓ All Core Critical Illnesses (£15,000) ✓ Children's Benefit (£7,500) ✓ Low Grade Prostate Cancer (£3,000) ✗ Testicular Cancer 	PROCEED ► <i>what happens next?</i>

Critical Illness Cover?



Amend Quote

Cover type: ▼
Critical Illness: ▼
Cover:
Term: ▼ years

Without Critical Illness?

 prices from
£5.00

Price Check

We check our pricing regularly. Here are the results of our research last done on 03 Apr 2013

underwrite *me*



Who we are and what we do

Who we are

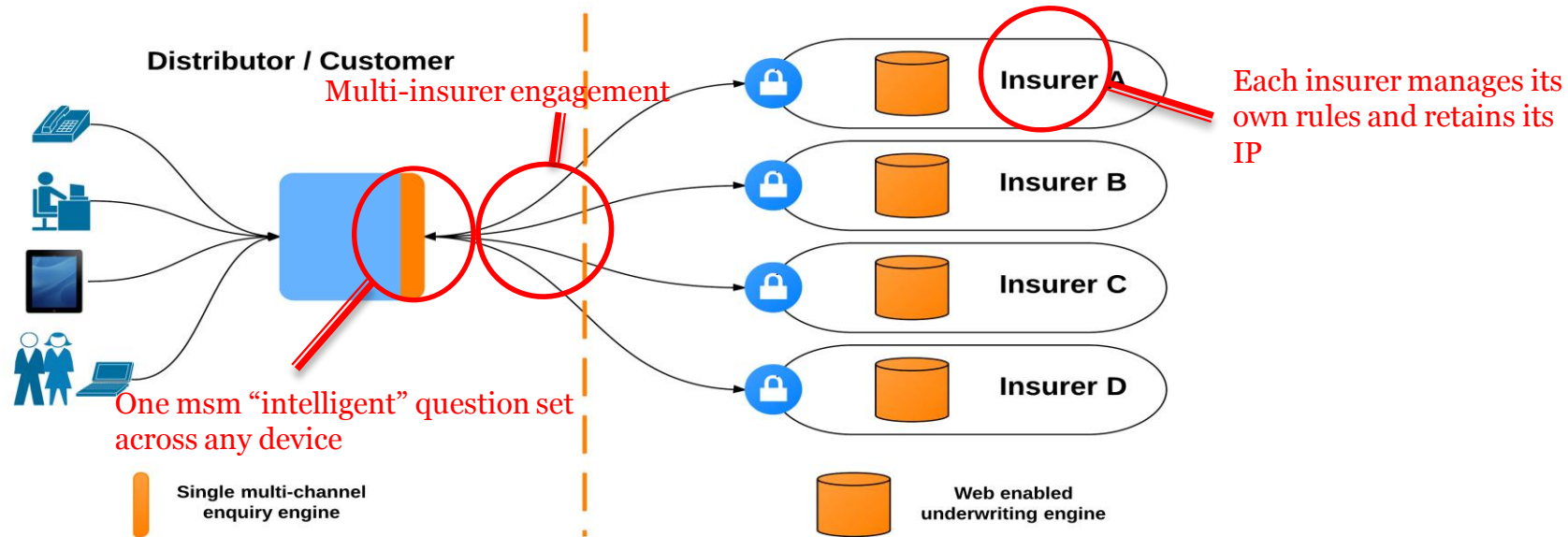
- An experienced and proven protection team
- Pacific Life Re is a controlling shareholder

What we do

- Our objective is to grow the protection market by making buying and selling easier, faster, fairer and more profitable
- To do this we have developed new web-enabled underwriting technology
- This enables advisers and customers to obtain underwritten comparisons of products and prices (just like GI and enhanced annuities)

How the Technology Works

We directly connect the distributor with all the insurer uw engines to give customers uw prices and immediate decisions



