Life: onwards and upwards?

Jo Miller

It's been a busy and turbulent few years for the term insurance market with RDR, gender pricing and changes to taxation, and the impact of these changes has been much anticipated and analysed. At last it would seem, the situation is calmer, and the scene should be set for the market to progress without further intervention and disturbance. That is the optimistic view. With a new Government, a regulator keen to focus on vulnerable customers and resilience, and the introduction of auto-enrolment, there is a real part for the protection industry to play. But it needs to do this as part of an integrated financial planning solution, not as an outlier, bought serendipitously by those with discretionary income.

So what does the future hold for the life insurance market? Will it still represent an easy sell in terms of protection or will the bad press for Over 50s products tarnish the market as a whole? We garnered opinion from around the market to gauge expectations from those with an insider's view.
While there is less 'noise' and anticipation of changes in store for term insurance, pensions has, on the other hand, been headline news recently, with new pensions freedoms being announced and a focus on retirement planning. We asked our commentators whether the protection market was being overlooked in favour of pensions and if so, what could be done about it?

Mark Anders of Friends Life felt that the protection market could actually benefit from the changes to pensions, as it would encourage those who were thinking about retirement to consider planning their finances in a broader sense. For others, there would be little impact, he suggested:

> *"The pension freedoms that have been introduced and the associated regulatory and legislative changes have undoubtedly created a lot of excitement and activity for providers and distributors. It has also brought a sharp focus for those thinking about retirement in the near future. The requirements around pensions advice and guidance should actually mean more consumers are getting financial advice in some capacity. This may create more opportunity for looking at protection needs.*
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> *In the core protection markets such as protection to support house purchase or straightforward family protection, nothing has really changed. While there is a lot of excitement in the pensions arena, it has little impact for those not yet approaching retirement. The world has not changed for most consumers and their primary needs have not changed. Advisers who were previously focused on protection advice still are, and providers continue to innovate and support the protection space as before."*

UnderwriteMe's Phil Jeynes was certain that protection was being overlooked:

> *"The protection market is being overlooked, as usual, in favour of almost every other market. Over the years we've lamented adviser and customer preferences for selling and buying mortgages, investments, pet insurance and more. It's time we focused on why protection is always the bridesmaid; the industry needs to face up to the need for change."*

Others agreed with Phil's suggestion that the potential for protection to be overlooked once again could, and should, act as a call to action for the industry. Michael Aldridge of London and Country led the way citing the ABI paper *Welfare reform for the 21st Century – the role of income protection insurance* as a possible source of inspiration:

> *"In some respects you could argue it has been and auto-enrolment would be held aloft as an example of this… however we shouldn't wallow in our own self-pity or perceived neglect, instead the industry should use this as an opportunity and dare I say blueprint for future protection growth. The school of thought that a group income protection led auto-enrolment initiative could do for the protection gap what pension auto-enrolment has done/will do for the savings gap is slowly but surely gathering pace and I for one can see a great deal of merit in this idea.*
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> *Great insight is offered in the ABI's* Welfare reform for the 21st Century – the role of income protection insurance*"*
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> https://www.abi.org.uk/~/media/Files/Documents/Publications/Public/2014/Protection/Welfare%20Reform%20for%20the%2021st%20Century.pdf *"*

Vitality's Deepak Jobanputra also felt that pensions were commanding the media spotlight but argued that the industry had a role to play in highlighting the need to include a consideration of protection insurance in wider financial planning conversations:

> *"Pensions are deemed to be more tangible as they're a form of savings and consumers will expect to receive the money back with growth through investment returns and with the benefit of tax relief. The recent change to pension rules adds greater flexibility which increases their appeal further. The political and media focus on pensions does present a challenge for protection insurance.*
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> *I do believe, however, that a holistic approach should be taken to financial planning that considers both insurance and savings. A strong message that should be campaigned for though is that protection insurance is the foundation of all financial planning."*

For Petra McFarlane of Gen Re, the media and Government focus on pensions was understandable, given challenges presented by an ageing population, but she felt that the opportunity to promote the good that protection insurance can do was there for the taking:

> *"We continue to face the challenging demographic of an ageing population, which will require people to provide for themselves much longer post retirement. It is therefore not surprising to see that the focus in the press and from government has been on pension provision and care in older age rather than on the protection market. It is difficult to see this situation changing in the short term.*
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> *We believe the industry should not wait for this situation to change, but should instead continue to focus on the challenge of growing the market and engaging more customers – through developing attractive customer propositions and through raising customer awareness of the benefits that protection insurance brings."*

Ron Wheatcroft and Donna Cowell of Swiss Re agreed that there was a need for the industry to seize the initiative given the inevitable focus on pensions:

"We have to be realistic. The changes announced by the Chancellor in March 2014 came out of the blue and it was natural that firms with big pension and annuity books would need to consider their options very carefully with a very short period until implementation.

