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Life & Health Insurance
MARKET INSIGHT REPORT
2015 Q1

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Competitor Analysis

Income Protection	MSM		Confused		Go Compare		CTM		Family Insurance Services		
	Lowest price	£24.50	Realm	£26.40	helpucover	£26.40	helpucover	£24.50	Realm	£18.93	National Assurance
	2nd Lowest price	£24.56	FirstCall Payment	£30.00	Realm	£30.00	Realm	£26.00	Assurity	£24.50	Realm
	3rd Lowest price	£26.40	helpucover	£30.80	Home Owner	£30.80	Home Owner	£26.40	helpucover	£26.00	Assurity
	Number of insurers	9		8		8		12		12	

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 Medical Insurance	MSM	Confused		Go Compare		CTM		Family Insurance Services		
	Basic Cover hospital treatment	N/A	£33.90	AXA PPP Healthcare	£33.90	AXA PPP Healthcare	£8.81	General Medical	£8.81	General Medical
	Basic cover diagnostics	N/A	£19.31	Simply Health	£19.31	Simply Health	£18.37	Aviva	£18.37	Aviva
	Mid-range cover	N/A	£33.18	Bupa	£33.18	Bupa	£23.51	General Medical	£23.51	General Medical
	Comprehensive cover	N/A	£38.47	General & Medical	£38.47	General & Medical	£33.15	General Medical	£33.15	General Medical
	Number of insurers	N/A	11		11		13		13	

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

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

	MSM		Confused		Go Compare		CTM		Family Insurance Services		
Life (Term)	Lowest price	£10.82	Beagle Street	£11.26	Beagle Street	£10.87	Beagle Street	£10.87	Beagle Street	£11.49	Aviva
	2nd Lowest price	£11.16	LV=	£11.79	LV=	£11.30	LV=	£11.30	LV=	£11.55	L&G
	3rd Lowest price	£11.48	L&G	£11.95	L&G	£11.81	L&G	£11.81	L&G	£11.79	Zurich
	Number of insurers	5		10		9		5		8	

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

	MSM	Confused	Go Compare	CTM	Family Insurance Services	
Life (WOL)	Lowest price	N/A	N/A	N/A	£10.00	Aegon
	2nd Lowest price	N/A	N/A	N/A	£12.18	Zurich
	3rd Lowest price	N/A	N/A	N/A	£14.13	L&G
	Number of insurers	0	0	0	0	8

Life (WOL) prices based on 35 year old male, non-smoker, living in GL7, covering £10,000.

	MSM	Confused		Go Compare		CTM		Family Insurance Services		
Over 50s	Highest cover provided	N/A	£5,502	Shepherds Friendly	£5,217	Shepherds Friendly	£5,502	Shepherds Friendly	£5,502	Shepherds Friendly
	2nd Highest cover provided	N/A	N/A	N/A	£5,165	AIG	£5,440	AIG	£5,440	AIG
	3rd Highest cover provided	N/A	N/A	N/A	£4,726	L&G	£5,393	Engage Mutual	£5,393	Engage Mutual
	Number of insurers	0	1		4		6		6	

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

NATIONAL ASSURANCE

Assured Futures Limited (AFL) is launching a new insurance brand *National Assurance* next month. This exciting new brand will provide protection insurance products with unique selling points to fill a gap in the market identified by advisers at AFL following conversations with clients.

The protection insurance products will be sold through AFL's own websites; nationalassurance.co.uk and the broker brand website for Family Insurance Services as well as through AFL's aggregator partners.

The products are the result of collaboration between underwriters Alpha and April UK; administrators Trent Services and distributors Assured Futures Limited.

Overview

The products themselves focus on areas of protection insurance

- Income or earnings protection
- Private medical insurance
- Over 50s life insurance.

The **income protection** product offer is something new to resolve issues clients were faced with e.g.: expensive short term income protection to cover a mortgage, financial commitments and general lifestyle expenses.

- Takes the current Short Term IP model and creates a hybrid between Income Protection and Mortgage Protection removing the need for two separate products and the limit of cover on Mortgage Protection.
- Separate premium ratings are gathered then converted into one product, providing greater flexibility at a lower cost.

