e-Protection Review

(incorporating HealthCare Insurance Report)
from Peter Le Beau MBE, Andy Couchman, Kevin Carr

Most people living with cancer on average £570 a month worse off

On average, four in five people with cancer (83%) are £570 a month (£6,840 a year) worse off than before they had the diagnosis, according to a new report from **Macmillan Cancer Support**, published on 19 April.

Sponsored by **RBS Group** and using UK wide research carried out by the **University of Bristol**, the *Cancer's Hidden Price Tag* report is the first study to look at how cancer impacts financially on people's lives. It highlights both the need for money to pay the myriad extra costs that can arise, and financial advice that may be needed to best adapt to new circumstances and take advantage of all help—State and other.

The charity called on the financial services industry to make sure:

• Customers affected by cancer receive specialist support from the industry so they can manage their financial commitments and maintain their financial wellbeing throughout their cancer journey.

• Financial products designed to alleviate the impact of serious illness are accessible, transparent and consistently deliver promised support when it is needed.

The recommendations support **Protection Review's** long-held belief that modern protection insurance products need to deliver much more than just money or paying bills. For example, third party services such as those offered by **RedArc Assured**, **Grace Consulting**, **Activ Doctors** and **Best Doctors** and others can all offer help and advice. Both passive and active helplines can also help at what is invariably a difficult time for customers and their families. Businesses can usefully employee an EAP (employee assistance programme) both to help their employees and the business itself.

Macmillan also called on employers to 'improve their policies and practice to make sure all staff affected by cancer can remain in or return to work, if they wish to do so'. It also called o the Government to ensure people with cancer can receive vital benefits when they need them most, help them 'return to or remain in work by providing return to work support including vocational rehabilitation' and also for benefits to be protected from any future cuts to the welfare budget.

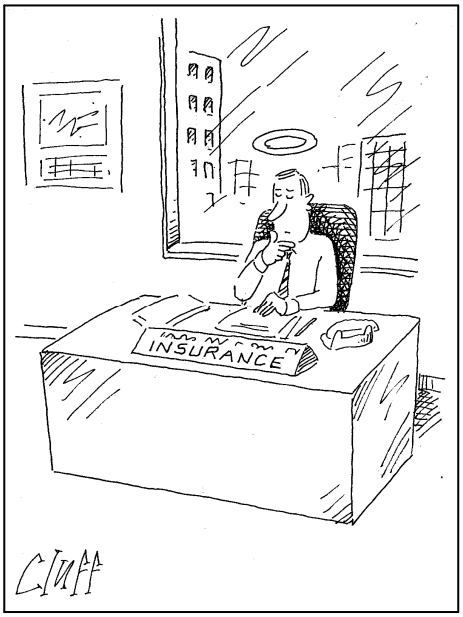
Macmillan also wants the NHS to ensure cancer patients get (*Continued on Page 2*).

Quotes of the month:

"We design all products with one primary purpose: to pay claims. So I'm delighted to see that we continue to perform against this promise." Andy Chapman, CEO, Exeter Family Friendly, 17 April 2013.

"Cancer costs the equivalent of a second mortgage. We must act now to protect the financially vulnerable from having to foot the bill for their illness." Ciarán Devane, CEO, Macmillan Cancer Support, 19 April.

"We were initially reluctant to publish [IP claims stats] because we did not have a book of business to produce figures that were statistically significant. But in the interests of transparency we wanted to get it all out on the table." Roger Edwards, CEO of Bright Grey and Scottish Provident, 9 April.



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Inside this issue:

Key statistics:

- NHS RTT median wait England February 2013: 9.2 weeks (See Page 11)
- e-Protection Review Long Term Protection Sales Index: 134.2 (Quarter 4, 2012, compared to base 100 in Quarter 1, 2000).
- e-Protection Review Employment Index: 109.22 (To end February 2013, compared to January 2000, see Page 11).

(*Continued from Page 1*) 'access to support and information on finances and work at the earliest opportunity' and called on it to abolish all car park charges for cancer patients.

In terms of extra costs and the proportion of cancer sufferers incurring them, the research found extra monthly costs included:

Cost	% affected	Av cost
Day-to-day living costs:		
Food and drink	22%	£26
Household items	14%	£10
Household fuel bills	33%	£24
Telephone/internet	28%	£13
Travel costs	16%	£21
Television or books	18%	£17
Help around the home/garden	25%	£34
Childcare	1%	N/A*
Total	**54%**	**£63**
Healthcare costs:		
Medicines (inc prescription)	22%	£8
Dietary supplements	12%	£16
Dressings	10%	£7
Private treatment/healthcare	4%	£112
Dental surgery/care	11%	£28
Nursing care at home	1%	N/A*
Personal care at home	5%	£56
Total	**41%**	**£41**
Clothing, equipment and modifications		
Wigs/hairpieces/head coverings	10%	£23
Fabric supports	5%	£14
Clothing	29%	£31
Modifying the home	4%	£326
Specialist equipment	6%	£28
Total	**37%**	**£70**

N/A*: Sample size too low to report.

A long and growing list

What will surprise many people is the sheer number of items on the list. Of course, not every cancer patient incurs every cost but, equally, other costs may be incurred that are not on the list. For example, time off work, the economic cost of not feeling well enough to do a fully productive day's work (especially an issue for the self-employed and those paid on results), and a spouse or partner's costs. Additional costs might also arise if more money were available. For example, modifications to the home may be desirable but not affordable—especially if the future is looking uncertain or there is an understandable reluctance to borrow or dip into savings

The most common additional cost was getting to and from hospital or making other healthcare visits. Costs associated with out-patient appointments affected 71% of people living with cancer, and 28% incurred costs related to in-patient appointments. A key financial issue is that 30% of respondents experienced a loss of income as a result of their diagnosis. Those affected lost, on average, £860 a month. In addition, a third (33%) of respondents stopped working, either permanently or temporarily.

The survey found that 85% of cancer patients saw their monthly expenses increase by an average of £270 a month including travelling to appointments, which cost 69% of respondents an average of £170 a month and car parking cost 38% of respondents £37 a month.

Over-the-counter or prescription drugs (despite the fact that those with cancer now qualify for free prescription drugs) cost 22% £8 a month.

The survey found that 42% of respondents did not receive any money or debt advice following their diagnosis. This is broadly in line with the 48% of cancer patients who were not given information by healthcare professionals on how to get financial help or benefits, according to the National *Cancer Patient Experience Survey* (**Department of Health**, 2011/12 survey).

Financial burden does not fall equally

The financial burden falls on people in different ways. Typically, working people and those with children are affected more than those who are retired or not working.

Additional costs also depend on the type of cancer, their income when they are diagnosed (and their occupation) and which country in the UK they live in. Travel costs for someone living in a city are also typically less than for those who live in the country, especially if they are able to travel by public transport (rural bus timetables will rarely fit in with hospital appointment times, for example).

Someone undergoing debilitating treatment may also be no longer able to drive—necessitating expensive taxi rides or getting a family member or friend to be their driver (invariably incurring extra costs for the driver too).

Those with a rarer cancer are typically hit with additional costs of £890 a month—twice the level of those with say colorectal or prostate cancer. However, Macmillan also points out that there may be cost savings for some people with cancer too.

The need for good advice

People living with cancer can benefit from a number of different types of advice including:

- Information on their condition and treatment options. Whilst this is available from their GP and/or their specialist, both may be time restricted, and it can be difficult to get back in touch if say a key question (or answer) was simply forgotten. Such information can be provided by life and health insurers through helplines (passive and active) and especially by GP helplines.
- Second opinion services. These can advise both on treatment options and on which specialist to consult.
- Help with State benefits. This falls into two categories—what is available, and how to obtain it. Benefit forms have improved in recent years, but the UK's welfare system remains horribly complex. Third party services can provide the necessary information and help, along with periodic reviews.
- Patient support. Being seriously ill can be a lonely business and some patients find it impossible to speak openly about their fears and concerns to friends or family members. Again, third party services can help.
- Insurance support. Insurers and intermediaries can help claimants get the most from their policies.

Figures are based on a postal survey by Macmillan of 1,610 adults with a cancer diagnosis (mostly within the previous six months) in August and October 2012. See www.macmillan.org.uk for more.

PMI revenues up 2% in 2012

Private medical insurance (PMI) gross earned premiums rose by 2.2% in 2012 from £3.548n to £3.626bn according to latest data collected by the **ABI** (**Association of British Insurers**). The figures also saw a continued fall in the personal market, with corporate subscribers down marginally but trust scheme members up.

Tables 1 and 2 shows subscriber numbers and numbers of people covered over the past five years. Trust scheme numbers are not included in the totals, but add the two figures together to get to the total number of people with or covered by PMI or PMI style benefits:

Table 1. PMI subscribers 2008-12, 000s

Year	Corp	Pers	Total	+Trust
2008	2,522	1,021	3,543	622
2009	2,395	971	3,366	615
2010	2,368	958	3,327	635
2011	2,359	916	3,274	637
2012	2,342	880	3,222	698

Table 2. Numbers of people covered 2008-12, 000s

Year	Corp	Pers	Total	+Trust
2008	4,571	1,653	6,224	1,111
2009	4,384	1,554	5,938	1,094
2010	4,305	1,536	5,841	1,137
2011	4,232	1,436	5,668	1,139
2012	4,210	1,401	5,612	1,233

Table 3 shows gross earned premiums and Table 4 claims amounts incurred and, from that, we can deduce underwriting loss ratios. These do not take account of other costs (including commission, tax and administration) but give a broad indication of profitability year to year. Neither tables include trust scheme premiums (or the equivalent, as trust schemes are not insurance) or claims, as this data is not collected.