Despite that, this shouldn't be an 'either/or' question. Arguably, the biggest protection challenges we face are distribution and persuading people and businesses to buy the cover they self-evidently need. The decline in the number of new retail sales over the last ten years shows that there was a problem well before the Chancellor's announcement. That also applies across corporate customers.

There are a number of good initiatives on the go, not least Seven Families. We need to learn from and build on them. I'm far from convinced that publishing claims data will have any impact at all; put simply, consumers expect their valid claim to be paid . We need to spend more time explaining how we help society, good news stories about how we help protect families seems like quite an obvious action as opposed to lamenting about whether protection has been overlooked!"

It was interesting to see a number of our commentators suggesting that the industry needs to be more proactive in driving sales and getting the message out to consumers. Turning our attention to more traditional influencers of the market, we asked whether the recovery in the mortgage market would be the biggest driver for the term market in 2015. Gen Re's Petra McFarlane was certain that a boost to the mortgage market was good news for protection:

"The mortgage market is always likely to have a significant impact on the overall protection market, and any recovery in the mortgage market is likely to result in increased sales of protection business. There will always be a need for family protection cover and we have seen a surge in interest in business protection covers. These will also have a bearing on the overall term market size, as will the increase in the number of D2C propositions - although they are unlikely to be the biggest driver. So will the recovery in the mortgage market be the biggest driver for the term market in 2015 – quite possibly yes."

Ron Wheatcroft and Donna Cowell from Swiss Re acknowledged the inevitable link between the two markets but highlighted the need to focus on consumer understanding of protection products to drive sales given the trends witnessed in home ownership recently:

"Life and disability insurance is a natural fit with mortgage activity and, over time, has represented anything between 35% and 55% of all new life policy sales. Importantly, cover makes a contribution to a more resilient mortgage book for the lender. While it's not imaginable that we can ever make it mandatory, borrowers should always be made aware of the consequences of not having a plan in place, for the good of the borrower, the lender and wider society.

Historically, policies sold alongside mortgages have had lower persistency perhaps due to poorer consumer understanding – MMR could be an opportunity for our industry to address this. With mortgage sale processes more focused on affordability shocks, the scene is set to explore protection needs in a more holistic context. As an integral part of the financial commitment of a mortgage, protection products will be better understood. Understanding the product means customers are more likely to value it.

Our industry has traditionally always been linked to the mortgage sector. Does it have to be? Rental customers have similar needs; a third of children are now born into rented *accommodation. Home-ownership has fallen from a peak of 71% in 2003 to 63%, from 59% to 36% among 25 to 34 year olds and could fall further. So, there are plenty of customers who won't be having mortgage conversations any more but still have protection needs. While mortgage related sales are important they aren't the only route."*

Mark Anders of Friends Life seemed less sure that a flourishing mortgage market would be reflected in sales of term products:

"It is difficult to predict. The mortgage market is not necessarily a good indicator of the health of the protection market. Historical trends give you little confidence that trends in the mortgage market actually drive trends in protection.

This works both ways with slumps in mortgage activity in recent years not really driving massive change in the protection market. The protection markets seem much more stable than mortgage markets and have not shown much upturn in a buoyant market. The flip side is that protection markets have been resilient in the mortgage market slumps.

Putting history aside, the answer should be yes. Continued positivity in mortgage markets should feed through to improved protection sales."

