e-Protection Review

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

PMI centre stage as Competition Commission criticises hospitals

The **Competition Commission** (**CC**) published its long-awaited *Private Healthcare Market Investigation; Provisional findings report* on 28 August.

The Commission found that many private hospitals face little competition in local areas across the UK, leading to higher private medical insurance (PMI) premiums and charges for self-pay patients. It identified 101 hospitals that faced little local opposition, some of which were under the common ownership of one of the major hospital groups.

The Commission set out a notice of possible remedies including:

- Up to 20 hospitals to be sold off by hospital groups to improve local competition.
- In areas with just one or two hospitals, preventing those from expanding and deterring market entry through partnering with the NHS to operate Private Patient Units.
- Stopping hospital operators from offering incentives to consultants to refer or to treat patients.
- Measures to prevent 'tying and bundling' (where a hospital seeks to use its position in a local area as leverage in insurer negotiations) by preventing losses in one area being offset by charging higher prices in another.
- Improving the available information on consultant fees and quality, and on the quality of individual hospitals' services.

The report was mainly critical of hospital operators, with PMI insurers relatively unscathed. The report noted the top four insurers held a 87% market share (by premium income) and the top two had a 65% market share. PMI also accounted for 80% of the private patient spend. However, 'no insurer has countervailing buying power that can fully offset the market power of **BMI**, **Spire** and **HCA**'. There was no evidence that the local market power of consultants is giving rise to competitive harm either.

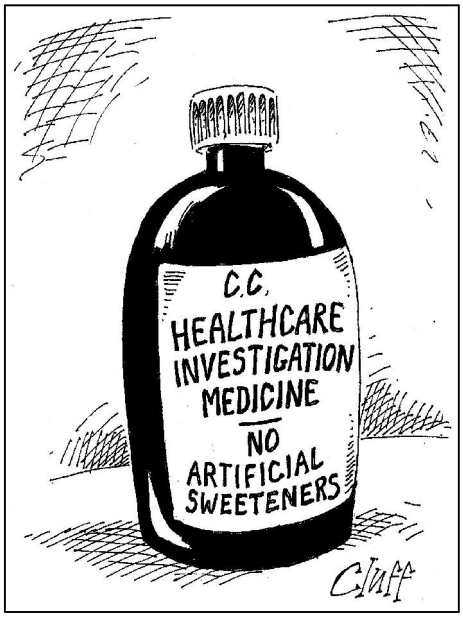
Announcing the report, CC chairman (and chairman of the Private Healthcare Inquiry Group, Roger Witcomb, even defended some insurer actions: "We're aware of the disquiet expressed by some patients and consultants in relation to the actions of some health insurers. To the extent that they are trying to keep premiums down and promote competition on price and quality, they are doing exactly what their (*continued on Page 2*)

Quotes of the month:

"The lack of competition in the healthcare market at a local level means that most private patients are paying more than they should either for private medical insurance or for self-funded treatment."

"Although Bupa and AXA PPP have some clout, we haven't found that this completely offsets the power of the hospital operators." Roger Witcomb, Competition Commission chairman, 28 August 2013.

"A snapshot survey of calls to our branches in 2008, just before the current recession began, showed that one in ten callers talked about financial difficulties. That rose to one in six at the end of last year." Samaritans spokesperson quoted in Health Insurance Daily on 18 September.



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Key statistics:

- NHS RTT median wait England July 2013: 8.6 weeks (See Page 13)
- e-Protection Review Long Term Protection Sales Index: 115.5 (Quarter 2, 2013, compared to base 100 in Quarter 1, 2000).
- e-Protection Review Employment Index: 109.74 (To end July 2013, compared to January 2000, see Page 13).

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(*Continued from Page 1*) customers would expect. However, companies like **Bupa** need to ensure that they communicate better with policyholders about what their premiums entitle them to." The report also found that Bupa and **AXA PPP** 'achieve significantly lower prices than the smaller insurers'.

Of the hospital groups, the Commission estimated that the consumer detriment resulting from the three largest private hospital operators amounted to between £173m and £193m a year between 2009 and 2011 (equivalent to 10-11% of their total private revenues). The report also noted that entry to the market was rare, due to the high costs of setting up a new hospital, the likely response from existing operators and the flat demand for private healthcare in recent years.

HCA was found to have charged significantly higher prices to insurers not wholly explained by its central London locations and/or different mix of treatments and cases. The report also noted: 'Of the other four largest hospital operators, BMI has consistently charged the highest prices to PMIs on average for each of the last five years. The next highest charges were made by Spire but this was not the case for all years.'

On profitability, the Commission assessed the profitability of the seven largest private hospital operators in the UK, which accounted for 74% of the market for privately funded acute healthcare. 'From our analysis, we concluded that BMI, HCA and Spire have, during the period under review, been earning returns substantially and persistently in excess of the cost of capital. **Ramsay** has also earned returns in excess of the cost of capital in the last three years of the period, although not in the first two and a half years.'

Although insurers largely welcomed the report, hospital groups—and especially those criticised in the report—were critical of it. BMI CEO Stephen Collier said: "We reject absolutely any assertion that we exercise market power or that we make excess profits at the expense of patients."

However, newspaper headlines included *The Times* (29 August) 'Private hospital chains face break-up as owners are accused of profiteering' and the same day's *Metro's* 'Private hospitals "rip off patients to boost profits"'.

The report runs to 357 pages but some figures are excluded from the published report—usually financially sensitive information. Responses to the report are required by 20 September and the Commission is expected to publish its full findings by 3 April 2014. For more see www.competitioncommission.gov.uk.

Where to now for PMI claims costs?

One danger for PMI insurers is placing too much reliance on the Competition Commission to help it solve the issue of rising claims costs and of doing so quickly. In reality, the effects of any changes may not be as great as hoped and may take longer than anticipated to emerge.

Insurers are also challenging claims costs by directing care. Various versions of 'open referral' and 'networks' are being used to direct patients to the most cost-effective treatment. Whilst this can result in better outcomes for patients, the risk is that the loss of choice creates the impression that directing care is all about cost-cutting. On a 'luxury' product, that can lead to disaster. Instead, the challenge must be to maintain choice where this best suits the patient, whilst also attacking unnecessary and over-expensive care. The problem is that doctors are understandably concerned about losing income and control.