Table 3. Gross earned premiums 2008-12, £m

Year	Corp	Pers	Total
2008	1,831	1,637	3,468
2009	1,838	1,606	3,444
2010	1,982	1,632	3,614
2011	1,929	1,619	3,548
2012	2,010	1,615	3,626

Table 4. Claims amounts incurred 2008-12, £m

Year	Premiums	Claims	U/W loss ratio
2008	3,468	2,653	76.5%
2009	3,444	2,679	77.8%
2010	3,614	2,858	79.1%
2011	3,548	2,727	76.9%
2012	3,626	2,770	76.4%

From the data, we can also calculate that the average annualised corporate premium in 2012 was £858, compared to an average annual personal premium of £1,835 (214% higher). This is not completely comparable however, as the average age of personal subscribers is higher than for corporate subscribers and cover levels and a range of other factors may be different too.

The figures do however illustrate one of the key issues for PMI—it is pricing itself out of the market for at least some potential customers.

By way of comparison, the average PMI premium would buy a consumer an average (based on ABI data) whole of life plan (at £201 a year) plus an average mortgage term plan (at £373) plus an average non-mortgage term plan (at £328) plus an average income protection plan (at £270) plus an average critical illness rider benefit (at £393) and they would still have £270 a year left over.

Again, that is not a fair comparison (PMI subscribers will be older, on average, while their policy will typically cover more than one person) but it does illustrate the size of the challenge to keep PMI affordable.

Nevertheless, the ABI's stats illustrate that the PMI sector had a reasonable 2012 and highlights included:

- A strong year for trusts, with subscribers up 2.2% - a good result in a recession.
- Corporate subscribers only fell marginally (by 0.7%), but personal subscribers fell by 3.9% in 2012 and are now just two thirds (67.6%) of the peak of 1.3m recorded by the ABI for 1996.
- After years of rises, personal gross earned premiums (GEP) have fallen every year since 2008 but are still almost double the figure (£836m) recorded for 1995.
- Corporate GEP exceeded £2bn for the first time in 2012 and has almost doubled since the £1.027bn recorded in 1999.
- Underwriting loss ratios look to be increasing slowly, although our understanding is that this varies considerably by type of business written. A ratio below 80% would be the envy of many general insurance providers, but PMI insurers will argue that their margins are not as good as they would like and further improvement is still necessary, especially if new entrants and ideas are to enter the market.

Going forward, issues such as what will come out of the **Competition Commission** investigation into private healthcare (draft recommendations due later this year), open referrals, the post RDR interest by financial advisers as to how to earn money from PMI, what will happen to the NHS (and the public's perceptions of whether they need to top-up what the NHS offers) will all dictate how well the market will do in future. The biggest issue remains affordability however—and that is proving to be a tough nut to crack.

Good health is good business

Simplyhealth's latest white paper, *Good health is good business*, was published on 20 March. In it, Patrick Woodman, head of external affairs at the **Chartered Management Institute** (**CMI**) explains how implementing a well thought out health and wellbeing strategy can lower employee turnover, reduce sickness absence and improve productivity and morale. The report found that post recession, managers now work an extra nine weeks a year.

Simplyhealth has also announced that its new head office, in Whiteladies Road, Bristol, is due for completion in November. CEO Des Benjamin topped out the new six storey building in April.

To download the paper see *www.simplyhealth.co.uk*.

So you think you have claims problems...

We couldn't resist the following, which come from insurance comparison site **InsureAnts.co.uk** and relate to some of its odder motor claims. OK, nothing to do with protection insurance (unless, unfortunately, someone was hurt). Remember though—these people may have been given normal rates for IP (should we ask all applicants to take a special driving test—no, let's not go there…):

"I was changing a CD and I didn't notice the bend in the road. I ended up sideways in a field, and walked out through the hole where the windscreen was, listening to Led Zep."

"I thought I saw somebody famous walking down the pavement, and took my eye off the road, causing the crash. Mr X [who turned out not to be a celebrity after all] saw the accident and kindly agreed to be a witness."

"The other driver said he was too busy looking at the map to notice that he had gone the wrong way on a one-way street."

"I was trying to swat a fly with the ice scraper and didn't see the other car."

"The other driver said they had just driven off the ferry after a week in France, and forgot to drive on the left."

"I saw somebody getting undressed in their front window, and crashed through their wall."

"We were driving up to the traffic lights just as they turned red, and I pressed the accelerator instead of the brake pedal."

"I saw a police car, panicked, and drove on the pavement by mistake."

"I was driving along a country road and the pollen from a nearby field made me sneeze and I ended up in a ditch."

"The other driver was too busy putting on their make-up to see me coming the other way."

"I was practising what I'd do in the event of a car crash, and crashed."

Do let us know any odd life and health related claims statements you've come across—we can't let motor insurers have all the fun…

Protection Review news

We are now just a couple of months away from the **Protection Review** annual conference and dinner, which also sees the publication of the *Protection Review 2013* book.

Tables are filling fast at the dinner so act now if you have not secured yours already. This year's dinner speaker is probably the industry's best known advertising guru, Lucian Camp, who was also our first dinner speaker, back in 2003. The dinner and conference are being held at the **London Landmark** in Marylebone on 11 July.

The theme at this year's all-day conference is *Ten years is a long time in protection*—a reference to the fact that in 2013 we are celebrating our first ten years. Again, book your place now (you also get one free conference place if you book a table of ten at the dinner).

Bookings for this year's generic protection insurance training are well ahead of target, with extra venues having to be booked to accommodate attendees—a very positive sign for the industry.

Three and a bit years since launching **Kevin Carr Consulting**, **Protection Review** CEO Kevin Carr is rebranding and expanding his PR business. In the coming months the business will be renamed **Carr Consulting & Communications**, to reflect the business's expansion. In the summer top PR Linda Winder joins the organisation. Having previously worked for **LifeSearch**, **Lansons Communications** and more recently **LV=**, Linda's significant PR experience will make the proposition stronger than ever, Kevin Carr said. There will be a new brand, a new website, new email addresses and most importantly, two expert brains instead of one, he added.

See www.protectionreview.co.uk for all the latest Protection Review news and booking details.

Comment: *It has always been a feature of Protection Review that our directors maintain separate outside business interests too. As well as Kevin's PR business, Peter's* ***Le Beau Visage*** *is a consultancy and Peter also holds non-executive directorships with a number of organisations and is co-chairman (with Clive Waller) of the* ***Income Protection Task Force****.*

Andy's business, ***Bank House Communications****, is a consultancy, writing and publishing business.*

This approach helps us all to be able to support a number of unpaid industry initiatives and each organisation also has its own charitable programme. This year Protection Review will again be supporting ***Help the Hospices****.*

New insurance Act now in force

The *Consumer Insurance (Disclosure and Representations) Act 2012*, which came into effect on 6 April, will give insurance customers added peace of mind, according to the **ABI** (**Association of British Insurers**).

The new Act replaces the old *Marine Insurance Act 1906*, which enshrined the principle of utmost good faith (uberrima fides). That meant, for example, that customers had to disclose information even if they were not asked it.

The new Act, which is based on work done by the **Law Commissions**, places a duty on insurers to ask customers all relevant questions about the specific information required at point of sale. It also provides legal protection for customers that claims will not be declined for non-disclosure unless information is deliberately or carelessly withheld or is misleading. The Act applies to all personal insurance but not to cover taken out by businesses, and applies regardless of how the product is bought.

To some extent the new Act simply enshrines in law principles that the insurance industry and the **Financial Ombudsman Service** have adopted in recent years anyway. However, having that set out by statute should help further rebuild trust that insurers can and will pay all valid claims.

40% to sell home to fund LTC

40% of people would expect to sell their home to fund fees if they had to move into residential care, according to **Partnership Assurance's** second annual *Care Index*. 37% would expect the State to pay, 35% would use their pension income, 29% their savings, 22% income from their savings and 9% would rent out their home. Last year, 52% expected the State to pay, illustrating that, post Dilnot, people have a greater understanding of the realities.

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More insurers publish claims stats but Friends defends silence

More insurers have published claims stats for income protection (IP) insurance, although **Friends Life** has defended its stance of being the only major individual IP provider not yet to do so. New and updated stats include:

• **Bright Grey** announced on 9 April it had paid 13 of 16 IP claims received in 2012. Two claims did not meet the definition and one was declined for non-disclosure. Sister company **Scottish Provident** paid 38 of 44 claims, two being rejected for non-disclosure and four did not meet the definition.

• **Legal & General** announced on 16 April that it declined just 0.8% of group income protection (GIP) claims in 2012, down from 2.2% in 2011. It added that stress remains the leading cause of absence, up from 34% to 36% of GIP claims. It paid 1,782 claims in 2012, with benefits totalling £30.5m. In addition, £201m of group life and £7.1m of group CI claims (118 claimants) were paid. L&G also paid 91% of its individual IP claims received in 2012.