These thoughts were echoed by Michael Aldridge who as well as pointing out the disproportionate relationship between the two markets, highlighted the changing protection needs of the mortgage market and the growth in the buy to let market which require advisers to do more than simply sell a mortgage:

*"It will certainly help, but the upturn in 2014 didn't seem to have a proportionately positive impact on the protection market – the clear and unfortunate danger is that too many mortgage advisers revert to type and when once again busy with mortgage leads fail to have a thorough enough protection conversation and therefore tend to 'pick the low hanging fruit'. The hope is that the hard graft and tough learning's established during the credit crunch will mean this won't happen to the extent we fear or otherwise would have been the case. Of course the recovery will not just be led by a strong residential market, we need to also be mindful that the buy-to-let market continues to go from strength-to-strength and with 95%+ of this market being intermediated both markets (mortgage and protection) need to come to grips with how best to highlight the need for protection to a landlord. What's more, the annuity changes that recently came into force should (according to most commentators) further fuel this sector of the market.**

**Research commissioned by Hargreaves Lansdown – highlighted in the following article in thisismoney.co.uk suggests that as many as 200,000 retirees plan to cash in their entire pension pots with the reform to pension rules, with a 16% planning to reinvest in property:*

http://www.thisismoney.co.uk/money/pensions/article-2810867/Thousands-retirees-plan-blow-pension-cash-use-clear-children-s-debts-care-elderly-parents.html

Mortgage lending by value, highlighting the growing buy to let market:

	Total Gross Lending	***Buy to Let Lending***	***Residential Lending***	***% Buy to let***
2010	*£136,056,000,000*	*£9,100,000,000*	*£126,956,000,000*	*6.69%*
2011	*£140,719,000,000*	*£13,100,000,000*	*£127,619,000,000*	*9.31%*
2012	*£142,575,000,000*	*£15,700,000,000*	*£126,875,000,000*	*11.01%*
2013	*£176,399,000,000*	*£20,700,000,000*	*£155,699,000,000*	*11.73%*
2014	*£204,398,000,000*	*£27,400,000,000*	*£176,998,000,000*	*13.41%*

**Data provided from CML (www.cml.org.uk)"*

Deepak Jobanputra concurred that protection conversations and assessments must become part of the mortgage sale and seemed hopeful that the industry was beginning to respond in the right way to make the most of the opportunities presented by the mortgage market review:

> *"This will only happen if we are more successful than we have been in the past embedding protection into the mortgage advice process.*
>
> *2014 saw increased lending activity which may prove to have been a distraction away from protection. However the drive for more sustainable lending through the Mortgage Market Review should provide a new impetus to make protection a default part of the mortgage transaction. If we are to maximise the opportunity that the mortgage recovery undoubtedly offers, protection insurance needs to fit better into the mortgage transaction.*
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> *The recent development of new product solutions have been specifically designed to do this through benefits focused on the real risks that people face, more affordable premiums and simpler underwriting processes."*

Phil Jeynes from UnderwriteMe was also sceptical that a revived mortgage market would necessarily impact the sales of life insurance without further changes to the processes involved. Naturally, this also included the adoption of new digital capabilities:

> *"A buzzing mortgage market is good news for the protection market but we all know that where busy mortgage advisers go, 2+2 doesn't always equal 4 in terms of life sales. The increased demand on time means that lots of mortgage clients walk away without their protection needs having been met.*
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> *We've been here before and the market needs to now embrace the digital technology which has revolutionised the selling and buying processes in other sectors, making dealing with multiple insurers, products and underwriting ethos simple and uniform."*

Having considered the market as a whole, our next question focussed on the potential for growth to come specifically from the sale of over 50s products. We asked whether the over 50s market would grow or whether concerns about reputation would reduce sales in the year ahead? Gen Re's Petra McFarlane believed the almost certain success and continued growth of the product was attributable in no small part to its simplicity both in purchase and function:

> *"The over 50s market has been successful because customers recognise a need for cover (typically funeral expenses) and value the simplicity of the application process. There has been press criticism about whether these products represent value for the customer and*

insurers have attempted to address these concerns in their policy design. There are two points here, whilst the premiums are more expensive than a fully underwritten WofL plan, this may not be an issue for those customers, who prefer the simplicity of the process and are happy to pay the premium for that. Also, it could be argued that if the customer dies in the early years (just outside of the moratorium period), then these policies represent good value. As with any insurance policy that pools risk, some people will gain and others will lose. If you do not die within the policy term of a term assurance policy then you get nothing back, but at least there is a payment on death on guaranteed whole of life plan – albeit it may be less than the total premiums paid. So overall, we believe that this market will continue to grow."

Ron Wheatcroft and Donna Cowell from Swiss Re agreed that the simplicity of the product, along with new entrants to the market would mean growth was likely:

"We have seen a number of improvements. Let's not forget that over 50s plans are a good example of a simple proposition which is easy to understand. There have been a number of new providers entering into the market in the last year or so and we would expect to see some modest growth. Whether the market will grow from traditional providers will largely be driven by marketing budgets and how much providers choose to spend on this channel."