A longer term solution—led by **PruHealth**—is looking to encourage customers to improve their lifestyle and so minimise the risk of needing treatment anyway. Other examples include offering employee assistance programmes (EAPs) and helplines. Technology can play a greater part in managing claims costs too and this is an area where relatively little investment has taken place recently. That could be about to change, as lessons from outside the UK are adopted here too.

Recent weeks have not all been plain sailing for private medical insurers however. On 8 August *The Times* ran an article under the headline 'Bupa accused of 'blackmail' after cutting fees to doctors'. The piece noted Bupa's 124% increase in profits on the back of 'static revenue performance and a 3% decline in customers to 2.8m'.

Derek Machin, chairman of the **BMA's** private practice committee was reported as saying: "It doesn't surprise me at all. They have blackmailed a whole lot of doctors into reducing their charges." Ian Mackay, chairman of the **Independent Doctors' Federation**, added: "They've made a profit at our expense."

The article noted that Bupa had cut rates on 200 procedures to reflect advances in technology and lower risks over the past two decades. The rates were cut by up to 70% it added.

The latest annual review of consumer complaints, covering April 2012 to end March 2013, published by the **Financial Ombudsman Service**, showed a steep increase in complaints about PMI and dental insurance (the FOS does not split this down further).

In 2011/12, some 513 complaints were received (up marginally from 506 in 2010/11), but this grew by 85% in 2012/13 to 949 complaints. The report did note however: 'Despite the disappointing rise in the number of health and medical insurance complaints, this is an area where we continue to have constructive dialogue with the insurers involved.'

Latest figures, for the period April to June 2013, showed 259 complaints received. Of complaints received, 38% were resolved in favour of the consumer, down from 50% in 2010/11.

One reason for the increase is a general rise in complaints, partly encouraged by greater publicity and partly by the activities of claims management companies. Such businesses are largely unregulated and can charge significant fees for helping consumers successfully complain about being missold a financial services product.

Overall, for example, the FOS saw complaints rise by 92% in 2012/13, with complaints about payment protection insurance up 140% from 157,716 to 378,699. Excluding PPI, complaints were up by 22% from 106,659 to 130,182. Against that background, PMI and dental insurance complaints rose significantly more than complaints about most other financial services products.

Later, on 3 September, the FOS revealed that just three PMI insurers were on its list of financial services companies it had received more than 30 complaints about between 1 January and 30 June this year.

They were **Aviva Health** (61 cases, of which 27% were resolved in favour of the consumer); AXA PPP healthcare (85 and 47%) and Bupa (239 and 43%).

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Half of all businesses would not survive loss of keyperson

More than half (55%) of all businesses would cease trading if they lost one or more key people to death or serious illness, according to **Scottish Widows'** *Business Protection Report*, published on 23 September. Yet only one in five claims to have any business protection insurance in force.

One in six firms (17%) would simply replace the key person; 13% would spread their work across other employees; 8% would dip into their financial reserves; 4% would cut costs, and another 4% would do nothing and believe they would survive anyway.

A poll of more than 500 businesses for Scottish Widows by **YouGov** also found that 14% of firms had actually suffered the loss of a key person. Of those, key impacts on the business were:

- Loss of expertise 55%
- Loss of revenue 44%
- Had to re-think business model 34%
- Psychological impact on staff 34%
- Had to recruit replacement 30%
- Low staff morale 22%
- Had to increase bank/director loans 6%
- Had to involve solicitors 6%

If such a loss were to be suffered, 54% of respondents said their firm would not return to its previous level of profitability, 3% that it would take more than two years; 7% between one and two years; 16% between six months and a year; 13% between three and six months, and only 7% that it would take less than a month.

In terms of vulnerability, 42% of firms (up from 34% in 2011) had financial liabilities such as business loans, mortgages or overdrafts.

The main reason not to have keyperson insurance was the perceived cost or value, yet few people understand how little protection insurance actually costs. Moreover, the survey showed that firms do believe in insurance—63% had public liability insurance; 54% had contents insurance; 51% had employers' liability insurance (a legal requirement for most firms), 32% insured their office equipment, and 26% had consequential loss insurance.

Of protection insurances, 21% of firms had life cover on partners or directors; 14% had critical illness insurance on partners or directors; 10% had keyperson term cover; 10% had life cover for staff (e.g. death in services), and 8% had key person critical illness cover.

For more see *www.scottishwidows.co.uk.*

Comment: *If a firm suffers a fire in its buildings it is likely to contact its key customers and suppliers and to tell them about the event. The key next sentence is likely to read something like: 'Fortunately we are fully insured against this kind of thing…'*

But, if a keyperson dies or (more likely) suffers a critical illness, how many firms would be able to write that same second sentence?

According to Scottish Widows, less than one in five. This very useful report shows why it is important to consider such cover and why, against the background of a now growing economy, business protection should be a greater priority.

FOS annual review shows large increase in most claims

The Financial Ombudsman Service (**FOS**) *Annual Review* for the financial year 2012/13 shows a big increase in many claims—led by a 140% increase in claims about payment protection insurance (PPI). Health and protection insurance claims for 2011/12 and 2012/13 were:

Product	2011/12	2012/13	Increase
PPI	157,716	378,699	+140%
Pet insurance	554	830	+50%
Term insurance	1,432	3,572	+149%
Whole life + endowments	2,754	3,241	+18%
Income protection	965	1,481	+53%
Critical illness insurance	817	1,370	+68%
Private medical insurance	513	949	+85%

In total, the FOS handled 508,881 new cases in the year ended 31 March 2013, compared to 264,375 cases the year before. Only four types of financial services products had fewer complaints than in the previous year (including complaints about contents insurance, which were down 3%). One reason behind the increase in complaints is the growth of complaints through claims management companies, which are largely unregulated.

In 2012/13, 57% of all PPI complaints came through claims management companies, down from a peak of 76% in 2010/11. One reason could be that people are now more confident in claiming, although the counter argument is that a 'claims culture' has built up where people expect remedies for their own misbuying.

For more see *www.financial-ombudsman.org.uk.*

Advisers up post RDR

The number of financial advisers registered with the **FSA/FCA** rose by 6% between the end of 2012 and 31 July 2013, *Money Marketing* reported on 22 August.

The surprise rise followed an estimated 20% fall from the 25,616 figures estimated by the FSA in 2011. However, industry sentiment suggests that continued rises are not expected to last.