• **LV=** announced on 17 April that it paid out on 99% of life cover, 91% of critical illness and 88% of IP claims in 2012 (an aggregate rate of 95% for all protection claims). Leading IP claims were for musculoskeletal conditions (20% of claims) and mental illness (19%). Over 70% of claimants were under age 55 when they claimed, LV= said. Total protection claims paid amounted to almost £50m.

• **Exeter Family Friendly** announced on 17 April that it paid 95% of all IP claims in 2012. CEO Andy Chapman said: "We design all products with one primary purpose; to pay claims." He added: "I wouldn't buy a car without knowing how it performed so why should I buy insurance this way? All the talk about any comparison not being a level playing field is completely missing the point; this is about building confidence in our industry." Exeter also revealed that over 40% of IP claims were due to injuries of external cause.

• Liverpool based health cash provider **Medicash** announced on 11 April that it paid out on 99.1% of claims received in 2012, up from 98.3% in 2011. Declined claims were due to customers having reached the maximum annual entitlement for a specific benefit, or trying to claim for a treatment not covered by their policy. The largest proportion of claims were for optical, dental, in-patient and complementary therapies—mainly physiotherapy. CEO Sue Weir added that customer complaints had also dropped to a record low, thanks to improvements in customer service, product literature and staff training.

Friends Life is now the sole remaining significant IP player not to reveal its IP claims stats. *Cover's* Nicola Culley reported on 17 April the insurer's view that: '...work was still needed on that [industry] consensus to ensure a more consistent basis for reporting'. A spokesman was reported as saying: "A lot of work has been undertaken across the industry, coordinated by the **ABI**, to agree a consensus for reporting claims statistics for IP. While we are getting closer to industry-wide data, we remain concerned about the differing criteria that still remain regarding claims."

Comment: *We welcome insurers' greater transparency on claims and support the* ***Income Protection Task Force's*** *call for all IP providers to publish claims stats. The words of Exeter's Andy Chapman show why that is so important.*

Friends is in a difficult position—it has a back book of three insurers' products and quality is bound to be variable, with many sales undertaken well before it had any say at all on those policies. However, the danger with Friends' approach is that IFAs and the public (and the media) may miss the nuances of what are some very technical arguments and could instead assume that if Friends won't publish its data it must be much worse than all the insurers that have. We don't believe that for a second but, in maintaining its very understandable stance, Friends risks being seen as the bad guy. It isn't, but the sooner it can publish some data—even if it is uncomfortable about some aspects of that—the better.

That said, we also support calls for consistency and the sooner that is agreed the better too. There is perhaps a parallel with car manufacturers' fuel mileage published data. We all know that such figures bear but a passing relationship to the fuel mileage consumers actually get, but at least all manufacturers have to publish data on a consistent basis.

It is worth remembering that car manufacturers are obliged by law to calculate the data in a very specific way. One danger for insurers is that unless a common system is agreed—and soon– matters could be taken out of our hands by the Government, through the ***FCA****. We cannot envisage, if that happened, that consumers, advisers or insurers would be better off.*

D2C a challenge

Direct-to-consumer (D2C) propositions will be the biggest challenge for protection intermediaries, according to a poll by technology provider **Avelo**.

A poll of 154 advisers found that 42% saw D2C as a challenge while 19% were concerned over the influx of advisers looking to add protection to their service proposition post RDR (the **FSA's** Retail Distribution Review). However 40% reported no threats on the horizon.

A separate survey by Positive Solutions found that only 27% of financial advisers felt unsettled and threatened by the post-RDR world, with only 14% reporting they had lost between 1% and 10% of their clients.

Comment: *Protection advisers (indeed, advisers generally), are a robust group and, by nature, survivors. However, many IFAs will see their income threatened by no longer being able to be remunerated by commissions on pension and investment business. It may take many months before this becomes evident in profitability and turnover, or at least some months before they take firm action to try to remedy that. Early adopters however will have already put mechanisms in place to ensure they continue to receive protection commission either directly or by lead arrangements with other advisers.*

Bupa to leave ABI

Health Insurance magazine revealed on 24 April that PMI market leader **Bupa** is to leave industry trade body the **ABI** (**Association of British Insurers**) in July.

The reason given was that Bupa took the decision 'as part of a review of its partnerships and in light of its focus on health and wellbeing' and it revealed it had been in discussions over its membership for some months. ABI said it regretted Bupa's decision to leave.

• Dr Damien Marmion, MD of **Bupa's** health insurance business, told a meeting with the think tank **Reform** that the private health sector must improve the quality of its services, cut its costs and increase transparency to survive. He said: "In the past five years 700,000 consumers have voted with their wallets and left the market." Adding that private healthcare would become "a luxury for the very few". See: *BMJ* 2013; 346: f2057.

• **Aetna** has enhanced new and existing World-Traveller plans, eliminating the annual maximum payout for prescription drugs. On plans with a dependent care option, dependants are now covered up to 26 (previously 18) and the minimum annual premium for employers has been cut to $1,000. The plan is designed for expats who travel overseas extensively, up to six months consecutively and up to nine months a year in total who are not generally candidates for expatriate health cover.

• **Exeter Family Friendly** has extended the maximum age for switch underwriting from 65 to 70 on its Health Cover for Me and Health Choices for Me products.

• **Prudential's** head of pensions business development, Vince Smith-Hughes, was quoted in *Financial Adviser* on 18 April as saying: "Protection has to be the first port of call for financial planning, and especially in the run-up to retirement."

• **Shelter** has reported a 40% increase in the number of callers in England helped with housing costs, arrears and other debt issues.

• **Jelf Employee Benefits** has launched a PMI scheme for **FSB** (**Federation of Small Businesses**) members. The scheme includes discounted rates.

• Since 22 April, **Bright Grey** is offering a year's free critical illness cover up to £20,000 free to the first 10,000 people that apply for life cover under its personal protection menu. It's part of its tenth birthday celebrations. Happy birthday Bright Grey!

• **LV=** reported group underlying profits up 19% to £126.2m in 2012 as life sales rose to over £150m. Protection sales rose 15% from £28m to £32.2m.

• **Direct Life** has launched a tool—Quote+—to enable advisers to pre-screen applicants by asking 14 key questions to produce a more accurate price and direct customers to insurers most likely to cover them. The free service is being pioneered by ten leading offices and includes term, family protection and critical illness covers. Initially being trialled through one aggregator's site, it is due to be rolled out to all advisers later this year.

• **Met Life** has added a free master trust for company customers of its group life policies. **Castlewood Trust Corporation** acts as trustee of the master trust, which saves firms having to set up and run their own trusts so saving admin time and money.

• On 11 April, **Assureweb** changed its name to **iPipeline Ltd**. This follows its acquisition by US technology firm **iPipeline Inc** in May 2012.

• New provider **MediCheque** has changed the description of its MyRecoveryCheque plan from being a 'medical recovery expenses cash plan' to 'medical recovery insurance' to avoid possible confusion with any other plan.

• **BrokersLink**, one of the world's largest insurance broker networks, has launched a **Global Employee Benefits Practice Group** and appointed Gerrard Baltazar its first chairman. The group will drive business development in the area of international employee benefits for its 70 members.

• The insurance industry needs to build packages that are more accessible to lower earners and smaller workforces to help bring rising sickness absence down, Dame Carol Black told a **Global Healthy Workplace Summit** on 11 April, *Cover* reported on 11 April.

• A quarter of law firms applying for professional indemnity insurance do not know whether their insurance broker has full access to all insurers prepared to insure their firm, according to a **Law Society** commissioned poll published on 8 April. The finding illustrates how even professional firms may have a poor understanding of the intermediary service they get.

• The total value of equity release plans in the first quarter of 2013 was £233.8m, 17% higher than in Q1 of 2012, the **Equity Release Council** revealed on 24 April. This was the strongest start to a new year since 2009 it said. The average amount of equity withdrawn was £55,985 (nearly £15,000 higher than at the market's peak in 2007) and drawdown mortgages made up 62.3% of the total (down from 66.7% in Q1 of 2012).

• Every week travel insurers deal with 5,000 claims from travellers who have fallen ill abroad, paying out £4.5m a week, the **ABI** has revealed. One in four travellers has no travel insurance, with 16% believing (wrongly) that the Government will pay for treatment if they fall ill abroad. More than half of travellers are also unaware that their *European Health Insurance Card* has to be renewed every five years (be careful too, as a website search can direct you to official looking sites that charge 'administration' fees for this free service, as this editor knows to his cost…).

• 29% of people look at emails and catch up on work whilst lying in bed, according to a survey for **Infosecurity Europe** published on 18 April. On waking in the morning the first thing 32% of people did was check their phone for messages, 19% brushed their teeth, 14% checked emails and only 6% kissed their partner.

People news

• **Bupa**. Theresa Heggie has joined as chief strategy and marketing officer. She was previously senior vice president of global communications for **Shire Human Genetic Therapies** (**HGT**). Gerry Kelly has been appointed chief risk officer. He was previously regulatory and conduct risk director for insurance with **Lloyds Banking Group**.

• **Chase Templeton**. Jamie McGivern has been appointed to the new role of financial analyst as part of its continuing acquisition strategy.

• **Deloitte**. The business advisory firm has appointed Helen Beck as a partner in its compensation and benefits practice. She joined from reward consultancy group **Kepler**.

• **Paycare**. Kevin Rogers has been promoted from operations director to chief executive following the departure of Gail Maltby.

