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Life & Health Insurance
MARKET INSIGHT REPORT
2015 Q4

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Competitor Analysis

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Lowest Premium/ Highest Benefit	Middle Option/ Middle Benefit	Highest Option/ Lowest Benefit

Income Protection

	MSM		Confused		Go Compare		CTM		Family Insurance Services	
Lowest Price	£25.31	Realm	£31.00	Realm	£31.00	Realm	£25.31	Realm	£20.72	National Assurance
2nd Lowest Price	£25.37	FirstCall Payment Protection	£31.82	Homeowner Income Protection	£31.82	Homeowner Income Protection	£26.86	Assurity	£25.31	Realm
3rd Lowest Price	£27.38	Payment Care	£39.26	British Insurance	£39.26	British Insurance	£33.24	Payment Care	£26.86	Assurity
Number of insurers	8		6		6		12		13	

Income protection, covering £1,000 per month, for 12 months, for accident, sickness and unemployment with a 30 day excess for an employed 29 year old male, earning £40k per year living in GL52.

Private Health Insurance

	MSM		Confused		Go Compare		CTM		Family Insurance Services	
Basic Cover hospital treatment	£30.53	Vitality	£11.69	WPA	£11.69	WPA	£16.74	Aviva	£11.69	WPA
Mid-range Cover	£45.03	Vitality	£30.95	Aviva	£30.95	Aviva	£30.95	Aviva	£30.95	Aviva
Fully Comprehensive Cover	£70.09	Vitality	£44.22	Aviva	£44.22	Aviva	£51.94	General Medical	£44.22	Aviva
Number of Insurers	6		12		12		12		12	

PMI prices based on 35 year old male, non-smoker living in GL7, with an excess of £250.

Life (Term)

	MSM		Confused		Go Compare		CTM		Family Insurance Services	
Lowest Price	£10.67	Aviva	£9.83	Admiral	£10.46	L&G	£10.35	Beagle Street	£7.80	AIG
2nd Lowest Price	£10.74	Beagle Street	£10.69	L&G	£10.79	Aviva	£10.62	L&G	£11.03	L&G
3rd Lowest Price	£10.85	LV=	£11.15	LV=	£10.97	Beagle Street	£11.05	AIG	£11.18	Aegon
Number of Insurers	9		11		8		8		9	

Life (Term) prices based on 35 year old male, non-smoker, living in GL7, covering £200,000, over 20 years with a fixed premium.

Life (WOL)

	MSM	Confused	Go Compare	CTM	Family Insurance Services	
Lowest Price	N/A	N/A	N/A	N/A	£7.93	AIG
2nd Lowest Price	N/A	N/A	N/A	N/A	£8.00	Vitality
3rd Lowest Price	N/A	N/A	N/A	N/A	£8.20	Old Mutual
Number of Insurers	0	0	0	0	8	

Life (WOL) prices based on 45 year old male, non-smoker, living in GL7, covering £10,000.

Over 50s

	MSM	Confused		Go Compare		CTM		Family Insurance Services	
Highest Cove	N/A	£5,605	One Family	£5,217	Shepherds Friendly	£5,605	One Family	£5,605	One Family
2nd Highest Cover	N/A	£5,502	Shepherds Friendly	£5,010	AIG	£5,502	Shepherds Friendly	£5,502	Shepherds Friendly
3rd Highest Cover	N/A	£5,277	AIG	£4,823	L&G	£5,277	AIG	£5,277	AIG
Number of Insurers	0	5		4		6		6	

Over50s prices based on 60 year old, non-smoker, male, living in GL7 choosing a premium of £20 per month with a 24 month wait period.

CRITICAL ILLNESS VERSES PROTECTION INSURANCE

The mainstream press frequently reports on disappointed claimants, thinking they are able to claim on insurance policies to subsidise their income when they become ill with a long-term illness only to find they are apparently not insured. More often than not, the client believes they have a policy which will provide a payout to cover their monthly financial commitments (an income protection policy) but in reality they have in place a critical illness policy which only covers a specific list of conditions of which they are not suffering from.

When hearing of these cases, as brokers, we more often than not conclude these individuals have bought the wrong type of policy because they have either not been told, or not fully understood the difference between critical illness cover and income protection insurance. It's a common mistake for individuals to purchase one or other of these policies but in reality they often work well together and complement each other to cover all eventualities. However, the statistic that you are up to 26 times more likely to be incapacitated and off work for six months than you are to die before the age of 65 is a compelling one for IP. The irony is that without an income, life and critical illness policies are often cancelled. With an income protection policy, these outgoing costs could be met and the other policies could also remain in place.