One potential growth area is protection insurance, but insurers' results for the first half of 2013 have been disappointing. **Ageas Protect** reported new annual premiums down 7.4% to £15.8m, **Royal London** reported sales down 6% to £33m, **Legal & General** down 10% to £65m, and **LV=** down 9% to £14.7m. However, the first half of 2013 followed a mini boom at the end of 2012, as advisers sought to beat 2013 price rises.

Wesleyan acquires Practice Plan

Wesleyan Assurance Society announced its acquisition of the **Practice Plan Group** on 14 August.

The group offers both practice-branded dental membership plans (Practice Plan) and dental patient finance (Medenta). The move strengthens Wesleyan's position in the dental market, where it offers specialist advice and services to dentists. Practice Plan was previously owned by UK mid-market private equity firm **Dunedin** and shareholders.

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Scot Prov and Bright Grey enhance CI cover and diversify

Scottish Provident has enhanced its critical illness (CI) cover with a new heart attack definition, now only requiring a rise in troponin levels, replacing the previous requirement that troponins had to be above a minimum level.

The insurer has also extended its cancer definition to cover chronic lymphocytic leukaemia where a clear diagnosis is made but it has not progressed to Binet Stage A.

Basal cell carcinoma and squamous cell carcinoma are now covered where they have invaded and spread to lymph nodes or distant organs. The major organ transplant definition has been extended to provide cover for the transplant of the whole lobe of the lung or liver.

Plans now cover 45 illnesses, with 41 paying the full sum assured, four providing additional, smaller lump sum payouts and 12 definitions are classed as ABI+.

The insurer reports it paid out 91% of its critical illness claims in the first half of 2013, with just 2% declined due to non-disclosure. £53m was paid out in total, with an average payout of £90,478. Cancer accounted for 66% of claims, heart attack 12% and stroke 6%.

Sister company **Bright Grey** has added three new conditions which pay 20% of the sum insured (up to £15,000) on carcinomas in situ of the oesophagus, testicle or urinary bladder. It has also extended its major organ transplant definition to cover the whole lobe of the lung or liver, raising the definition to **ABI+** in the process.

Bright Grey now covers 48 conditions (41 for the full sum insured and seven paying a partial sum) and now has 12 conditions classed as ABI+. The moves indicate a diversifying of product design between the two **Royal London** insurers, with Scottish Provident covering 45 conditions (four of which are partial payments).

Funeral costs up 80% since 2004

Funeral costs rose by 80% between 2004 and 2013 according to **Sun Life Direct's** annual *Cost of Dying* report, published on 4 September.

The average cost of a funeral has risen by 7.1% over the past year to £7,622. The cost of a basic funeral is now £3,456, with the average cost of a burial £3,914 and a cremation £2,998. Adding discretionary costs takes the average up to £7,622. It cost most to die in London (an average of £9,556) and least to die in Wales (£6,096).

Home businesses 8% of workers

The UK's 2.5m home businesses now make up 52% of all small businesses, according to analysis of **ONS** data by **Direct Line for Business**, released on 14 August.

Sectors include e-commerce, travel, marketing, recruitment and legal. There is also an increase in home businesses in sectors such as catering, photography, hairdressing, and arts and crafts according to Direct Line.

Regionally, the South East and South West have most people working from home (10%) but the figure rises to 27% in Herefordshire, followed by Pembrokeshire (23%), Eastbourne and the Cotswolds (both 20%)

Comment: *An opportunity for new types of life and health insurance protection packages to be developed?*

42% couldn't pay off mortgage

More than two in five (42%) of over 2,000 UK adults polled do not have enough life cover to pay off their mortgage if they die, according to a poll for **GoCompare** published on 22 August.

The survey found that only 28% had sufficient life cover and savings to clear their mortgage and other debts on death and provide a reasonable income for their family.

Moreover, if they had an extra £10 a month to spend, 58% said they would rather spend it on the **National Lottery** than on life insurance.

The main reasons cited for not buying life cover included cost (64%) and apathy (24%), and 34% said they felt they had left it too late to arrange adequate cover.

PayingTooMuch's CEO Michael Ward said on the same day: "Most parents could provide adequate life insurance protection to cover their children for less than the average amount spent on lottery tickets of £12.50 per month." Buying £148,000 of cover for 18 years would cost from £5.16 a month at age 20 to £24.20 a month at age 50, according to PayingTooMuch's figures. The table below shows how much more expensive premiums are by delaying buying for five years (in practice, rates may change and insurability may be an issue too):

Age	Monthly premium	Cost of delaying 5yrs
20	£5.16	-
25	£5.53	7.2%
30	£6.48	17.2%
35	£7.81	20.5%
40	£10.69	36.9%
45	£15.86	48.4%
50	£24.20	52.6%

A similar view on buying life cover was provided by **Legal & General Retail Protection**. It points out that consumers could save up to 50% on their life insurance premiums by taking out policies in their 40s rather than in their 50s (as the table above illustrates).

Comment: *Few people realise that delaying buying life insurance or most other life or health policies can have a range of consequences, not least of which is that cover becomes more expensive with age.*

13.79m UK workers now covered by EAPs

Almost half the UK's working population (13.79m) is now covered by employee assistance programmes (EAPs) according to research from the **UK EAP Association**.

The *Employee Assistance Programmes 2013 Market Watch*, carried out by **Enlighten** for the association, found that the EAP market has grown by 69% since 2008 (from 8.2m employees being covered) and is now worth £69.13m a year. In 2005, less than 4m people were covered.

The average annual cost of a full service EAP is £14 per member (but significantly lower for larger organisations). Average utilisation is around 10%, with 16% being considered to be high utilisation of a programme and 2% being considered low.

For more see www.eapa.org.uk.

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Reaching the have nots who don't have protection insurance

A letter published in the *BMJ* on 9 August (BMJ 2013;347: f4999) highlights an under-reported issue—that of the financial implications of having a stroke for people who do not have critical illness insurance.

The letter, by Hope Olivia Ward et al, reports a multi-professional student group in Wales that meets monthly to discuss issues around stroke and rehabilitation.