• **Private Health Partnership**. Sales director Andrew Middleton and group finance director Judith Warr have both been appointed to the board.

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Pick of the month

We review four strong new plans this month, and all are updates of existing plans to some extent.

Denplan has improved the hygiene limits on some of its Wellbeing plans, while Globality Health has updated and renamed its YouGenio plan, adding a new entry level version. L&G has updated its CI plan, adding a range of new or improved benefits.

Our pick of the month is CI market re-entrant Skandia, with its comprehensive updating of a plan it last marketed in 2010.

Denplan Wellbeing

Denplan offers a range of dental products (as well as its best known capitation plans), with its six product Wellbeing range for employers aimed at encouraging employees to visit the dentist regularly. Lowest cover is provided by Denplan Key, which pays for worldwide dental injury/emergency treatment and a dental emergency helpline only. Elementary cover adds 100% reimbursement up to NHS limits and is designed for those with an NHS dentist and to cover those charges.

The Essential and Extensive versions are available in standard or 'Plus' versions and add increasing levels of cover, paying maximum annual benefits per member of:

Benefit	Essent'l	Ess'l Plus	Ext	Ext Plus
Routine examinations	£50	£40	£100	£100
Hygiene treatments	£70	£60	£140	£120
Dental x-rays	£40	£40	£80	£80
Restorative treatments 80% of cost, up to	£200	£1,000	£400	£2,000

From April 2013, the hygiene treatment limits for Essential and Extensive (but not the Plus versions) have been increased to the above figures and apply to all new and renewing plans. Maximum benefit is £2,300 per policy year.

Other benefits include dentist call-out fees, hospital cash benefit and mouth cancer cover. A range of payment options is available and plans can be company paid, part of a flex scheme or paid by employees through salary deduction. Plans have some exclusions and plan limitations.

Other changes to Denplan's range from April 2013 include removing the annual limits on the worldwide routine and restorative dental treatments under the Denplan Lucent plans.

Comment: *Hygienist fees are not insignificant, so increasing these limits will be welcomed. Overall though the changes are fairly minor and we wonder why Denplan did not at the same time increase the hygiene limits on the Essential Plus and Extensive Plus plans.*

Product design points: *When is too many choices too much? In practice, provided there is clear differentiation between products, and a cohesive story line, it does not really matter how many options you make available.*

Look at a big car manufacturer such as ***Ford*** *and such variations can run into the millions. Insurers have not yet looked at 'signature' options, but that is a possible future option too. In many industries leading designers are asked to customise a product to meet their needs. If combined with a suitable marketing campaign, it is possible to envisage a future celebrity or designer (or intermediary) version of many popular life and health insurance products. You probably would not want a Shane Macgowan dental plan though (sorry Shane)...*

Plus points: *Good value; The hygiene benefits have been increased on the Essential and Extensive plans; Improvements to Lucent range too; Denplan is the market leader and is now back in a mutual's hands (having been part of* ***AXA*** *for some years).*

Not so plus points: *This is quite a big range to get to grips with, especially for the occasional dental adviser; It does seem odd to increase the hygiene benefits on Essential and Extensive plans but not to extend that to their plus versions too (one for the next update?).*

Website: www.denplan.co.uk/companies

Rating (max 10): Innovation: 6. Overall: 7.5. Silver.

Globality Health YouGenio World

Luxembourg-based **Globality Health**, which is part of **Munich Health**, has introduced a new international private medical insurance plan replacing its existing YouGenio product. The new plan offers geography-specific benefits and four different cover levels. A key element is adding a new lowest cost version, called Essential.

This entry level plan offers the following maximum annual benefits:

- Maximum annual benefit €2m (or $2.6m or £1.68m). Choice of three currency options.
- In-patient treatment except maternity-related and newborn care.
- Cancer treatment is covered, as are bone marrow and organ transplants (up to €100K).
- Out-patient treatment is generally excluded, except for cancer and up to €3K for post in-patient critical illness treatment.
- Travel to A&E.
- Congenital conditions are covered up to €150K.
- Medical evacuation and repatriation plus return of mortal remains. Medical assistance support is also included.
- Cover of pre-existing medical conditions.
- Guaranteed lifetime renewability.
- No minimum or maximum age restrictions.
- Two pricing areas—worldwide with or without USA cover.

The other versions of the plan (Classic, Plus and Top) offer increasingly more cover, with Top offering benefits up to €7.5m a year and also dental cover, over-the-counter drugs, full out-patient cover and additional assistance benefits.

Comment: *Adding a new lower cost option is a sign of the times and extends the appeal of the old plan, which has now had 'World' added to its name, along with revised benefits.*

Essential still offers a good level of benefits, but excludes most out-patient treatment, although it still includes cancer cover. If more cover is needed, customers can simply choose one of the other three versions of the plan.

Product design points: *Adding a lower cost version is a sensible response to tough economic times. It can also help illustrate the value of higher cost point versions too.*

Plus points: *New lower cost option added, along with other changes; The strength of the Munich Re brand; The*

options are simple, making choice straightforward.

Not so plus points: *All plans have overall and some other limits; Although the brand is strong, some may prefer a UK based insurer.*

Website: *www.globality-health.com.*

Rating (max 10): Innovation: 7. Overall: 8. Gold.

Legal & General Life and Critical Illness Cover

Legal & General has extended the cover of the Critical Illness Cover element of its protection offering from 15 April. Improvements include:

- A new range of benefits for Children's cover. This pays 50% of the insured benefit (up to £25,000) on any of the insured conditions except TPD. There is a 14 day survival period and cover lasts to age 18 (or 21 if in full-time education). One claim per child and two in total on the policy are payable. In addition up to £1,000 is payable to a registered childminder if any claim is paid under the policy.
- Accident hospitalisation cover. This pays £5,000 if hospitalised longer than 28 days.
- Maximum age at outset is now increased to 67.
- New indexation option for term and critical illness cover. Benefits are linked to the Retail Prices Index (RPI, limited to 1-10% a year), with premiums rising by 1.5 times that increase (up to a maximum of 15% a year).
- Total and permanent disability (TPD) is now optional.

The plan covers around 40 conditions and also pays out a partial benefit (the lower of £25K and 25% of the basic sum insured) on ductal carcinoma in situ of the breast treated by surgery and on low grade prostate cancer requiring treatment.

Comment: *L&G is one of the big hitters in CI, paying out a whopping £209m to 3,080 CI customers last year.*

The children's changes are especially welcome and increase the plan's appeal to parents. The childminder benefit is a good example of an extra benefit that provides real practical help just when it is needed. Making TPD and indexation optional probably makes sense, although we have a slight unease about making the one benefit that can help CI policies cover potentially many more conditions optional.

Product design points: *Indexation is a useful benefit, but it can have harsh consequences too. For example, L&G increases premiums by 1.5x RPI which, though simple, means that some customers will pay more than might seem appropriate (one reason indexation has been made optional?).*

Not taking the option to increase any year generally also means losing all future indexation—a harsh penalty, especially in times of tough economic conditions.

The RPI is also getting a bit long in the tooth as an index—the Government prefers the CPI (Consumer Prices Index) and in any event, is linking to prices the right choice? A better option for many customers might be linking to average earnings as that is more likely to reflect their actual cover needs. Perhaps the whole issue of indexation needs some careful thought, with the aim of developing a more user friendly approach to what is, fundamentally, a very useful guaranteed insurability benefit to have for many people.

Plus points: *Improvements in cover with now a strong range of children's benefits; Household name brand with a track record (£300m+ is very reassuring to nervous customers).*

Not so plus points: *Is making TPD and indexation optional just taking the easy path?; The hospitalisation benefit could usefully be extended to cover illnesses too.*

Website: *www.legalandgeneral.com.*

Rating (max 10): Innovation: 8. Overall: 8. Gold.

Skandia UK Critical Illness

Skandia Life has re-entered the protection insurance space, having temporarily exited it in August 2010 after around two decades in the market.

It has done so with a new critical illness plan which includes life cover and offers terms of 5-40 years or a rolling ten year term. Some 44 conditions are covered, five having the standard ABI definition, 18 an ABI+ definition and 21 other conditions. Amongst the latter are serious accident, which pays after 28 days' hospitalisation.

There are also 12 partial payments for less severe conditions, paying the lower of £25K or 25% of the sum assured. Children's cover is 50%/£25,000, and doubles if both parents have Skandia CI cover. There is a ten day survivability clause and benefit is paid up to age 21 (regardless of whether the child is in full-time education).

The plan also includes surgery benefit (up to half the sum assured) to pay for certain fixed price operations; cover continuation benefit (after a claim on joint life plans); immediate cover for business assurance (and on accidental death during the application process for all), and guaranteed insurance options. GIOs are mortgage increase; marriage/divorce/birth/adoption; salary increase due to promotion/job change; business assurance revaluation, and loss of employer-provided group cover on retirement.

Premiums are guaranteed throughout the policy term and exclusion premium discounts apply for certain excluded conditions.

Optional benefits include premium protection benefit (PPB); total and permanent disability (TPD); cover reinstatement option (buyback), and inflation (RPI) linked annual cover increases, which can never be lost.

Comment: *Welcome back Skandia, it's been a long time. Skandia now covers 56 critical conditions. Too many? We don't think so—it simply brings cover closer to being a full critical illness policy (a definition that no policy yet meets). Skandia also says it has higher non-medical underwriting limits and no GPRs. It also offers tele-underwriting.*

The key now will be keen pricing and exemplary service.