There are currently 2.2 million people in the UK who are out of work and will be for six months or more. That's one in every 14 people

of the UK's current work force of 30.8million people which equates to two people in the average school class - the work force of the future. L&G reports in its annual Deadline to the Breadline that on average, people's savings would last just 29 days. There is clearly a need for policies which cover regular financial commitments if and when required.

In a move to improve the products themselves, many providers of critical illness policies have recently started to enhance their offering by increasing the list of diseases covered. At Assured Futures, after identifying a gap in the market, we have developed our own insurance product National Assurance. This combines mortgage protection cover with an income protection policy at a reasonable price so a household's main expenses can be covered in a cost effective way.

As an industry, we should be taking responsibility for change in public perception and comprehension of these different policies. There have been obvious campaigns like Seven Families and moves to change the labels these policies have following the mis-selling of PPI policies by some financial institutions but individual advisers should understand the impact to clients of purchasing the wrong policy and should ensure that clients fully comprehend the differences within the policies so that they go on to make the right purchase or purchases for their needs.

Key Facts:

Critical Illness Cover

- Pays out a lump sum
- Payment is made and policy is then terminated if policyholder is permanently or terminally ill
- Only covers certain pre-determined illnesses and has exclusions for pre-existing conditions
- Designed to cover living expenses and/or costs of home alterations (ramps, hoists, nursing care etc.)
- £25 a month would provide a lump sum of £75,000.

Income Protection

- Monthly payments for duration of claim
- Unlimited claims can be made until the policy ends or retirement reached, whichever is first
- Designed to cover living expenses (mortgage payments, bills, food etc.) while policyholder is unable to work
- £25 would provide £1000 for up to 12 months per claim.

Sources: Department of Work and Pensions; L&G

CUSTOMER CASE STUDY - SERVING OUR CUSTOMERS

Customer Request

A client of our general insurance branch in Ipswich was transferred to us following his discovery of paperwork at his elderly aunt's house for an investment policy which was in both her name and that of her accountant. This rang alarm bells with the client as he was unaware his aunt had an appointed accountant and, as she was unwell and had signs of early stage Alzheimer's disease he was concerned the policy was not made in her best interests. He called us for advice on how to best proceed as he believed life insurance and investment policies to be linked and had purchased his own life insurance policy through us.

ADVISER'S STRATEGY:

Although we do not deal with investment funds, I knew we could help this client. His instinct was right and my knowledge of these policies is that it is highly unusual for accountants to be a beneficiary.

Having listened to the client and asked a few questions about the policy and his aunt's situation.

- I firstly advised him to seek Power of Attorney (POA) as he was her next of kin
- I gave him contact details of someone in the correct department within the FCA to speak to
- He could, if the FCA confirmed his suspicions, then contact Action Fraud.

Following up two days later he told me the FCA had confirmed the attributed "accountant" was not registered with them and they would look into it. He had contacted Action Fraud and the police were now involved. He said the Local Council had appointed a social worker and he had submitted his application for POA.

He was very grateful for our assistance in this matter especially as strictly speaking, it was outside of our remit. Although, for me, it was a customer service issue - so entirely within our remit.

Customer Comment

"Thanks to the knowledge of the Assured Futures adviser I saved my aunt from becoming a victim of a scam. Without their insight into the nature of these investments [in normal circumstances] and the subsequent procedures I needed to follow, things could have been very different.

Thank you Assured Futures, you told me what to do and also called to check that it had been resolved. You genuinely seemed to care, just as I was losing faith in the financial services industry"

EVENTS AND INFLUENCERS FOR THE PROTECTION INDUSTRY 2016

To ensure our advisers are able to provide customers with the best possible advice on the products which are most suitable for them, we understand they not only need to have up-to-date product information but also require a much wider knowledge base. For us, this includes industry developments, an awareness of medical conditions, knowledge of benefits and government allowances and - in order to empathise with clients and their circumstances - the impact accidents and illnesses can have on individuals and families. This insight allows us to build trust with our clients and adds value to our service. We'll be looking out for the anticipated report from Macmillan on UK financial protection provision due for release at some point this year. We're also aware the ABI and Money Advice Service are working together to promote protection needs.