People who have had strokes also contribute their stories, one such being included in the letter to the journal: 'One patient had saved his whole life for early retirement. After his stroke, he was unable to return to work and his wife gave up work to help him with activities of daily living. They have since endured nearly a decade of financial hardship, living off their savings. Only now that their savings are depleted, are they entitled to help in adapting their home. There is a huge discrepancy between the level of care available acutely and in the rehabilitation phase. Many stroke survivors are forced to spend their life savings before they can access even basic care funded by the NHS and social services.'

The letter raises some key issues:

• The couple's plight could have been avoided had they had critical illness insurance. The cost, relative to what they invested through savings, is likely to have been small and to have affected their likely early retirement date by a few months at most.

• They were not missold anything, no one did anything wrong, yet they endured years of financial hardship that could easily have been avoided.

• They did the 'right thing' by building up their savings, yet all that has now been lost through no fault of theirs or of anyone else.

• How many similar cases exist across the UK (and not just for stroke)? They are not reported, not counted and are not targeted.

• Some insurers do publish case studies (too few insurers and too few case studies in our view), but these are about people who had cover, not those who didn't.

• Similar 'have not' stories could highlight the value of other protection products, such as life, income protection, health insurance and health cash plans.

The real issue now is how best should we get across the 'have not' stories without being accused of scaremongering? As a start, **Protection Review** plans to gather such stories together. If you can help, please contact us. E-mail *andy@andycouchman.com*. After that, we will consult as to how best to use the information gathered.

We want actual cases and for any type of life and health insurance policy. So, the story could be about a family or business where there was no life cover in force, someone who had to pay for private hospital treatment or someone who could not do their normal job and had no income protection. The story could even be about what happened after a policy was cancelled.

Ideally, actual names have the strongest appeal, but advisers may also be able to relate cases where their advice has not been taken or where they know of circumstances where their advice has been sought too late to help the families and people concerned.

Too few use their EAPs

Too few employees are actually using the employee assistance programmes (EAPs) provided by their employers, according to a report from **Aon Hewitt**.

Its *Consumer Health Mindset Report*, based on US data, shows work-related factors account for four of the top five reasons cited for stress. A poll of 2,800 employees and their dependents found that almost half said their stress level was high or overwhelming.

The biggest cause of stress was people's financial situation (cited by 46%), followed by work changes (37%), work schedule (34%), work relationships (32%), and influence or control over work (32%). An earlier Aon survey found that 35% of US companies now have a stress reduction programme, up from 22% in 2010.

Comment: *Poor health can be another cause of stress, but an even more significant fact is that too much stress affects health. It is therefore in insurers' interests, as well as their customers', to ensure that firms and individuals have access to tools to reduce stress. Although this is US data, the underlying issue is relevant to the UK too.*

Underwriting technology to transform protection insurance

70% of advisers believe new underwriting technology will bring about either 'game changing' or 'significant' improvement to the protection insurance market, according to a smallscale survey for **UnderwriteMe**.

For 68% of customers, advisers contacted more than one insurer for indicative prices before submitting an application, while 13% made multiple applications.

UnderwriteMe allows advisers to use a single application process to compare final terms for immediate purchase, and indicative prices, where an immediate decision cannot be given, with no loss of insurer data, or freedom to underwrite.

Internal medical inflation falls

International medical inflation was 8.3% in the past year, compared to an average of 9.8% a year over the previous five years, according to a **Globalsurance** review.

The survey used data from eight leading iPMI providers across ten countries worldwide. Over the past five years, Hong Kong had the highest annual inflation, at 12.2%, while Kenya had the lowest, at 6.6%.

One third of Which? readers are confused on PMI benefits

Almost one in three **Which?** readers is confused about the level of cover in their package, the consumer magazine revealed on 21 August.

A survey of 1,000 Which? readers found 75% had claimed at some point. 10% of those who claimed were told they weren't covered for the treatment when they believed they were, and of the quarter who had experienced a problem with PMI, a third had complained but only 50% of those complaints were resolved.

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• Long term care advisor body **Symponia** has extended its preferred partners network to now include property firms. Research found that 61% of Symponia members say up to three quarters of their clients end up selling their home to fund care.

• **SOLLA**—the **Society of Later Life Advisers**—has also opened up its membership, now admitting all advisers, not just independent advisers.

• **Exeter Family Friendly** has launched an app to enable advisers to quote on its income protection plans on their iPhone or iPad.

• **Bupa** has introduced a network of hospitals and consultants for breast cancer treatment.

• **ALC Health** has enhanced its online international PMI quotation service.

• **Medical Care Direct** (**MCD**) is targeting **AMII** (**Association of Medical Insurance Intermediaries**) members in a marketing campaign to make them aware of healthcare trusts. MCD says trusts can offer employers savings of up to 20% compared to conventional fully insured group PMI schemes.

• **Generali** has added bereavement counselling and probate helpline services to its group life schemes.

• **Friends Life** has focused on improving its Protect+ critical illness definitions rather than joining the 'conditions race' it said when launching its latest updates on 23 September. It has widened its stroke definition and added a payment up to £25K for permanent and irreversible deterioration of sight. Three new children's conditions have also been added, with children covered from birth.

• **Friends Life** has also announced it is to launch a range of simple protection products through a partnership with **Virgin Money**, early next year.

• **Cigna UK Health Benefits** is removing the excess or co-insurance from initial phone assessments and widening its care management team by adding qualified physiotherapists.

• Gross written premiums in the UK life insurance category fell by 57% between 2007 and 2012, from £56.5bn to £24.2bn, according **Timetric**. Its *Life Insurance in the UK—Key Trends and Opportunities to 2017* report was published on 13 August and forecasts average growth of just 3.5% a year over the next five years.

• **Allianz Worldwide Care** has launched an interactive online map highlighting its key partnerships worldwide. See *www.allianzworldwidecare.com*.

• **ALC Health** has published a sales guide about its products and how to set up cover and to claim. For more see *www.alchealth.com*.

• **Zurich** has partnered with adviser business development tool **Adviser Home** to develop its retail protection offering.

• **Partnership**-owned website **PayingForCare.org** has launched a care cap calculator that works out how much people in care will have to pay before their assets fall to the Dilnot cap.

• Giant US insurance broker **Arthur Gallagher** has bought UK healthcare and personal cover broker **Giles Group** for £233m. Giles' brands include **Rossborough Insurance**, **Compass Broker Services** and **INK Underwriting**.