Product design points: *Re-entering a market successfully requires boldness, but not so much innovation that it scares the horses. Starting with a blank sheet of paper does though give designers an opportunity to focus on some of the minutiae—for example extending children's cover to age 21 regardless of whether they are in full-time education—which had always been an odd requirement anyway.*

Plus points: *Development of previous plan with a thorough spring clean of benefits; Good CI claims record (92% of claims paid in 2012); Extensive cover with some new ideas.*

Not so plus points: *Skandia has been away for almost three years—will its service be rusty?*

Website: *www.skandia.co.uk.*

Rating (max 10): Innovation: 8.5. Overall: 8.5. Gold.

Stubborn men avoid the doctor

New figures show that men are twice as likely as women not to visit a doctor, even if they are feeling ill. A survey conducted for **Socked.co.uk** (a gentlemen's sock subscription service) of 2,036 people throughout the UK reveals that difficulties in fitting in an appointment around work, embarrassment, or fear of what the doctor may find are leading excuses for avoiding medics.

Top reasons for both men and women not visiting the doctor when feeling ill include (surveyed people gave multiple answers)

- Scared of discovering a more serious illness – 45%
- Don't have time – 39%
- Too embarrassed to talk about symptoms – 33%
- Too lazy/Can't be bothered – 23%
- Worried the doctor will nag you over your lifestyle – 21%
- Think they're invincible – 18%
- Shrugging it off/"It's not as bad as it looks" – 17%
- "I know I'm ill, but I'll run it off" – 16%
- Self-diagnosis through **Wikipedia** – 12%
- Don't trust the medical profession – 7%.

Only 30% of men regularly checked themselves for signs of testicular cancer and only 38% of men (compared to 78% of women) would visit the doctor for a check-up if they thought they were ill.

When economic recovery is bad...

A rare opportunity to observe the effects of a reduced energy intake and increased physical activity on body weight, the occurrence of diabetes, cardiovascular disease, cancer and death arose during the serious economic hardship in Cuba in the 1990s, *BMJ* 2013; 346: f1777 reported on 9 April.

More than a million bicycles were distributed, which led to an average 5.5kg reduction in weight over five years.

A profound and almost immediate reduction in the incidence of diabetes occurred and a striking decline in cardiovascular mortality began, after a lapse of five years.

Only some cancers are associated with obesity and disease latency can be years, so there was little effect on cancer rates. Economic recovery eventually led to an increase in the prevalence of obesity three times higher than before the crisis the study found.

High heart rate standalone risk

A high resting heart rate may be an independent risk factor for mortality, a Danish study of just under 3,000 men aged 40-59, who were part of the *Copenhagen Male Study*, set up in 1970, has concluded.

The study went back to men originally interviewed in 1971 in 1985/86 (when their mean age was then 63), then looked at how many had died by 2001. Researchers found men with a resting heart rate of between 51-60 beats per minute in 1985/6 had a 40% increased risk of death compared to those with a rate under 50. Those with a rate between 81 and 90 beats per minute had double the risk and those above 90 triple the risk.

The study was published in *BMJ*2013;346;f2429.

Exercise and earn £6.5K pa more

In the UK, 70% of adults do not meet the target of 150 minutes of exercise a week. However, a new report from **Nuffield Health** and the **London School of Economics**, using data from the annual *Health Survey for England*, found that 12 extra minutes of physical activity a day could save the UK £7bn in costs of associated NHS treatments, welfare and loss of earnings.

The researchers also found that household income of those who do exercise was £6,500 a year higher.

Smart phone self-care for diabetics delivers limited benefits

A Cochrane review by **University College, London** researchers has found that self-management interventions delivered by computer and mobile phone for type 2 diabetes patients had only limited positive effects, *Nursing Times* reported on 2 April. Their review of 16 trials with 3,578 patients who used either device for between 1 and 12 months showed small benefits for controlling HbA1C (glycated haemoglobin) which fell away after six months. There was no evidence that the interventions helped with depression, quality of life or weight.

Comment: *This is a disappointing result, as 'social media' interventions ought to be able to develop positive benefits to patients. More research is needed to find out what works and why it works.*

US panel recommends breast cancer drugs for high risk women

US physicians should offer to prescribe tamoxifen or raloxifene to women who are at a raised risk of breast cancer and have a low side affect risk, according to draft recommendations drawn up by a **US Preventive Services Task Force** panel, *BMJ* reported on 18 April).

The panel concluded: 'Tamoxifen and raloxifene reduced the incidence of invasive breast cancer by 7-9 fewer events per 1,000 women over 50 years of age, and tamoxifen reduced breast cancer incidence more than raloxifene.' They recommend that physicians use a formal risk assessment tool to gauge a woman's risk of breast cancer, such as the **US National Cancer Institute's** breast cancer risk assessment tool (for information on that see *www.cancer.gov/bcrisktool*).

Comment: *If adopted in the UK, it could be expensive.*

Laporoscopic surgery can beat medical management of GORD

Minimal access surgery (laparoscopic fundoplication) can be a better alternative than drug treatment for people with gastro-oesophageal reflux disease (GORD) according to a study published in the *BMJ* (BMJ2013;346:f1908).

The study found after five years, the surgery continued to provide better relief of GORD than medical management. While 44% of those who had surgery were still taking antireflux medication, compared to 82% of those being medically managed.

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Medical briefs:

• A Canadian study that looked at 2m patients prescribed statins for hypertension has concluded that those taking high-potency statins were 34% more likely to be admitted to hospital for kidney injury than low-potency statin users in the first 120 days of treatment. Rosuvastatin 10mg, atorvastatin 20mg and simvastatin 40mg were defined as high-potency. See: *www.tinyurl.com/cyl4x4t*.

• Only 19.9% of people with type 1 or type 2 diabetes in England (one in five with the disease), and 18.5% in Wales, meet recommended targets for blood glucose, blood pressure and cholesterol according to analysis of the National Diabetes Audit by **Diabetes UK**. See: *www.diabetes.org.uk/15-essentials*.

• Scottish researchers have found that a quarter of patients prescribed the antibiotic clarithromycin during acute chronic obstructive pulmonary disease exacerbations had at least one cardiovascular event in the following year compared with 18% of those who did not receive the drug. 12% of patients given the antibiotic for community-acquired pneumonia had at least one cardiovascular event compared to 7% who were not prescribed the drug. See: *www.bmj.com/content/346/bmj.f1235*.

• A free app that will help clinicians assess patients with possible dementia will be available from **iTunes** and **Google Play** by June. See: www.acemobile.org.

• Hospital admissions for alcohol related cancers rose in England by 28% in eight year from 29,400 in 2002-3 to 37,600 in 2010-11, *BMJ* 2013; 346: f1972 reported on 26 March. There are 12,500 alcohol related cancers diagnosed each year such as those of the larynx, oesophagus and mouth and around 3,200 people die from them.

• The academic-powered news and commentary website *The Conversation* (http://theconversation.com/au) that began in Australia two years ago, is due to be launched in the UK in May, *BMJ* 2013; 346: f2070 reported on 28 March. The website will give in-depth coverage of health, medicine and science issues.

• Food poisoning caused 93 deaths in Europe in 2011, according to the *Joint Annual Zoonoses Report*, produced by the **European Food Safety Authority** and the **European Centre for Disease Prevention and Control**. There were 5,648 foodborne outbreaks of zoonoses in the EU in 2011, affecting 69,553 people.

• One in 11 (8.8%) admissions to hospital for liver disease in England (3,040 of 34,650) resulted in a death in hospital in 2012, the **NHS Health and Social Care Information Centre** reported in April. This is far higher than the overall hospital mortality rate (210,170 of 15.2m admissions, or 1.4%).

• US hospitals earn, on average, $30,500 extra from surgical patients who have complications, a study published in *JAMA* in April of a 12 hospital Texas network (**Texas Health**) found. The network's income came from Medicare (45%), private insurers (40%), Medicaid (4%) and patients (6%), similar to that of the average US hospital the *BMJ* reported on 18 April. A surgical complication arose in 5.3% of cases and the median stay of patients with complications was more than four times higher than for patients without complications (14 versus three days). Average costs were $15,800 and $49,400 respectively.

Political briefs:

• Government information is now being centred around the *www.gov.uk* website. Most Departments have already migrated to this website, with others set to follow.

• **NICE** has changed its name. Set up in 1999 as the **National Institute for Clinical Excellence**, it changed its name in 2005 to the **National Institute for Health and Clinical Excellence** and, from the start of April 2013, is now the **National Institute for Health and Care Excellence**, becoming a Non Departmental Public Body (NDPB) at the same time. See *www.nice.org.uk*.

• The Government published an updated *NHS Constitution* on 26 March. The revised document includes a number of improvements and can be viewed at *www.gov.uk*.

• Payments for agency and bank staff are likely to be 20% higher in this financial year compared to 2011-12 and could pass £450m for the whole NHS, *Nursing Times* reported on 26 February. Fifteen hospital trusts have doubled their temporary nursing spending this year.

• The *BMJ* has reported that figures based on data for September 2011 to October 2012 show that 11 out of 17 district general hospitals in Wales had higher death rates than would be expected (after adjustments for patients' age, sex, primary diagnosis and procedures performed). See: *BMJ* 2013; 346: f1943.