The 'simple' theme was also evident in the response given by London and Country's Michael Aldridge who felt there could be a lesson for the industry in the success of such products:

"A key reason is the simplicity of the policy and ease of purchase, perhaps there's a lesson there for the wider industry…"

For UnderwriteMe's Phil Jeynes, a combination of factors, including the product's simplicity, explained its success:

"As long as firms are spending serious money advertising and promoting a product, it will continue to sell in volume. The Over 50s market, just like the PPI one, thrives because it's simple and easy to buy. It suffers from miss selling for exactly the same reasons…"

For Mark Anders of Friends Life it was less about simplicity and more about value as he explains:

"The key to continued growth in this market is ensuring value in the products offered. Providers are increasingly focused on the value that underpins their products and avoiding previous reputational mistakes that have been made in certain product lines. If fair value is delivered, this product fulfils a need for many consumers. It is a market that should continue to grow, again supported by further innovation to meet changing needs of consumers who are living longer but living longer with more demanding health and care needs."

Acknowledging that this particular market was likely to continue to do well, Deepak Jobanputra also highlighted the need for products that were relevant to and met the changing needs of consumers who were living longer as well as providing value:

"Whole of life presents us with a significant opportunity but advised sales remain low.

Guaranteed acceptance plans have their place in the market and the levels of sales indicate significant demand among consumers for protection into retirement. Ease of purchase is important and will ensure that guaranteed acceptance over 50s products will continue to *show strong demand. With people living longer, remaining economically active for longer and the increasing burden of care we need to take a lifetime view of the need for protection.*

Product innovation is key to providing customers over the age of 50 with an alternative solution that is good value and allows them to address risks other than death. This signals an opportunity for advisers to grow their business and focus on later life protection needs."

In their responses to this particular question, our commentators highlighted a number of important factors influencing the success of the market. These included the simplicity of the product, how it was viewed by the consumer and whether it met a recognised need. The need for innovation from within the industry was also recognised by a number of those we spoke to and led us to ask what they considered most important in the life protection market – innovation, proposition or price? A number of our commentators struggled to agree with any of these suggestions as we see below:

"Arguably you could respond that none of these are the most important and that the most important factors are distribution, customer access and developing customer awareness." (Petra McFarlane, Gen Re).

"None of the above. The most important outcome for customers is value. Value will be derived in many ways including innovation, proposition and price, and will be different to each consumer based on their needs, budget and aspirations. Providers must innovate though, thinking about needs of consumers today and in the future. Many things affect consumer needs including changes in medical advancement, mortality, healthcare needs and shifts in social, political and cultural environments. Change is constant and innovation needs to reflect that." (Mark Anders, Friends Life).

Several other of our commentators were also keen to dismiss the idea of price being the most important. Swiss Re argued that it was a distraction from the real issues and went into some detail to evidence their claims:

"We need clear propositions which will appeal to consumers. We really need to get away from a focus on the price being a few pence cheaper. Our life insurance proposition is surely that we will pay a sum of money to a dependant quickly once we have admitted the claim. The latter point is fundamental; if we ignore it, we are only doing half a job and potentially causing delays in payment and tax charges when a claim is made.

To grow our market we either need recognition that protection provides a public and social good and, therefore, requires a degree of compulsion or we need to create compelling propositions that people really want to 'own' and are highly motivated to purchase. Innovation is clearly part of the process to achieve that compelling proposition but I think price is only a small element.

We all know the oft-toted reasons people give for not having protection in place; 'it's too expensive' is a logically convincing response. But decent cover starts from as little as £5 a month and prices have been at record lows over recent years. Consumers vastly overestimate how much life insurance costs them, even when they pay for it every month as indicated by this LIMRA survey!*
*
http://www.limra.com/Posts/PR/News_Releases/Consumers_Overestimate_Cost_of_Life_Insurance_By_Nearly_Three_Times.aspx.

Price isn't the real issue. It is a rational 'excuse' customers give and our industry accepts it at face value as it allows us to stick to the status quo and continue the race to the bottom obsessed with achieving the lowest pricing. Price is something we use to take a bigger part of the pie from our competitors while the pie continues to shrink around us. Pushing prices down and down will not help us create a bigger pie.