• **Capita Employee Benefits** has launched its Corporate Health Analysis Tool (CHAT), which analyses benefits data and Capita estimates that on average firms will save around 20% by optimising their health and risk benefits package and spend.

• **AXA PPP healthcare** has introduced a second opinion service for its individual PMI plans.

• **Bupa** saw its first half PMI profits rise by 124% compared to H1 of 2012, to £26.4m, with revenues little changed at £1.2553bn. Customer numbers fell by 3% to 2.8m 'driven by the sluggish economic environment and the increasing trend towards price-led competition in what has been a contracting market'.

• Research by **JLT** (*JLT 250 Club report*) found that 42% of employers did not know if they had a programme in place to help employees maintain their health. However, 75% would be fairly likely to implement a wellbeing programme if it showed a return on investment.

• **Legal & General** has improved its financial underwriting process for high sum insured and business protection cases. For life cover, a full financial questionnaire is now only required from £2.5m (previously £1.5m) and for critical illness cover, that threshold has been increased from £800K to £1m.

• **Openwork** has opened up its *Mortgage fraud and how to avoid it* guide to all advisers. To download it see *www.openwork.uk.com*.

• **HSBC** has uprated its D2C critical illness insurance plan, increasing the number of conditions covered from five to 16.

• The **CII** has launched a series of papers under a new ethical guidance series. The first two papers are *Building a culture of integrity* and *Ethical culture: a practical guide*. For more see *www.cii.co.uk/insight*.

• On 18 September, the **FCA** (**Financial Conduct Authority**) warned that some life insurers had arrangements which could influence advisers, contrary to RDR aims. Two firms have been referred to enforcement and a number of others have reviewed their arrangements. New guidance has been issued, which includes examples of good and bad practice.

• A quarter of people in the UK are relying on inheritance to fund their retirement yet are ignoring the fact that up to a million homes have had to be sold to fund long term care in the past five years, according to **NFU Mutual**. Three in four people whose parents go into care could see their inheritance eaten up by care fees it says.

• **Reliance Mutual** has launched a new life plan for the over 50s called the Over 50s Plan.

• **Simplyhealth** has launched, from 1 July, Simply Personal Plan, a new private medical insurance plan for individuals. The plan includes a low claims discount. Full review next month.

• David Worsfold, one time editor of *Post Magazine*, all round good bloke and an **Incisive Media** stalwart, has now left the organisation and set up his own company, **Worsfold Media Services**. To find out more check out his website at *www.worsfoldmedia.co.uk*.

• And fellow *Post Magazine* past editor and *Mail on Sunday* correspondent Stephen Womack has become an IFA, having now completed his professional exams. Our best wishes to both in their new roles.

Pick of the month

We review eight new plans this month, including a suite of plans from new provider ESMI.

New iPMI plans from ALC Health, Cigna. IMG Europe and Morgan Price show the dynamism in this sector, while we also review a new income protection plan from British Friendly. Our pick of the month though is PruProtect's Serious Illness Cover—now offering wider than ever critical illness protection.

ALC Health Prima Concept and Prima Platinum

ALC Health has introduced two new versions of its Prima international private medical insurance product.

Prima Concept is a budget plan offering basic healthcare cover. The annual maximum benefit is $1,875,000. but other currencies are also available.

Inpatient cover is predominantly full refund, but psychiatric cover is limited to 30 days a year and home nursing to 12 weeks. Many outpatient treatments are covered in full, albeit with limits on physiotherapy ($2,250), chiropody ($375), complementary treatments ($2,250), traditional Chinese medicine ($750) and optical benefits ($195). Innocent bystander cover, AIDS (HIV), emergency clean blood transfusion service and hazardous activities are also covered under the plan.

Optional covers are:

- Routine pregnancy and childbirth offers two options: up to $4,500 or $7,500.
- Routine dental treatment pays up to $1,500.
- Evacuation or repatriation (full refund).

The plan also offers a choice of excess options.

The other new plan, Prima Platinum, targets corporate international executives and high net worth individuals looking for the highest levels of cover. Its annual maximum benefit is $7.5m. A number of financial limits apply (e.g. up to $150,000 for newborn congenital cover; $30,000 for premature births; $15,000 for chronic conditions; $15,000 for outpatient psychiatric (and 30 days' inpatient), and $1,125 for wellbeing checks among others). Most outpatient and inpatient treatment is full refund.

ALC Health has also enhanced its online quotations service, improving both speed and flexibility, with complete quotes now available within 60 seconds.

Comment: *ALC Health now offers plans at each end of the spectrum for its existing Prima plan. This should widen the plan's appeal, although a number of financial restrictions still apply even on Prima Platinum.*

Product design points: *By introducing a wider range of choices for an existing sub-brand is that clients can better choose which version best suits their needs. As above inflation price rises have led to more people choosing budget cover, so having a new budget option should open up the market for this plan, while offering a new flagship may mean more people choosing a higher cover level, even if few actually choose the new plan.*

Plus points: *Two new plan options; Prima Concept will appeal to those on the tightest budget; A new flagship may mean people choosing higher cover than they otherwise would.*

Not so plus points: *More choice can confuse; Financial limits—even on Prima Platinum. More innovation is needed to help boost iPMI overall.*

Website: *www.alchealth.com.*

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

British Friendly Breathing Space

Breathing Space is **British Friendly's** new simplified income protection plan, which is available only through financial advisers. The new plan offers:

- No financial underwriting—either at application or at claim stage.
- A long term contract (rather than annually renewable) that offers benefits up to age 65.
- Pays benefits for up to one, two or five years only per claim.
- Four week deferred period.
- Claims are paid weekly.
- The maximum insured benefit is £250 a week.
- Own occupation cover is available for all customers, but cover is not available at all for some occupations. These include members of the armed services, professional or semi-professional sports people, police officers and anyone working at heights of 40 feet or above. Customers must be in paid work at the time of claim, but a career break option allows them to suspend cover for from three months to two years.
- No automatic exclusions.
- Waiver of premium kicks in after 28 days of claim payment.
- Automatic benefit increase results in benefits (and premiums) rising each January by 5% or in line with the RPI (Retail Prices Index) up to 10% a year.
- Rates increase with age, on 1 January each year. Premiums are based on the customer's age at 30 January, rather than their actual age. For £1,000 a month cover for a 35 year old the monthly premium would be £21.50 for a benefit period of one year, £23.50 for two years and £30.00 a month for a five year benefit period.