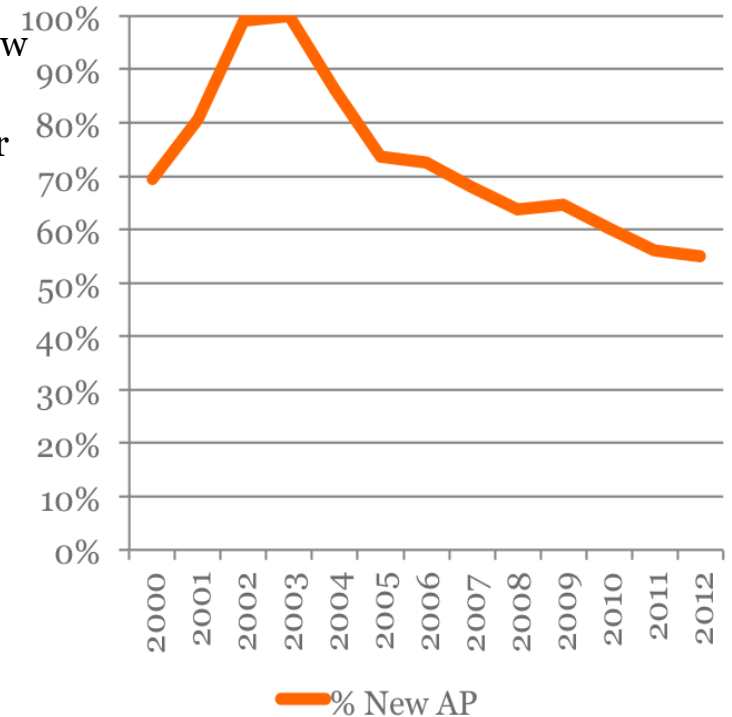
- ▶ We built a new web-enabled uw engine, as existing technology could not work
- ▶ Each insurer has its own uw engine and wires up its own rules with the same outcomes as they get now
- ▶ Intelligent reflexive questions ensure each insurer gets the data it needs for all conditions
- ▶ Consumers engage with multiple insurers through a single interface
- ▶ We obtain prices and IP decisions directly from participating insurers

The Future of Protection

Our best opportunity to grow the market

- ▶ This transforms the sales journey and customer experience
- ▶ Advisers have a simple way to compare products, features, uw prices and whether the sale can be completed immediately
- ▶ Advisers can recommend with confidence knowing customer expectations are managed
- ▶ Consumers compare real prices and can buy more quickly, increasing the % who complete
- ▶ This removes significant frictional costs across the value chain
- ▶ We expect this to increase all protection sales, including IP
- ▶ Distributors have been extremely positive – calling it game changing
- ▶ We are in active discussions with insurers

New AP (RPI adjusted from 2003)













Source: ABI

Quote+ Questions



What is your Height?	Please Select
What is your Weight?	Please Select
Smoking History?	Never smoked
Units of alcohol per week?	<input type="text"/>
Have you ever used or injected drugs that were not prescribed for you?	No
Have you ever tested positive for HIV, Hepatitis B or C, or are you awaiting the result of such a test?	No
Have you ever had a previous application for life insurance refused or had special conditions applied?	No
Do you take part in any hazardous pursuits?	No
Do you work in a hazardous occupation?	No
Do you work at heights of over 10 metres for more than 10% of your time?	No
Are you a sports or entertainment professional?	No
Have you ever suffered a serious illness or condition?	No
In the last 5 years have you seen a Doctor or Health professional other than in connection with a minor medical condition?	No
Have you had any medical conditions in the last year or are you awaiting a medical appointment or test?	No
Have any of your natural parents, brothers or sisters, before the age of 60, been diagnosed with or died from heart disease, angina, stroke or diabetes, any form of cancer, or any other inherited disease or disorder?	No