• After tightening up its procedures, including more stringent checks on identity documents, the **Nursing and Midwifery Council** has begun accepting applications from overseas nurses again, but has warned applicants they could face delays in registration, *Nursing Times* reported on 9 April.

• **Monitor** has put the censured **Mid Staffordshire NHS Foundation Trust** into administration, under the first use of powers given to it in 2009. Although care has improved, the hospital's damaged reputation meant it struggled to recruit consultants, doctors, nurses and managers, resulting in having to employ more expensive agency staff.

• The Government looks set to make savings for the NHS of £50m a year with its plans to scrap legal aid for clinical negligence and changes to the costs rules for litigation, according to a re-released press release, *BMJ* 2011; 342: d1131 reported. The Government faced liabilities estimated at £17.5bn for clinical negligence claims, according to the *Whole of Government's Accounts* for 2010/11 the *BMJ* reported on 16 April.

• **Cancer Research UK** reports that about 207,000 children between the ages of 11 and 15 started smoking in 2011, up from 157,000 in 2010. See: *BMJ* 2013; 346: f1972.

• The world could be declared free of polio by 2018, according to the **World Health Organization's** polio programme, with the last case of wild polio virus occurring by the end of 2014, the *BMJ* reported on 12 April. There were just 223 polio cases in 2012, the lowest number ever recorded.

• US President Barack Obama plans to cut $400bn from US healthcare spending over ten years, the *BMJ* reported on 12 April. $370bn of cuts will come from **Medicare**, by reducing payments to hospitals and providers and encouraging more efficient new physician payment models.

Public remains committed to NHS funding model: King's Fund

The public remains committed to the NHS funding model, according to new research from **The King's Fund** and **Ipsos Mori**, published on 15 April.

82% of over 1,000 people polled in 2012 agreed with the statement 'The NHS will face a severe funding problem in the future' and 66% with the statement 'The NHS provides good value for money to taxpayers'.

While the majority (58%, up from 44% in 2006) agreed with the statement 'There should always be limits on what is spent on the NHS', the number disagreeing fell from 48% in 2006 to 39% in 2012.

Participants in two 'deliberative events' (focus groups) in London and Leeds were against means testing NHS care and fully supported universality. Most struggled to come up with alternative funding methods, but both top-ups and insurance (some supporting it being a requirement for the higher paid) were mentioned. The report noted: '*Encouraging* the taking out of health insurance was...felt to be preferable to *requiring* it.' Charging for improved 'hotel' services was the least contentious top-up.

Participants believed charging could be introduced for treatments that are not clinically necessary (e.g. cosmetic surgery and elective caesarean sections), to those who were thought to misuse services (e.g. by missing appointments or arriving drunk at A&E), as a result of lifestyle choices (e.g. smoking or obesity) as well as top-ups to such as private rooms.

Earlier King's Fund research found that the cost of the NHS had risen from 3.4% of GDP 50 years ago to 8.2% currently and could rise to almost 20% of GDP in the next 50 years. The study concluded that 'the public's attachment to the founding principles of the NHS and reluctance to embrace radical change to the current funding model suggest that an incremental approach is likely to be more acceptable'. *How should we pay for health care in future?* can be downloaded from www.kingsfund.org.uk.

Comment: *The King's Fund research makes it clear that the public does not understand the full extent of the NHS funding issue, but is also ready to take part in the debate and is hungry for more information to enable it to do so constructively. Most people still see the NHS as a 'national treasure' (it even featured at the Olympics opening ceremony in 2012) and, when asked to name two or three State areas where spending should be protected, 79% chose health, compared to just 51% for the next most popular areas (schools and care for the elderly).*

Interestingly, one participant's comment was: 'My friend in Singapore had an accident and doctors on the scene were asking everyone if they were insured'. That is a common criticism of other health systems, yet is effectively exactly what the NHS now has to do (see e-PR 152, Page 14).

Unemployment to fall again?

Unemployment rose from 2.52m in November-January to 2.56m in December-February, according to the latest *Labour market statistics* bulletin, released by the **ONS** on 17 April 2012.

During the same period, employment fell from 29.73m to 29.70m. This means that the e-*Protection Review Employment Index*, which is a proxy for the growth in size of the main health and protection insurance markets since 2000, fell from 109.33 to 109.22. This index compares the latest employment figure with the 27.192m figure recorded for the first quarter of 2000.

The self-employed sector fell marginally, to 4.20m in December-February. The latest figure for NHS employees (for December 2012) was up 7,000 since September 2012 to 1.56m. The number of people economically inactive due to long term sickness was down 101,000 compared to a year earlier, at 2.02m in December-February.

The number of Jobseeker's Allowance (JSA) claimants fell from 1.54m in February to 1.53m in March, suggesting that unemployment may be starting to fall again. The latest unemployment rate is now 7.9%, or 4.6% for JSA claimants. Earnings in the three month period to end February 2013 (including bonuses) fell to just 0.8% higher than a year before.

On 16 April the ONS announced that in March the Retail Prices Index (RPI) rose from 3.2% to 3.3% compared to a year before, while the Government's preferred Consumer Prices Index (CPI) remained at 2.8%. This compares to an annual inflation target of 2.0%.

Hospital RTT waiting times up

The median Referral to Treatment (RTT) wait for NHS hospital admission stayed at 9.2 weeks in February according to a **Department of Health** Statistical Press Notice released on 18x April. For non-admitted patients the median wait fell from 4.8 weeks to 3.8 weeks. The 95th percentile time wait for patients entering an RTT pathway rose from 21.0 weeks to 21.2 weeks for admitted patients and from 16.0 weeks to 16.1 weeks for non-admitted patients. The number of admitted patients meeting the 18 week target fell from 92.6% to 92.2% in February.

For more see www.england.nhs.uk.

NHS nursing numbers down

NHS employers are using cheaper healthcare assistants (HCAs) as the number of nurses in England between September 2011 and 2012 dropped by 2,283 (0.7%), *Nursing Times* reported on 26 March. Over the same period the number of HCAs rose 2,691 (5.1%). As at 30 September 2012 there were 1.36m people working in the NHS in England, down by 3,238 or 0.2% on 2011's figures.

Royal College of Nursing director of policy, Howard Catton said: "We have entered back into the 'bust phase' of what nursing always does – boom and bust in terms of the size of the nursing workforce."

A separate study by the **University of Southampton**, using survey data from the RN4CAST study published last year, has found trusts with a higher number of unregulated healthcare assistants (HCAs), also had higher mortality rates, *Nursing Times* reported. For every 10% increase in the number of nurses, the likelihood of patients dying dropped by almost 7%. Lead author of the study, Professor Peter Griffiths, suggested a ratio of eight patients per nurse and reported that in his study 60% of shifts were at this level or better.

Blogs

In this section of e-Protection Review we feature some of the blogs that were first published on the *www.protectionreview.co.uk* website. You'll find blogs covering a very wide range of issues, products and markets. That's the aim. We want every blog to challenge and question, to inform and to stimulate—and even, sometimes, to entertain too (this month's certainly do…). Our bloggers are a mixed bunch (we mean that nicely) but they are all people we like listening to and learning from. We hope you will to.

This month we feature three blogs. Our first comes from Dudley Lusted and was published on 19 March in response to Neil Sharp's 12 February Blog (see e-PR 151).

Dudley concludes his piece by saying 'I'd like a pound for every time that I heard that 'the industry lacks innovation'. Do you agree? Enjoy!

Bob: What! I might pay £1,000 per year for 30 years and still have nothing at the end?

Tim: Yes but you might be ill and never be able to work again!

Bob: What! And you want me to spend another £1,000 a year in case the NHS can't treat me and if I'm not ill that money will also be wasted.

Tim: Yes but you never know it could happen tomorrow.

Bob: Ah but for £100 per year I could buy a cash plan and get money back when I go to a dentist or optician. Buying that type of insurance makes much more sense.

Tim: No it doesn't, the sums are trivial and although the event is likely, there's no point in insuring for trivial things. Insurance makes sense when the claim is for a catastrophic event, such as your house burning down or if you could never work again!

Bob: That's all very well but where am I going to get the money from for the premiums, I already struggle to pay for house and life insurance. Have you seen the national income figures? What level of income do you think I need to have to buy the types of insurance you want me to buy?

Tim: I understand, and although the figures above are old they are probably worse relatively speaking as a result of what's happened to the economy in the last few years. You, Bob, typify the great British public in that you would prefer to buy expensive coffee and cheap cash plans, because:

1. You can see an immediate return on your money, even if both purchases represent poor value for money.

2. You aren't interested in insurance products where there is a very good chance that you will never need to claim.

3. You don't earn enough to get over the mindset that you can't afford not to buy.

Me: And that dear reader is why no amount of innovation will make any fundamental change to the levels of purchase of either income protection or private medical insurance.

You: What do you think is a reasonable income level that enables people to buy proper protection? How many people fall into that category?

Me: The only thing that will fundamentally change volumes is if (in the unlikely event) relevant tax regimes change and more employers see the benefits of purchasing on behalf of more employees.

Dudley Lusted (ex AXA PPP healthcare) now describes himself as 'happily retired'.