Comment: *A number of IP providers already offer a simplified IP type plan and British Friendly's approach here has been to take that concept as far as it can. So, every accepted customer gets an own occ definition, there is no financial underwriting and benefit is limited to a maximum of five years.*

The plan will not suit everyone, but its appeal will be to the average man or woman who wants simple IP cover they can understand and that simply meets their needs.

Product design points: *Keeping complex things simple is commendable, but it also inevitably involves compromise. Where it suits best is in providing ordinary cover for ordinary people. That is not a criticism—but a recognition the industry perhaps over-focuses on exceptional cover for exceptional people that sells too much on price and box ticking.*

Plus points: *Simple to choose, buy and claim; no financial underwriting; own occ for all; no auto exclusions.*

Not so plus points: *Limited benefits and high flyers will want more from their IP; Little choice; Not all occupations accepted; Age based on age on 1 January; Premiums rise every 1 January; May be more expensive than more complex plans.*

Website: *www.britishfriendly.com.*

Rating (max 5): Innovation: 7.5. Overall: 7.5. Silver.

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Cigna Global

Cigna's Global plan is an international modular health insurance suite of products for individuals. There are three versions – Silver, Gold and Platinum.

Each plan offers international medical insurance core cover which pays for inpatient and daypatient hospital care, specialist consultations and cancer care. The maximum annual benefit is $1m, $2m or $3m for each of the plans (or the £ or € equivalents). The Platinum plan pays in full for most benefits, while the others have more limits such as on parent accommodation, advanced medical imaging and home nursing.

To the core cover, customers can add any of the following benefits:

• International outpatient. This pays up to $78,000 a year (on the Platinum plan), and again the other two plans have limits on many treatments. Separate deductibles and cost sharing options are available.

• International Medical Evacuation. This pays in full under all versions.

• International Health and Wellbeing. This pays for benefits including regular exams and screening, dietetic consultations and also includes life management (a customer assistance programme). Each version offers different maximum benefits for most benefits.

• International Vision and Dental. This pays for eye tests, glasses/lenses and dental benefits. Maximum benefit is $1,250 (Silver), $2,500 (Gold) or $5,500 (Platinum), with lower limits for any one person covered under the plan.

• A range of seven deductibles (from $0 to $10,000 a year), together with four cost shares (0%, 10%, 20% and 30%) and an out of pocket maxima of $2,000 or $5,000.

The monthly cost for someone aged 30 living in Abu Dhabi and having a deductible of £250 would be £50.60 (Silver), £71.16 (Gold) or £98.83 (Platinum). Additional covers would cost: Outpatient (£34.79); Medical Evacuation (£15.81), Health & Wellbeing (£7.59) and Vision and Dental (£20.74). So, Platinum cover would cost £177.76 a month to have all benefits – or an additional £64.71 a month if US cover was required too.

Comment: *This is a middle market suite of plans, arranged around a modular core and satellite options. Choosing all options can be expensive though.*

Product design points: *One advantage of modularisation on annually renewable plans is that as claims patterns change, that can be reflected in the satellite plan premium rather than affecting the core plan, which in turn affects the perceived competitiveness of the whole plan.*

Plus points: *Modular, allowing easy budgeting; Quite easy to quote for; Simple approach.*

Not so plus points: *Expensive if all options needed; US cover increases the cost significantly; Modularisation adds some complexity.*

Website: *www.cignaglobal.com/intermediaries.*

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

ESMI—various plans

ESMI stands for **Essential Supplementary Medical Insurance** and is the new organisation founded by ex AMII chairman and **Perfect Health** CEO Andrew Tripp. The company has launched a range of five new products:

• **Sick Pay**. This annually renewable plan is available to UK residents aged 18-60 and pays a monthly benefit for up to six months if the customer is unable to work for more than 30 days due to illness or accident. Two levels of cover are available—Level 1 (£1,500 a month) or Level 2 (£1,000pm). A 3/2/2 year rolling moratorium excludes pre-existing conditions.

• **Every Day**. This health cash plan pays 100% of dental costs to £150 a year; various amounts for dental accident and emergency; 100% of optical to £150 a year; 75% of cost for physiotherapy, osteopathy, chiropractic, acupuncture and homeopathy to £300 a year; 75% of chiropody and podiatry to £100 a year; 75% of specialist fees (including diagnostic tests) to £400 a year; £65 a night for hospital inpatient and £40 a day for daypatient treatment (max £2,600 and £400 a year); £25 a night for parental hospital stay (max £700 a year); 75% of GP fees (up to £150 a year) and up to four prescription charges; £200 for each new child, and 75% of health check costs (up to £200 a year). The plan also includes access to **DAS's** Health and Medical Information & Counselling Service. Various initial qualifying periods apply.

• **Surgical Cash**. This major medex plan pays from £850 to £15,000 (£200 to £5,000 if NHS treatment) for various surgical procedures, which are split into 12 bands. Chemotherapy and radiotherapy are payable after cancer-related surgery under Band 7 (£7,500 as private treatment). Exclusions include five types of endoscopy and any sport where a fee is received. A 3/2/2 year rolling moratorium excludes pre-existing conditions.

• **Life Cover**. This is simple term cover that pays either £25,000 or £50,000 (depending on age, and £5,000 on the death of a child) on death before policy renewal after age 68. Premiums are guaranteed for the first five years. A 3/2/2 year rolling moratorium applies. Partners and children can be added to the policy.

• **Critical 8**. Unlike the other plans, the maximum age at entry for this plan is 55. The plan is a standalone critical illness product that pays out on diagnosis of one of eight specified conditions (bacterial meningitis; cancer; coronary artery by-pass graft; heart attack; kidney failure; major organ transplant; multiple sclerosis, and stroke) . The plan pays £50,000 to age 50 and £25,000 thereafter. There is a 28 day survival period, but £5,000 is paid to cover funeral expenses. A 3/2/2 year rolling moratorium applies. Premiums are guaranteed for two years. Children are covered at 25% of the sum insured (max £12,500).

All plans are arranged by **Compass Underwriting Ltd**, on behalf of **UK General Insurance Ltd** on behalf of **UK General Insurance (Ireland) Ltd**, except for Life Cover and Critical 8, which are both underwritten by **Omnilife Insurance Company Ltd**.