People use emotion, instinct and feeling when making their decisions (whether this is to buy or not to buy). And the reasons they quote for not having protection often aren't their real reasons. If you address one of these pseudo reasons, another reason will pop up and still prevent purchase. They are excuses for the only real reason not to get covered: because many people don't value the product and don't really want it regardless of how cheap or easy it is. Even when we offer fantastic deals with completely free cover, to new parents or with packaged accounts for example, uptake is not as high as we would like. Let's worry less about price and more about wants and needs. If people really want our stellar proposition and are convinced that they need it, they'll buy it even if it costs a few more pence."

Michael Aldridge agreed that a focus on price was a distraction from the real need for innovation across the industry but was hopeful for the future:

"Price has always been a red-herring and in my humble opinion never the root cause for people not buying enough protection. Proposition and improvements in product definitions will of course help but it's not going to fully address the protection industry' elephant in the room – innovation is and has to be the catalyst here and as the majority now recognise our industry is in dire need of it. Of course the good news is that hope is on the horizon with the likes of UnderwriteMe and Beagle Street leading the charge, next steps protection and gamification – I argue protection can be interesting!"

https://www.beaglestreet.com

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Deepak Jobanputra was in agreement that innovation was key to taking the industry forward and demonstrating value to the customer who may have misconceptions about the price anyway:

"As an industry we need to demonstrate the value of the products we provide. There is too much of a focus on price which is unhelpful and damaging. Surveys show that consumers overestimate the cost of insurance and hence value it more so than we think. Innovation is important to ensure that our products keep pace with the changing world, e.g. medical and technical advances, demographic changes and the social and political environment to name

but a few. Insurance products that provide a positive message and an opportunity to engage with the products will help demonstrate value to consumers and advisers."

Phil Jeynes was also reluctant to pick one of the options that we had presented to him but not because he didn't think they were the right factors. More, that he felt that they couldn't be seen in isolation:

"I once owned a car that had three major faults – a blown exhaust, serious oil leak and some accident damage to the body. I spent my money fixing the bodywork and tried to sell the car but everyone who came to look at it spotted at least one of the remaining issues and I couldn't flog it.

We need to innovate in terms of product, buying process and keep prices affordable if we want to increase protection sales."

Our attention turned next to underwriting systems and the impact that these could have on underwriting methods. With a lot of investment in improved underwriting systems having taken place, we asked whether this would continue and the likely impact on underwriting methods overall. Phil Jeynes from UnderwriteMe, itself an example of changes and developments in this space, felt that continued change and development was inevitable and that the eventual result would be differentiation at provider level:

"UnderwriteMe has shown that cutting edge technology can revolutionise the underwriting process, allowing advisers to give their clients real time, fully underwritten quotes from a variety of insurers and transact their sale in one place, without the need for repetition.

The genie is now well and truly out of the bottle and continued change is inevitable.

Freeing underwriters up from complex, IT led systems work allows them to focus on key areas of differentiation. Our technology means an insurer can adapt its rules in minutes so, while the process for clients is uniform, the individuality of each insurer is enhanced.

The increased levels of management information we can supply means that we will see far more innovation and differentiation from providers in respect of underwriting in the coming years."

Michael Aldridge was in agreement, feeling that such developments were a welcome change to the industry and much needed:

"They are much needed, competitors will need to respond to keep pace especially as Insurers and distributors start to interact with these systems, this in turn will kick start a virtuous cycle / innovation revolution and at long-last too!"

Petra McFarlane argued that new distribution channels would demand further changes to systems and processes but that the innovation should be more widespread than this:

"We believe that the investment in improved underwriting systems will continue, as there is an ongoing need to refine and streamline the underwriting process to fit with new distribution opportunities. We also believe that there will continue to be a keen focus on the overall underwriting journey of which underwriting systems are just one part."

Deepak Jobanputra agreed that innovation and investment would continue resulting in improved experiences for customers and advisers alike but saw a challenge in translating that to actual engagement with protection. Here he shares his thoughts on what else might have an impact on underwriting longer term:

> *"Investment in underwriting rules engines will continue, resulting in a broader range of scenarios being accepted without manual intervention. This will make the process of buying protection easier and may encourage advisers to look at a wider group of providers if they can get decisions in principle in one place. Whether this increases customer and adviser engagement in protection is less certain. Looking further ahead the greater impact may be driven by the growth in 'big data' opportunities that may reduce the need for direct underwriting techniques."*

Ron Wheatcroft and Donna Cowell of Swiss Re also felt that innovation would positively impact the customer and adviser experience but felt that ultimately, the changes required to see a real difference were more wide-ranging than underwriting systems alone:

> *"Yes there will continue to be investment, and this will see underwriting methods continue to improve. The improvements that are being made will bring different benefits to the customer, adviser and insurer in terms of speed of process and reduction in costs. We are close to the point where we will give people will get what they expect - the swift "click and buy" experience as they have in other insurance sectors.*
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> *Ultimately the underwriting systems are only as good as what goes into them - the systems themselves will not be enough. The quality of the rules and the ability to learn and amend these will define the impact these changes ultimately have. We will need to deliver both from a customer experience and risk management perspective to make the difference we hope for.*
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> *There still needs to be a fundamental shift to using more data sources to impact the questions that really need to be asked - not just by age, but by other things that we may already know about the customer from other sources.*
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> *We need to make sure that in the rush to automate we do not exclude significant groups in need of insurance - our industry now declines over 50,000 life applications a year.*"

Inclusiveness and the reach of our products is, or should be, an important consideration for our industry. We asked whether there would be a greater emphasis on online propositions or whether we would see an increase in interest in protection among advisers? Without exception, all of our respondents felt that online propositions would increase but most agreed that this should be viewed as an opportunity rather than a threat by the adviser community:

> *"Providers continue to explore how they can improve the reach of protection products in the digital space to match the demands of a society where online purchase of goods and services have become a norm. This channel is almost certain to grow, but the rate of growth is difficult to predict in the short term.*
>
> *It is difficult to see how more complex critical illness and income protection solutions will be distributed online and providers continue to innovate and enhance the offerings that suit the adviser market. This shows the clear confidence that providers have in the importance of*

financial advisers. The market remains dominated by adviser sales and this trend looks unlikely to change." (Mark Anders, Friends Life).

For Phil Jeynes too, online and face to face advice are not two mutually exclusive channels, and both can, and should, co-exist:

> *"The world is moving towards online being the dominant sales channel in most areas but the smart adviser will still have an important place.*
>
> *Protection, done right, isn't a commodity sale and most customers hit a point where they feel they need help and guidance, even if they started out to buy online.*
>
> *Those advice firms who have established links with their online counterparts will continue to see a regular flow of leads from this source."*

Michael Aldridge of London and Country felt that both channels had their roles to play and would not compete directly with each other:

> *"Absolutely, greater emphasis on online propositions is inevitable and to think otherwise would be to bury your head in the sand however this doesn't have to be to the detriment of advice / the adviser as they go hand in hand and can support / complement one another well – advice will always be a valuable commodity and something that will continue to be in demand, online will not just cannibalise this market but instead will also help grow an underserved and potentially currently inaccessible part the market."*

Petra McFarlane at Gen Re argued that advice would always have its place but on balance felt that the growth of online propositions was inescapable. She also advised that other channels would be explored by insurers keen to improve the reach of their products:

> *"There will always be a significant place for advised sales in the protection market, but the theory that we will see an increase in interest in protection among advisers seems unlikely. We believe that there will continue to be a growing interest in the development of online propositions, which can reach those customers who do not want to visit an IFA and feel confident enough to transact directly with the insurer. We also believe that insurers will look to other distribution opportunities, which will improve accessibility for customers e.g. through trusted brands and affinity groups."*

Swiss Re also felt that advisers and online propositions could usefully co-exist and that the opportunity was there for both to build on previously untapped or unexplored markets. Success, they suggested, would be determined by responding correctly to customer preference:

> *"We need to understand how our customers prefer to deal with us. There will be no silver bullet and the successful insurer will need to adapt to their target market(s). The pace of change, however, continues to increase. Advisers have a vital role to play in identifying needs and the best solutions but that means nothing if customers don't see it that way.*
>
> *Advisers are likely to move more towards better off customers and to older people with simple propositions purchased online. In many ways, this will mirror the way that the pension market continues to change. Advisers should have many opportunities to demonstrate the value they bring in providing solutions to complex situations such as business protection and*

IHT/care needs in later life. Far too few self-employed people have cover: that must be a massive market potentially"

Our final view on this topic comes from Deepak Jobanputra who, whilst seeing a role for both online propositions and advice, stressed the importance of advice, in many formats, in ensuring that the value and benefits, and not just the price, were conveyed to the customer:

"These outcomes aren't necessarily mutually exclusive. Increases in online propositions are inevitable as consumers become increasingly comfortable with technology. The challenge in the online space is driving consumers to it.