Our second blog was published on 16 April and is Philip Cooke's response to the news of the death of Britain's first female Prime Minister, Margaret Thatcher (on 8 April):

As I write this Margaret Thatcher lies cold in a mortuary, awaiting a grand funeral; in the world she has so recently departed the heat of the debate generated by her death shows little sign of cooling, and I am not sure if my memory is playing tricks on me. Don't worry dear reader, this short piece is not going to be political, but it does seek to put the business record straight.

One of the many 'misapprehensions' of the recent post mortem debate has been the idea that the Iron Lady looked after her friends in the City, and made life easy for those in the business world at the expense of their fellow citizens. Of course, it was all so long ago that one sometimes wonders if it was all a dream; I remember sitting in my front room watching the latest strike at **British Leyland** (remember them?) unfolding. The ringing doorbell provided a welcome, if unexpected, break from the ranting of Red Robbo and his lads. Imagine the shock; as the door peeled back on it hinges, there she was….at my door, handbag and all. "Yes", I tremulously enquired, "can I help you?"

"You already have", she replied, "I owe you something for your vote." "Would you like a cup of tea," I mumbled and, before I knew it, she was sitting in my front room, milk no sugar. "Now look, dear boy, here's the deal." There was no point arguing, the lady was clearly not for turning. "You are one of us now, so I want you to start your own business as soon as possible. We in turn will guarantee that you will never fail, will give you every tax break possible and ensure that the whole thing is painless and easy." I stared at her, incredulous. "What's the catch?", I ventured. She slowly opened her handbag, my pulse raced; after dabbing her cheeks, the handkerchief was replaced. "You still don't get it to you, you're one of us now. There is no catch." Then she was gone, onto the Grimshaws at number 20, I think.

And my memory? Well, here is the problem. I did start my business in 1980, and it has been a stimulating thirty odd years. Maggie certainly did create an environment in which we could run the business with less red tape and Government interference, but the 'painless and easy bit?' What I actually remember was the long hours, the risk and uncertainty, and all of it running in parallel with the benefits of satisfying one's own aspiration. No, it wasn't quite as they say she said it. But then it was a long time ago, and the memory does play tricks. Or maybe not…..

Philip Cooke is managing director at D'Arcy Inspired Limited.

Our final blog, from consultant Phil Veale, was posted online on 23 April. In a wide-ranging Blog, Phil concludes that the protection insurance industry is in a good place right now.

It's nice to see protection insurance getting some focus recently. How this will benefit consumers and the industry as a whole remains to be seen, but it does seem a step in the right direction.

Rocket science it's not, although depending on int–erpretation from some commentators you might think it is.

The 'discovery' is that consumers put service and product ahead of outright price. Surely this makes sense when you look at other purchasing dynamics? There are not too many other products bought based on price alone.

Is the difference that they tend to be tangible; cars, white goods for example, not forgetting mobile and TV packages. Even in supermarkets, the theme can continue.

Yes, people will look for sell-by bargains, but the product is still important to the purchaser on the basis of 'do they want it?' Yet, consumers do express loyalty in their shopping habits. The plethora of choice might suggest disparate purchasing habits, but the reality is that many consumers express loyalty to a small number of distributors. Can our industry concur with this? Whether it is labelled as loyalty or trust, these facets are built on good, even excellent customer service. It can't work otherwise.

And, phone queues don't help. How many times do you hear the plea "I want to talk to a real person and now, if possible". There is another benefit from good customer service. It's a really good research tool. Why spend money on research projects when you have a captive audience at the end of a phone? It can be carried out informally and gives the opportunity to ask "what do you mean by that?" Internet is fine, but sometimes you need to drill down.

So overall, perhaps we are getting back to understanding what consumers want, rather than what the Industry thinks it wants.

And now we have the rumblings of a protection body being put together. There is an argument that if the industry got its act together, is it really needed? It depends on the remit of the group being suggested as to what it is likely to be able to achieve. If a balance can be found, it has to be positive. The danger is it's a sledgehammer to crack a nut otherwise.

Of course it should bring the notables together in a common goal, which handled correctly should positively inject the industry, although this won't be overnight.

Overall, the protection insurance industry seems to be in a good place. Awareness is positive, as are new business figures. It's taken a long time to get back on track from the days when protection was a significantly successful marketplace. Perhaps there are a few people who have been there and bought the T shirt!

Phil Veale is CEO at Chiltern Consulting.

Protection Review blogs are open to all to contribute to (although we reserve the right not to publish individual blogs). If you would like to submit a blog or recommend a colleague to become a blogger, please let us know.

World Health Statistics 2012

Each year the **World Health Organization** (**WHO**) publishes both an annual report and this document, its compilation of *World Health Statistics*. The tables below show selected information from 12 selected countries.

Table 1. Life expectancy in years at birth and at age 60. Males and females, 2009

Country	Birth		Age 60	
	M	F	M	F
Australia	80	84	23	26
Brazil	70	77	19	22
China	72	76	18	21
France	78	85	22	27
Germany	78	83	21	25
India	63	66	15	17
Italy	79	84	22	26
Japan	80	86	23	29
Russian Federation	62	74	14	20
Spain	79	85	22	27
UK	78	82	22	25
USA	76	81	22	25

Table 2 shows the number of doctors (physicians), nurses/ midwives, dentists and hospital beds per 10,000 population. Figures are 2005-10 for personnel and 2005-11 for beds.

Table 2. Healthcare resources per 10,000 population, 2005-2010 (2011 for beds)

Country	P	N	D	Beds
Australia	29.9	95.9	6.9	38
Brazil	17.6	64.2	11.7	24
China	14.2	13.8	0.4	42
France	34.5	3.1	6.8	69
Germany	36.0	111.0	7.8	82
India	6.5	10.0	0.8	9
Italy	34.9	2.9	5.3	36
Japan	21.4	41.4	7.4	137
Russian Federation	43.1	85.2	3.2	97
Spain	39.6	51.1	6.1	32
UK	27.4	101.3	5.3	33
USA	24.2	98.2	N/A	30

Key: P: Physicians; N: Nurses and midwives; D: dentistry personnel; Beds: Hospital beds.

Table 3. Healthcare resources per 10,000 population, 2009, % GDP; % private; % health is of all gvt spending and av annual spend per head in US $

Country	GDP	Pri	Gov	Per head
	%	%	%	US $
Australia	8.7	32.0	16.8	3,945
Brazil	8.8	56.4	5.9	734
China	5.1	47.5	12.1	191
France	11.9	22.1	16.3	4,840
Germany	11.7	23.1	18.7	4,723
India	4.2	69.7	3.7	44
Italy	9.4	22.1	14.2	3,323
Japan	9.5	17.7	18.4	3,754
Russian Federation	5.6	36.6	8.5	476
Spain	9.6	26.4	15.2	3,032
UK	9.8	15.9	16.0	3,440
USA	17.6	52.3	19.6	7,960

The final table, Table 4, (see previous page) shows i) what proportion of that country's GDP (gross domestic product) is spent on health, ii) the proportion of all health expenditure made up of private rather than government spending, iii) the percentage of all government expenditure that is made up by health spending, and iv) the per capita (per head) total expenditure on health in 2009 in US dollars at an average exchange rate.

These are selected statistics from a very long report that covers 194 member states in total. The 12 countries we have selected are generally the world's largest and most influential countries and some European neighbours.

Not surprisingly, the US dominates health spending both in absolute terms and as a percentage of GDP. It is interesting to note however that US government spending per capita on health is actually greater than the UK Government's. Both Brazil and India have a greater percentage private spend on health than the USA while, of the countries selected, the UK stands out for having the lowest private expenditure percentage on health.

To download or view part or all of the report see WHO's website at www.who.int. Note: some of the figures shown in the WHO report look a little suspect. For example, France's nurses per 10,000 population figure looks to be very low. That may be explained by France apparently having just over 18,000 nurses compared to 126,869 nurses in Finland. We are querying this with the WHO...

Scottish Widows *Protecting our future* report

Families are under-protected and underprepared, with the majority relying on just one income, according to *Protecting our future*, the fifth annual consumer protection report from **Scottish Widows**, published on 15 April.

The report looks at Britain's protection landscape and one of its key findings is how protection needs and actual coverage vary between housing groups. That is an important finding, especially as a difficult mortgage market means many more younger people delaying when they buy a home. The table below shows whether home dwellers say they would be able to survive on a single income if unable to work for six months or longer:

Type of residence	Yes	No	Don't know
Owned	60%	18%	22%
Mortgaged	47%	32%	21%
Housing association	38%	35%	27%
Rented	34%	36%	30%
Local authority	31%	40%	29%

Not surprisingly, those who own their home outright would be best able to survive a single income—not least because many will be older. When asked how long they thought their savings would last if they were unable to work, responses (for all residency groups) were:

Less than a month	14%
For a month	7%
For a couple of months	21%
For six months	15%
For a year	10%
For a couple of years	16%

Scottish Widows says that 52% of the UK population with at least one wage earner in the household is reliant on a single income and that 15m UK adults are currently failing to save at all. Moreover, of people living alone or with a partner, 17% had no savings, 15% did not know how much savings they had, 47% had under £20,000 in accessible savings and only 21% had over £20,000 in accessible savings.