Comment: *ESMI is a welcome addition to the range of providers in the UK, not least because its background is in broking. The name suggests these plans are supplemental to PMI, so offering a different angle to most providers too.*

However, we do have some issues. First there are a couple of teething troubles (that may already have been sorted) in that the Sick Pay levels on the policy document are wrong compared to the quotes (you don't pay more to get less cover) and we also found it hard to work out the CI cover, as it's not

shown on the policy document or quote. A more serious concern is with regard to using a moratorium on the life cover and CI plans. This could mean people dying and their relatives only finding out the plan will not pay out after their loved one has died. We also didn't warm to the Sick Pay plan, with its six month benefit period and its not covering unemployment.

On the plus side, we like the Every Day plan and features such as paying out £5,000 on death immediately after diagnosis on the CI plan. All plans are available to individuals and groups too and premiums can be paid by card, with around 10% discount for paying annually.

Our rating applies to the Every Day plan only.

Product design points: *Launching a number of plans together creates a bigger splash, but can also impose a much greater workload on developers and risks one or more of the new plans being overlooked.*

Plus points: *Five new plans from a new provider; Quick and easy to set up with no medical questionnaires; Every Day offers good HCP benefits; Funeral benefit on the CI plan; Plans can supplement other cover; Group and individual; 10% annual premium discount: Payment by credit/debit card.*

Not so plus points: *Major limitations on some plans e.g. low fixed benefits on life and CI plans, only eight critical illnesses covered; We don't like moratorium underwriting on life and CI plans as no benefit at all may be payable if a pre-existing condition causes the claim; Some teething issues..*
Website: *www.getesmi.co.uk.*
Rating (max 5): Innovation: 8. Overall: 7. Silver.

Health Shield Connect

Health Shield's Connect is a direct to consumer health cash plan. Six different levels are available—Access, then Levels 1-5. The main maximum annual benefits for the Access and Level 5 versions are:

	Access	Level 5
Dental – 100% of cost up to	£30	£285
Optical – 100% of cost up to	£30	£285
Chiropody – 80% of cost up to	£30	£285
Prescriptions	Max 1	Max 5
Hospital per day/night (max 25)	£10	£110
Parental hosp stay (max 25 days/nights)	£5	£55
Specialist consultations – 80% of cost to	£60	£600
Health and wellbeing – 80% of cost up to	£30	£285
Health screening – 80% of cost up to	£30	£285
Dental accident – 100% of cost up to	£100	£1,000
Physiotherapy, chiropractic, osteopathy, acupuncture and homeopathy – 80% of cost up to	£60	£655
Maternity/adoption lump sum	£75	£900
Personal accident insurance, up to	£2,500	£25,000

Dependent children all share a separate annual maximum. All plans have access to special rates for fitness benefits and instant access to online health risk assessments, plus a 24 hour helpline and 24/7 GP telephone consultations.

Premiums for individuals range from £6.80 a month for Access, £10.60 for Level 1, to £69.10 a month for Level 5 benefits. Adding a partner doubles the cost. Dependent children are included in their parent's policy.

Comment: *Cash plans have been in decline for some years and yet the product can meet a range of needs for individuals as well as for employers. Connect offers a range of 100% reimbursed options plus a good range of other benefits.*

Product design points: *Many brokers do not sell individual HCPs (the commission is just too little in £ terms), yet they may still appeal to their clients. Solution? Get them to deal direct with the provider; but providers need to be able to recognise such business too.*

Plus points: *Low cost; Attractive benefits (many at 100% reimbursement).*

Not so plus points: *Some benefits are very low; D2C only; HCPs are still not marketed by many brokers.*
Website: *www.healthshield.co.uk.*
Rating (max 10): Innovation: 7. Overall: 7. Silver.

IMG Europe GlobeHopper

IMG Europe's GlobeHopper is a short term international travel and expatriate medical insurance plan for individuals, families and groups.

The plan is available worldwide and covers trip durations from five days up to three years, as well as multi-trips of 30-45 days in a year.

Cover can be written in £, $ or € and sums insured from $50K to $8m can be chosen. Available excesses range from nil to $25K. The plan offers a lot of flexibility, with a range of cover options and add-ons. Cover can be purchased after departure (or arrival) and can be extended if the duration of travel is uncertain.

There is no upper age limit and customers can choose any medical provider. Online quotation and fulfilment is provided and customers have access to the MyIMG customer portal. If cover ends during a course of treatment being received, it can be extended without paying an additional premium for up to 12 months.

Customers can return home at the end of their trip and get home country coverage for a short time, to give themselves time to arrange local healthcare insurance.

Comment: *This is certainly a very flexible plan and is ideal for the growing number of people who need travel and iPMI cover but for less than a whole year or for an uncertain period. There isn't much that can't be tweaked to give the coverage required and the only downside is that shopping around for such cover (if it is available) can be difficult due to the large number of variables.*

Product design points: *Ultimately, technology will enable insurers to track individuals' movements through their smartphone, automatically providing the necessary levels and types of insurance and debiting a bank account accordingly (motor insurance is already moving this way with smart boxes in cars for younger drivers).*

Until then, it is customers and their advisers who determine what cover is needed and when. Insurers need to be aware that not everyone lives in the 9 to 5 world and that those who don't are not necessarily a poorer risk (and if they are, that's not an issue as long as the premium reflects the risk).

Plus points: *Very flexible international cover to meet people's and groups' flexible lifestyles and plans; Cover can be started late, extended and changed as circumstances change; Available to all nationalities worldwide.*

Not so plus points: *Difficult to shop around and to compare quotes; Some cover limitations.*
Website: *www.imgeurope.co.uk.*
Rating (max 5): Innovation: 9. Overall: 8.5. Gold.

Morgan Price International Evolution Health

Morgan Price International's Evolution Health is a new five level international private medical insurance (iPMI) plan. The five versions offer maximum annual benefits of: Standard (£500,000); Standard Plus (£750,000); Comprehensive (£1,000,000); Premium (£1,500,000), and Elite (£2,000,000). Plans are available in Sterling, US Dollar and Euro denominations but, unusually, limits are the same for each, giving maximum cover in £.