Advice remains fundamental to developing a progressive protection market. Without advice consumers will typically be seduced by the 'we can save you money' message. This will do little to grow the market and may act to devalue protection. We need advisers and more of them. Whether their advice is delivered face to face, over the telephone or online may become less important through the use of technology. If anything online should be used to help get our message out about the need for protection, as well as being used to help deliver relevant, targeted and engaging content for consumers."

Deepak's comments highlight the plethora of opportunities that exist to take the market forward utilising technology and new distribution methods. Given this outlook, our final question asked whether 2015 would be a positive year for term and whole life protection. Ron Wheatcroft and Donna Cowell from Swiss Re were cautious, emphasising the need to seek customer engagement:

"It's too early to predict. Media activity is likely to concentrate on the emerging retirement income market as new products emerge and as the market prepares for a further drop in the Lifetime Allowance. There is likely to be an increase in excepted group life and relevant life cover as the Lifetime Allowance falls again in April 2016. What is clear is that, as an industry, we need to engage with customers more effectively, be it directly, through an advisor or the employer."

Mark Anders of Friends Life was also cautious, suggesting that success depended on how innovative providers chose to be:

"The market will probably be unsurprising in 2015 as it is in most years. Innovation looks like the key to growth and excitement. Without legislative intervention or tax incentivisation, our market will rely on provider innovation to stimulate more interest from consumers."

Suggesting that evidence of such innovation was already visible, Phil Jeynes of UnderwriteMe was slightly more optimistic, certainly in the longer term:

"Greater advertising and marketing spends, several genuinely exciting innovations in terms of technology and possible new entrants to the insurer fraternity all add up to a positive feel for 2015.

It's doubtful the positive vibe will make much of an impact in terms of new business, but it points to a likely rise in future years."

Michael Aldridge of London and Country also felt that the interaction of a number of factors meant that the prospects for the industry were good:

"Overall positive, after all there are lots of reasons to be cheerful… innovation (at last), well thought through product improvements (led by a more intelligent protection adviser assisted by greater data thanks to the likes of CI expert), greater positive publicity (supported by initiatives like Seven Families) and a growing sense of market camaraderie."

Continuing the theme of innovation in product design, Vitality's Deepak Jobanputra had this to say:

"We should see a rise in sales as a result of ambitious insurers investing in promoting the benefits of protection insurance along with a more vibrant mortgage market. The introduction of new and innovative products should drive greater interest, e.g. products designed to help mitigate some of the costs of ill health in later life will create a new opportunity for advisers in this space."

Perhaps the most positive and emphatic response to this question we received was from Gen Re's Petra McFarlane who had this to say:

"Positive – absolutely!"

It is the first year that we have written this review of the term insurance market when we have not been anticipating some sort of change and upheaval in the coming months. Despite this, the answers provided by our commentators suggest that something is afoot. The success of the market depends on not seeking stability it seems, rather in asking what more we can do to do things better, to reach new customers, to make things easier for them, to explore new distribution channels. The consistent theme in the conversations that we had was opportunity and potential.

Whether or not our respondents felt that protection was being overlooked in favour of pensions, they all saw the opportunity, the need even, to seize the moment to make sure that the value of protection was recognised and that relevant conversations were taking place alongside and in addition to pensions advice. The recovering mortgage market was welcomed by all that we spoke to but not one person felt that it could or should be relied upon to drive the market. Instead the responsibility lay firmly with providers and advisers to innovate in line with customer needs and tell the story of the good that the products can do. The over 50s market was expected to grow but the real lesson here was, why? All agreed that the simplicity of the product and the fact the customer could easily ascertain their need for it was something we needed to learn from as an industry and use in future innovations.

Moving forward, price was seen as a distraction for many and not where we wanted the customer to focus. Instead, growth in the market would come from innovative and simple products that met customers' needs, distributed via channels that also met the customers' requirements and preferences. The market of the future was not purely online but advice would not be purely face to face, with those at the top of their game embracing new ways to reach a wider audience.

The consensus emerging from a group of experts working across the industry was realistic but tinged with optimism. Unless a mega-shock or change takes place (similar to the pensions changes earlier this year) it is hard to see natural growth of life protection accelerating to dizzy heights. Innovation and a louder and more concerted advertising approach might be a way forward but the industry has generally been reluctant to do this. So the drive for growth must be generated by the industry. Has it the wit and the will to do so? The next twelve months may tell us.