When asked about the types of protection insurance owned, responses also varied by residency group:

Type of residence	Life	IP	CI
Owned	31%	2%	3%
Mortgaged	54%	10%	20%
Housing association	27%	1%	1%
Rented	17%	2%	3%
Local authority	27%	1%	-

This suggests that people buying a home are more likely to get access to a financial adviser—usually as part of the mortgage process—than other groups. There is no direct correlation between type of residency and disposable or gross income however, which raises the question of how best renters should be helped to consider protecting themselves and their families.

Of those who did not own critical illness insurance the reasons given for not doing so were:

I know I can't afford it	20%
I think it's a waste of money	14%
It's not a financial priority at the moment	15%
I'm prepared to risk not being covered	8%
I don't have any dependants to provide for	11%
Don't think I need a policy like this	15%

This is quite a broad spectrum of reasons given not to buy, and suggests most people do not have a great understanding of the product or how much it costs. That is not surprising but it does also imply that the industry needs to work harder or smarter to explain why it thinks its solutions are actually relevant to people. For example, 11% of people said they had no dependants, yet CI cover is designed to benefit the person taking out the policy, not just their dependants.

Respondents were also asked how concerned they were about Government spending cuts and welfare reform on their ability to manage their existing debts. Answers were grouped by personal circumstances:

	Concerned	Not
On long term sick leave (6m+)	20%	58%
Unemployed and looking for work	21%	49%
Houseperson	27%	45%
Part time employed (<24hrs a week)	31%	40%
Full time employed	32%	38%
Full time self-employed	43%	37%
Full time student	34%	33%
Retired	42%	32%
Part time self-employed (<24hs)	42%	37%

Base: 5,000 adults polled by **YouGov**. For more on this report see www.scottishwidows.co.uk.

ESA claimants 2000-2012, 000s

Year	Total	ESA	IB	SDA
Aug 2000	2,756,510	-	2,380,310	376,200
Aug 2001	2,805,450	-	2,435,420	370.030
Aug 2002	2,811,430	-	2,478,840	332,580
Aug 2003	2,819,050	-	2,502,060	316,990
Aug 2004	2,817,010	-	2,514,270	302,730
Aug 2005	2,767,740	-	2,478,160	289,590
Aug 2006	2,724,980	-	2,447,960	277,020
Aug 2007	2,683,160	-	2,418,650	264,510
Aug 2008	2,632,000	-	2,379,460	252,530
Aug 2009	2,674,020	374,440	2,058,020	241,560
Aug 2010	2,646,540	563,980	1,851,010	231,550
Aug 2011	2,619,670	731,950	1,666,210	221,520
Aug 2012	2,552,340	1,286,410	1,053,870	212,060

Key: ESA: Employment and Support Allowance; IB: Incapacity Benefits; SDA: Severe Disablement Allowance.

As at August 2012:

• 339,410 people were receiving contributory based ESA benefit only.

• 88,960 were receiving both contributory and income based ESA benefit.

• 752,190 were receiving income based benefit only.

• 104,860 ESA claimants were receiving National Insurance credits only.

Also as at August 2012, 1.56m people were receiving Attendance Allowance, 3.27m were receiving DLA, 614,000 Carer's Allowance

The working-age ESA/IB early estimate for January 2013 is 2.47m to the nearest 5,000. This represents a fall of 1.9% since August 2012 (the latest National Statistic). In January 2013 approximately 92.4% were in receipt of benefit payments from Incapacity Benefit, Severe Disablement Allowance, Employment and Support Allowance, Income Support, Pension Credit. The remaining 7.6% received National Insurance credits only (i.e. no payment of IB, SDA, ESA, IS or PC). A noticeable rise in the proportion of claimants receiving National Insurance credits was seen in May 2012. This was due to the introduction of a 365 day limit on receipt of contribution based ESA for those in the Work Related Activity Group on 1 May 2012.

Source: *DWP Quarterly Statistical Summary*, March 2013.

Disability Living Allowance

• The total number of Disability Living Allowance (DLA) claimants between February and May 2012 was 3,258,440, an increase of 15,000 on the previous quarter.

• In ten years, the number of people claiming DLA rose almost 35%, from 2.4m to 3.3m.

• The annual cost is around £13bn.

• DLA is being replaced with a new benefit, Personal Independence Payment (PIP), for people of working age (16-64), with a new face-to-face assessment. PIP is also non-means tested and non taxable and is estimated to cost £13bn in 2015/16.

Source: *Statistical update: Disability Living Allowance Claims*, DWP, February 2013.

Interim Life Tables, England and Wales, 2009-2011

• Life expectancy at birth in England and Wales in 2009-11 was 78.7 years for boys and 82.6 years for girls.

• The gap between life expectancy at birth has narrowed from six years in 1980-82 to four years in 2009-11.

• 91% of baby girls and 86% of baby boys born in 2009-11 can expect to reach age 65 (up from 84% and 74% respectively in 1980-82).

• At age 65 in 2009-11, females can expect to live 20.8 years and males 18.2 years on average (up from 17.0 and 13.0 years in 1980-82).

• The chance of surviving from birth to age 85 has more than doubled for men over the past three decades, from 14% in 1980-82 to 38% in 2009-11.

• At age 85 in 2009-11 females can expect to live 6.9 years and males 5.4 years on average.

• Most of the increases are due to lower mortality at older ages.

Source: *Interim Life Tables, England and Wales, 2009-2011*, ONS, 21 March 2013.

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Each issue we choose ten stories from across the industry that have appeared in the trade monthlies, weeklies, online or in the national press. They are not necessarily the biggest stories, just those that most grabbed our attention.

Many of this month's national press pieces are good news stories, often tackling common objections, using real life examples, linking to need and commenting on how insurance has improved and why people should consider it.

Many of this month's Top 10 again include a quote from well-known industry names, illustrating how valuable PR and a good relationship with the media can be.

1. *'At least we know the mortgage is covered if the worst happens': Are you gambling your livelihood by shunning protection insurance?* Johanna Gornitzki's *Mail on Sunday* two page spread on 21 April is a comprehensive guide to what the industry offers and includes a number of case studies plus some good industry comment and advice. Cut it out and paste it on your office wall...
http://www.dailymail.co.uk/money/bills/article-2312103/The-workers-gambling-livelihoods--95-cent-shun-cash-protection-plans.html.

2. *Cancer survival rates improve but most people remain financially exposed. The Telegraph's* Ian Cowie, writing on 18 April, linked improving cancer survival with the need to have critical illness insurance.
http://blogs.telegraph.co.uk/finance/ianmcowie/100024109/cancer-survival-rates-improve-but-most-people-remain-financially-exposed/.

3. *Overcoming financial pain of the battle against illness*. Edmund Tirbutt's piece for *The Independent* on 19 April starts with a bowel cancer case study to illustrate the value of CI, then goes on to look at whether to have standalone cover, claims records and ratings.
http://www.independent.co.uk/money/spend-save/overcoming-financial-pain-of-the-battle-against-illness-8580977.html?origin=internalSearch.

4. *Friends Life: "Work is needed before we publish IP stats."* Nicola Culley's 17 April *Cover* piece reports **Friends'** defence of being one of the few remaining IP insurers not to disclose its IP claims stats. While we applaud its bravery, the risk is how customers interpret its actions, against a background of people not trusting insurers to pay claims.
http://www.covermagazine.co.uk/cover/news/2262153/friends-life-work-is-needed-before-we-publish-ip-claims-stats.

5. *Call to test men for prostate cancer in their 40s.* On 17 April, *Health Insurance* reported Swedish research that advocated testing 45-49 year old men and so perhaps predicting almost half of all deaths from the disease. However, there are downsides too to such extra testing and the arguments are finely balanced.
http://www.hi-mag.com/health-insurance/product-area/pmi/article421114.ece.

6. *Legal & General adds counselling option to group protection offering.* Henry Brennan's 9 April piece for *Money Marketing* is a straightforward information piece on **L&G's** latest addition—an EAP—to its group protection products.
http://www.moneymarketing.co.uk/protection/legal-and-general-adds-counselling-option-to-group-protection-offering/1069150.article.

7. *Lack of homeowners hits protection—Scots Wids.* Marc Shoffman's 17 April article for *FT Adviser* looks at **Scottish Widows'** findings (see Page 14) that the industry needs to find new ways of engaging with consumers, especially following the downturn in housing and mortgages.
http://www.ftadviser.com/2013/04/17/insurance/health-and-protection/lack-of-homeowners-hits-protection-scots-wids-4IumjLNij3hhS3c2hWaHoO/article.html.

8. *Cancer costs patients equivalent of second mortgage in additional costs.* Tessa Norman's *Health Insurance* piece on 19 April is on the same story as our front page this month. We think it makes a powerful case for CI, IP, PMI et al.
http://www.hi-mag.com/health-insurance/product-area/income-protection/article421281.ece.

9. *Private Medical Insurance: 10 things advisers should know*. Our own Kevin Carr wrote this piece for *Financial Adviser* on 18 April and in it he sets out key things advisers should know—especially useful as more IFAs now look at PMI.
http://www.ftadviser.com/2013/04/18/insurance/health-and-protection/private-medical-insurance-things-advisers-should-know-a1kAOb7q3ZD8nKqB7LBDBJ/article.html.

10. *Advisers keen to ditch multi application processes.* Nicola Culley's 18 April article for *Cover* reports on why attendees at one of our recent training sessions wanted a more efficient underwriting process.
http://www.covermagazine.co.uk/cover/news/2262478/protection-advisers-keen-to-ditch-preunderwriting-multiapplication-processes.

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