Result Status

	Provider	Premium	Status	Accptd < 1wk	Declined	S&P rating	Suicide exclusion period	
	Legal & General	£18.13	More information required	79%	4%	AA-	12m	Select
	Bright Grey	£18.64	More information required	44%	5%	A-	12m	Select
	Aviva	£18.87	More information required	66%	3%	AA-	None	Select
	Zurich	£19.00	More information required	59%	7%	AA-	12m	Select
	Ageas Protect	£19.01	More information required	77%	16%	N/A	None	Select
	Bright Grey Lifestyle Plus	£19.44	More information required	65%	19%	A-	12m	Select
	Liverpool Victoria	£20.92	More information required	53%	10%	N/A	None	Select
	Scottish Provident	£21.50	More information required	27%	3%	A-	12m	Select
	Friends Life Ind Protection	£21.89	More information required	41%	4%	A-	None	Select
	Pru Protect	£22.16	More information required	59%	7%	AA	12m	Select

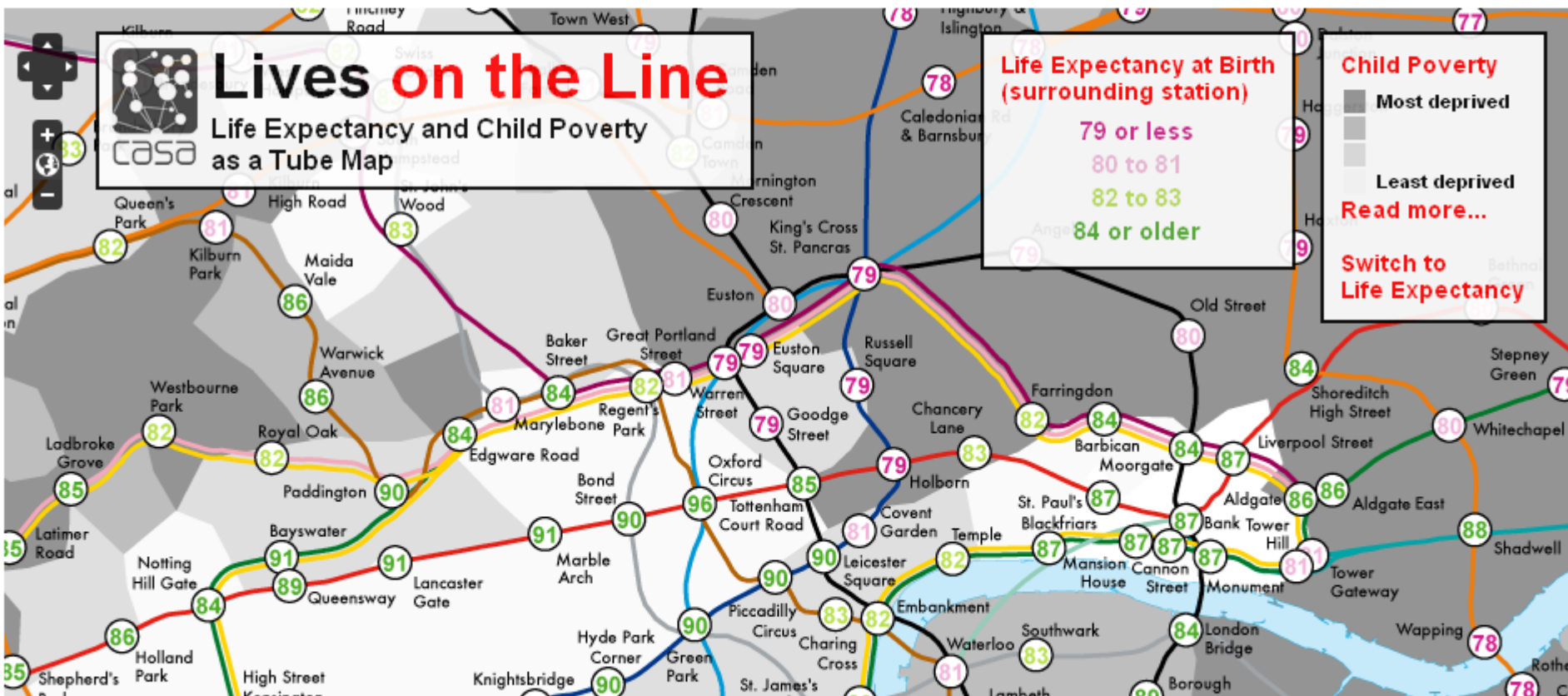
The Underwriting Categories given will be one of the following:

Good	Application likely to be accepted on standard terms
More Information Required	Subject to further details on application
Subject to Underwriting	Application will be referred to an underwriter or more information than a standard application will be requested, for example a GPR/SAR etc
Premium increase likely	On information disclosed a rating will be required
Declined	Application is outside normal acceptance criteria

HOME > HEALTH > HEALTH NEWS

Life expectancy by tube station: new interactive map shows inequality in the capital

A new interactive map plots life expectancy and child poverty by different London Underground stations, highlighting the wild differences in outlook between children born only minutes apart on the tube.





SHOP. HEALTH

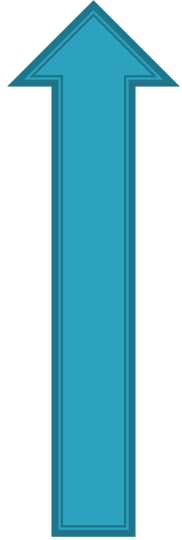
PROTECTION	POWER-UPS
STUNT DBL £105/day INACTIVE 1	MEDIKIT Regain health. £3,000
LIFE COVER £113/day INACTIVE 1	PARACHUTE Release later. £2,000
BALANCE £3,240	GLIDER Retain height. £1,500

MENU
CAREER
JUMP

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Trends



- ▶ Partial payments
- ▶ Straight through processing
 - ▶ Point of sale underwriting
- ▶ Greater transparency around claims
 - ▶ Own occupation for everyone?
- ▶ Advertising, social media, apps, tools

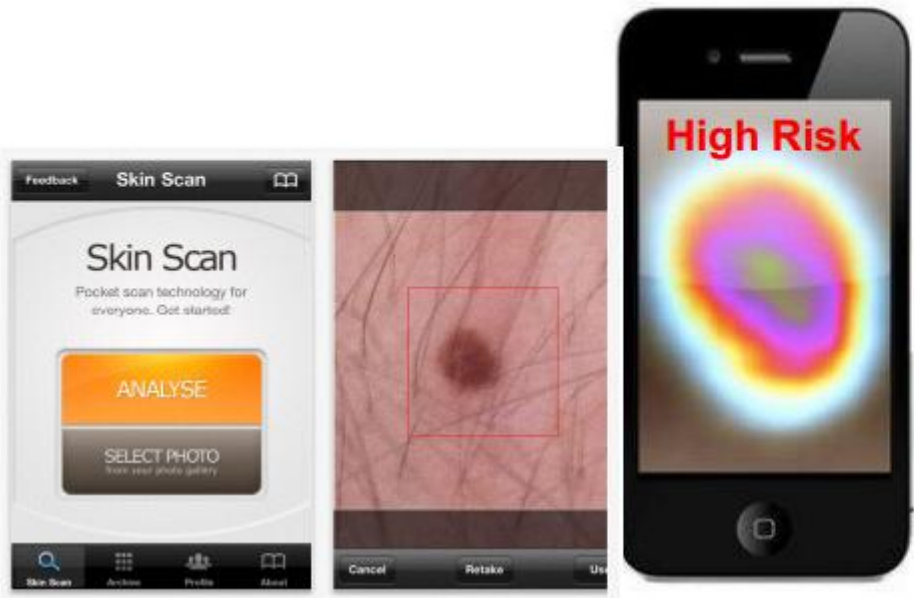
Product development?



Smartphone Exam



Home Testing Risk and Benefit



PVI

Parkinson's Voice Initiative

NOW AVAILABLE FOR IPHONE 5
ECG SCREENING MADE EASY
SIMPLE. POWERFUL. ACCURATE.

[LEARN MORE](#)



OraQuick Rapid Antibody Test
ADVANCE® HIV-1/2

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- *Thank you for listening...*
- *Any questions?*