Private medical policies include the second opinion service Best Doctors as standard as well as a straight forward pricing structure and easily adapted features to increase suitability to lifestyle or reduce monthly premiums

Over 50s life insurance policies, provided by AIG, also include the Best Doctors second opinion service and can be paid directly to a funeral service provider to make the transaction easier for the beneficiaries.

Example Policy

Client X requires Mortgage Payment Protection and some money to cover bills and living expenses for his wife and family.

Client X Financial Commitments:

Mortgage	£800
Utility Bills	£100
Council Tax	£120
Nursery Costs	£150
Car loan	£70
Commitments	£440
Food	£150
Petrol	£50
Fun	£60
Extra Expenses	£260
TOTAL cover required	£1,500
NATIONAL ASSURANCE PREMIUM:	£29.70

Client X Cover Details:

Client:	X
Age:	35
Cover:	AS&U
Excess:	30 days
Benefit period:	12 months

In this example, this risk would usually have to fall under an income protection plan and not a cheaper mortgage plan because the extra cover risk is greater than the usual limit of mortgage +25%. But National Assurance charges each portion at the different appropriate rates then wraps them into one simple policy.

Good mortgage risks therefore do not get penalised for arranging the right cover.

Equivalent rate from Helpcover:	£44.10
Equivalent rate from British Insurance:	£66.70
Equivalent rate from IRESS/Exweb:	£45.51
Equivalent rate from The Source:	£88.60

(Examples correct as at 28 April 2015)

Comments:

- Managing Director of AFL Ian Sawyer commented “as brokers, working closely with our clients, we noticed gaps in the market leaving people without satisfactory products. As a result, we decided to create suitable products ourselves to fill these gaps”.
- “The income protection product is unique because it responds to our clients’ specific demands. We’ve been advising them for years to protect their mortgages and incomes, now they can do both in a cost effective way. That’s very satisfying”. Linsey Sutton, Head of Income Protection at AFL
- Richard Kerton, Head of Health Insurance at AFL confirmed “Our clients needed a product with inclusions and exclusions that were clearly defined and with monthly premiums which could be adapted to suit their individual needs. The mid-range, unusually, has two consultations as well as all tests and scans covered – a provision which is excluded or limited by most providers at the mid-range price bracket. All policies also include the second opinion service Best Doctors – a service we’re seeing increase in demand”.

VIRTUAL GP SERVICE – THE FUTURE OF PMI?

When speaking with customers who are thinking about purchasing a private medical insurance (PMI) policy, one comment is heard time and time again. The ability to see a GP quickly - namely on the same day as symptoms occur. We estimate at least 65% of our clients comment on this and have seen an increase in sales of policies that included access to some sort of GP support service. The level at which a GP can be accessed varies from provider to provider and ranges from a GP phone service to a private GP service via face time type service. For example AXA PPP provides a 24 hour phone service to a range of qualified doctors and experts including GPs.

Our long established relationships with insurers enabled us to address this issue directly with the policy makers and they are now beginning to respond. Aviva were the first to establish a provision of this nature and subsequently provide their customers with access to Babylon. This is an app which provides Aviva customers with “the world’s first integrated digital healthcare service”. That is, an almost instant smartphone face time or skype GP appointment system, which has the ability to issue prescriptions when appropriate or make a referral to a specialist consultant.

How It Works

The Babylon app is a feature of Aviva group PMI schemes and can be added to personal policies too at a small monthly payment – currently £4.99.

It’s a simple process with the following features:

- Use an app to arrange for a phone or video consultation, at a time suitable to the patient.
- The doctor will then listen and look carefully to make a diagnosis then either make a referral and/or order diagnostic tests or issue prescriptions which can be sent electronically directly to a pharmacy of your choice for collection or delivered directly to you.
- If an answer to a simple health query is all that’s required, clients can send a text using the in-app messaging service for a fast and informative response.
- Consultation records are automatically stored - even phone calls and videos - so they can be referred to at any time.