Here are a few of the events and key influencers coming up this year:

2016 Events Calendar

January	February	March	April
TBC - Syndicate release their protection thought leadership piece	1st-28th National Heart Month www.bhf.org.uk 4th World Cancer Day 5th British Heart Foundation Wear It Red Day	1st-31st Ovarian Cancer Awareness Month, Prostate Cancer Awareness Month, Brain Tumour Awareness Month, Free Will Month 3rd-9th Endometriosis Awareness Week 9th No Smoking Day 14th-20th Brain Awareness Week 16th The Budget TBC - LV= due to release annual Cost of Raising a Child and Value of a Mum Report	1st Phase 1 change to Support for Mortgage Interest Benefit 6th changes affecting pensions, earnings and working age welfare come into effect 1st-30th Bowel Cancer Awareness Month 18th-24th Parkinson's Awareness Week 25th-1st May MS Week TBC - Aviva due to release personal protection MI report
May	June	July	September
1st-31st Stroke Awareness Month 2nd-8th Deaf Awareness Week 5th Scottish parliamentary election. 7th World Ovarian Cancer Day 9th-15th Dying Matters Week 9th-15th Huntington's Disease Awareness Week 10th World Lupus Day 15th-21st Dementia Awareness Week	16th-22nd Mental Health Awareness Week 17th World Hypertension Day 23rd-29th Children's Hospice Week 24th Industry event - Joint Cii and Seven Families protection conference 26th-1st June National Family Week TBC ABI expected to release Protection Claim stats for 2015	5th National Cancer Survivors Day 6th-12th Carers Week 7th-15th British Heart Week 13th-19th My Money Week 13th-19th Men's Health Week 14th-20th Diabetes Week	10th Disability Awareness Day 14th Protection Review Conference TBC Seven Families Project ends and learning will be shared via trade media TBC - FCA annual meeting TBC Exam results & Uni application issues in the media along with cost of raising a child comment etc.
October	November	December	
1st-31st Breast Cancer Awareness Month 1st-31st Lupus Awareness Month 7th-11th Back Care Awareness Week 10th World Mental Health Day TBC Stand Up To Cancer TBC Cover Summit	1st-30th Movember 1st-30th Lung Cancer Awareness Month 1st-30th Pancreatic Cancer Awareness Month 14th World Diabetes Day TBC TISA conference, protection will feature for first time TBC ABI Conference TBC Financial Planning Week TBC Government Autumn Statement	1st World Aids Day 3rd Small Business Saturday	

ADDRESSING THE INCREASE IN RATING PROTECTION POLICIES

A decade ago, only 1 in 10 life insurance policies were rated, it now stands at 1 in 4. According to one report in Cover these figures are similar for critical illness and income protection policies.

The main reasons for the increase in rating are:

- Health and fitness – despite advancements in medical science and more treatments and cures being available, we are an increasingly unhealthy nation with conditions like obesity and diabetes amassing quickly. There is also an increase in stress related and mental disorders resulting in raised levels of claims for these conditions. This in turn results in insurers addressing these matters in their policies and either excluding them or increasing premiums as a consequence
- Application process – as on-line technology advances, the efficiency of applications has improved however the questions and criteria for applications have evolved accordingly. Questions are now designed to gather more and specific information. The answers are then used to rate customers

Addressing these issues with a price war however, is not a sensible one. No-one wants to over pay but gaining client's attention with low prices which turn out to be unrealistic is perhaps foolish and verging on immoral. We address the issue of the price difference with our clients immediately to ensure they are treated fairly and understand the limitations of the quote process.

Short term solutions like including BMI in standard quotes and showing potential clients how many clients within their age bracket were actually offered a policy at that price could work but would probably be counter-productive and put off more clients than it would encourage to go on a purchase. Our conversion rate of 45% (contacted enquiries vs sales) demonstrates that being up-front with clients when they are on the phone, following an on-line quote is working for us. However the situation is not ideal if the image of IP products is to change for the better.

Underwriteme.co.uk, a new system which is currently being tested, offers clients realistic, rated prices, quickly. As a leading broker, we are focused on offering our clients the best service possible and will be adopting this software when it becomes available to us later this year.

We hope 2016 is the year in which income protection finally becomes understood and seen as a necessary as home and car insurance.

TODAY IN THE UK

 Over **1,346** people will die

More than **1.57 MILLION** people are claiming Jobseeker's Allowance

2.2 MILLION people of working age will be off work for at least six months at any one time 

More than **3.2 MILLION** people are claiming Disability Living Allowance 

More than **2.56 MILLION** people are claiming Incapacity Benefit/Employment and Support Allowance 

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OUR CORPORATE BRANDS



AWARDS



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