Assured Futures' Richard Kerton, Head Of Health Insurance, gives his view:

- Several insurers have followed suit and are also now either in the process of, or have recently put in place similar systems. It's a fantastic example of market demand gaining results to improve their product and service.
- Some of these service suppliers are working with the NHS too and will have secure access to each user's medical records making it a truly integrated medical service which benefits the policy holders and eases pressure on the currently over-stretched NHS GP service.
- Some insurers are also rolling out the service to other types of insurance policies. Exeter Family Friendly provides a virtual GP service to those with income protection policies as well as to PMI policyholders.
- Our research has also shown that the typical PMI claimant is a 49 year old woman requiring a hysterectomy. We are also aware that the demographic studies of those seeking a second opinion are young and middle aged women. This correlation presents a market opportunity which is now, gradually, being fulfilled.
- Online services like Ask-A-Doctor provide a question and answer written dialogue which is accessible to all, fast and user friendly. However it does not offer any visual capacity so the doctors are unable to see the patient and make an assessment of a specific issue. They are also unable to issue prescriptions so while some queries can be resolved quickly; there are limitations to this service.

EY'S GLOBAL INSURANCE OUTLOOK 2015

As the financial year gets under way, EY's Global Insurance Outlook 2015 has some interesting insights. The authors observe that while this year may be one of slow growth and low interest rates there are still opportunities. Shaun Crawford writes "the focus of insurers in 2015...is "technology." Many insurers are investing in digital platforms that strengthen their relationships with customers [and] empower both businesses and consumers to better shop for insurance, making products more transparent, easier-to-understand and compare." In turn the predicted "spend trend" in 2015 will be on cyber security.

With specific reference to protection insurance, it's cited in the report that an "Increased awareness of natural catastrophes will continue to boost demand for protection products". Whilst this may be true for some countries, this is not a driver in the UK.

Key Findings

- Insurers will need to make better use of the data they capture in order to personalise products and services
- One industry analysis predicts that digital interactions with financial services organisations will outnumber face-to-face by 250 to 1 by 2016 and mobile interactions will outnumber calls by 30 to 1.
- The challenge for insurers is to differentiate their offerings from what is already available and to come up with products that customers want to buy at key points in the life cycle
- Regulatory initiatives will require greater transparency regarding the information provided to customers, revisions to relationships with distributors and greater governance and oversight over new and existing products.

Comments

Head of Business Development at Assured Futures, Richard Seaman, shares his thoughts

- We are also working on our customers' digital body language which will enable us to have greater insight into their individual insurance interests and online purchase behaviours. We'll then use this to ensure we offer our customers insurance advice and a point of sale which is most suitable for them.
- The report confirms the need to better educate customers about insurance products. We whole heartedly agree! We have, in previous Market Insight Reports, made note of this point and are involved in the 7 Families initiative which is making progress to advance knowledge of the benefits of income protection. However, perhaps impartial information on protection insurance benefits is needed too.
- Innovation and development should also apply to products. Virtual GP appointments are gradually becoming more prolific and insurers, like Vitality Life & Health, are linking biometric risks such as health with mortality exposure to their product pricing structure. Incentives are offered to policyholders who share health and fitness information via apps and wearable devices proving their mortality risk is low or reducing.

Customer Case Study:

Customer Request: My client had been a serving soldier on the front line in Afghanistan until he was struck by an improvised explosive device (IED). His list of injuries was horrific and he had spent years in rehabilitation. Since being medically discharged from the Army he had no income or payment cover. He is currently an agency worker but without sick pay, so wanted to ensure his mortgage, car loan and ultimately his family, were protected.

Adviser's Tips:

- This client believed payment protection policies were necessary in his circumstances but would be prohibitively expensive and he had been declined PHI cover by insurers previously.
- Our extensive range of providers and products led me to April UK. I knew they had a flexible approach to accepting those that have been rejected by other insurers.
- These policies also include the Best Doctors service. As these are not moratorium in their underwriting, pre-existing conditions would be included. This meant the client was able to make use of the Best Doctors second opinion service and then decide on any treatment he may need, even if originated from one of the injuries he endured while serving in the army.

Customer Comment: "I've learned not to give up hope since suffering life changing injuries. Edward took this mantra on and ran with it until I had an insurance policy which suited me at a price I could afford."

Today In The UK

- Over 1,346 people will die
- 2.2 million people of working age will be off work for at least six months at any one time
- More than 1.57 million people are claiming Jobseeker's Allowance
- More than 2.56 million people are claiming Incapacity Benefit/Employment and Support Allowance
- More than 3.2 million people are claiming Disability Living Allowance

Awards



Please note the above represents the views of the authors only and does not constitute insurance advice.

Assured Futures Ltd is authorised and regulated by the Financial Conduct Authority (FCA).

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