Each of the plans covers most inpatient treatment on a full refund basis. The cheapest plan (Standard) excludes home nursing (the other plans fund from up to 3-26 weeks a year); psychiatric treatment; premature babies during their first two months, physiotherapy; organ transplants, and inpatient rehabilitation. The Standard plan also excludes most outpatient treatment (except surgery, which is covered in full); chronic conditions; congenital conditions; routine dentistry, and wellness benefits.

The Elite plan has the highest benefits, and they include £250 a night hospice cover, cover for HIV/AIDS treatment following a blood transfusion (up to £7,500 a year and with a lifetime limit of £37,500); home nursing (up to 26 weeks a year), and up to £300,000 for organ transplants as a recipient.

A customer aged 40 could pay £896.76 a year for Standard cover worldwide, excluding the USA, while someone the same age choosing Elite cover would pay £3,274.10 a year. Excesses can cut the cost by up to 40% (with a £5,000 annual excess). Many financially limited benefits have a sliding scale between the five available plan versions (e.g. while organ transplants are not cover under the Standard Plan, the financial limits are £100,000, £200,000, £250,000 and £300,000 for the other plans).

Comment: *Morgan Price has elected to offer a stepped five tier iPMI plan, with clear steps between the top of the range Elite version down to the bare bones Standard plan.*

The breadth of the cover options is illustrated by a 30 year old paying more than three times the cost of the Standard plan for the Elite version.

Having financial limits at the same numerical amount regardless of currency makes the literature easy to follow but has the odd effect of making the Sterling denominated plans both the most expensive and giving the highest cover levels. That said, buying iPMI can be a complex business, so anything that appears to make it simpler may have merit. We still think it's a bit odd though.

Product design points: *How far should you strive to have linear steps when offering multi-tiered levels of cover? There are no fixed rules, but linearity can make choosing easier for customers and graphics can be used to demonstrate how to choose the right level of cover. On the other hand, a plan that offers options targeted to particular needs (e.g. one for people with children, one for those on the tightest budgets etc) may better meet actual customers' particular needs and/or budget.*

Plus points: *Choice of five stepped cover options; Straightforward plans that are not too complex to understand.*

Not so plus points: *The buying value of benefit maxima varies by currency; Standard offers very low level of cover.*

Website: *www.morgan-price.co.uk.*

Rating (max 5): Innovation: 8. Overall: 8. Gold.

PruProtect Serious Illness Cover

PruProtect has updated its Serious Illness Cover (think of its as supercharged critical illness cover) and now claims to cover more cancers than any other insurer, as well as all heart attacks and strokes.

The enhancements include:

• Paying out on ALL diagnosed heart attacks and strokes regardless of clinical symptoms or severity. However, the payout will be 50%, 75% or 100% of the sum insured for heart attacks and 25%, 50, 75% or 100% for strokes on both the Comprehensive Cover and Primary Cover versions of the plan depending on severity.

• Carcinomas in situ in all body areas are now covered, as well as some non-melanoma skin cancers (other insurers typically only cover cancers in situ (i.e. non-spreading) in particular areas such as the breast and testicles or only if the customer has had surgery or other invasive treatment but PruProtect argues that modern medical techniques mean this isn't always necessary).

• Insulin dependent diabetes (type 1) is now covered for adults (topical, with the Home Secretary having recently been diagnosed with this). The payout here is 15% of the sum insured.

• Children's cover has been extended to include all children from the age of one month to age 23 (if in full time education—previously age 18).

• On conditions identified as having a long-term physical impact, a 'Booster' means the payout is boosted to the plan's full sum insured or up to 200% of the sum insured. The sum paid depends on the condition and age at time of claim.

The plan itself offers terms from 5-50 years and reviewable or guaranteed premiums. In total SIC covers 166 conditions (or 102 on the cheaper Primary plan).

Comment: *PruProtect attracted 400 intermediaries to its London relaunch of this product—a measure of how well such events can succeed (or the quality of the sausage rolls!).*

The key claims for the revised plan are covering all heart attacks and strokes, more cancers than any other insurer and customers being up to twice as likely to claim under a PruProtect plan than any other CI plan. Powerful statements that should appeal to many potential CI customers.

In some places the website was a bit creaky (the booster link didn't work and the number of conditions covered was variously 161 or 166 when we looked on 20 September) but such things happen and are hopefully already remedied.

Product design points: *PruProtect pioneered severity based payments in the UK, although a number of other CI insurers now offer this to some extent. However, the payout rates can look to be rather arbitrary—who decides whether a partial payment should be 25%, 50% or some other figure? The insurer does. Ultimately, should customers be able to decide and adjust their premium accordingly?*

Plus points: *Widest coverage of any CI plan; Severity based payouts; Vitality adds layers of other benefits; Generally very good website help and explanations.*

Not so plus points: *Severity based adds complexity; Some website glitches; As with all CI plans, definitions need good medical knowledge to fully understand the implications.*

Website: *www.pruprotect.co.uk.*

Rating (max 10): Innovation: 9. Overall: 8.5. Gold.

Call to reclassify what is cancer

A group convened by the **US National Cancer Institute** has drawn up recommendations including that the term 'cancer' only be used to describe lesions that had 'a reasonable likelihood of lethal progression' and other indolent or insignificant lesions should be reclassified as indolent lesions of epithelial origin conditions.

They warned everyone should be aware that overdiagnosis was common and that we need strategies to reduce the detection of indolent diseases, such as reducing the frequency of screenings. The group also suggested ways were needed to slow or halt the progression of precancerous and cancerous lesions as an alternative to surgical excision. See: *BMJ* 2013; 347:f4909.

Hotel accommodation for cancer patients finds favour

Cancer treatment patients can now choose to be in a hospital ward or an hotel while they undergo courses of treatment at **University College Hospital (UCH)** in London, *The Times* reported on 26 August.

The **Cotton Rooms**, a 35 bed hotel, is owned by a charity linked to UCH and accepts only NHS patients who can walk across the road to the cancer outpatients centre for treatment. The atmosphere is reassuring and all rooms come with discreet panic buttons. One patient remarked this was the only hotel where staff said 'we hope we don't see you again' when you leave.

Flu jab cuts risk of heart attack

British experts are urging middle-aged people with heart problems to have a flu jab this winter after Australian scientists calculated that patients who had done so were 45% less likely to suffer a heart attack than those who had not received the jab, *The Times* reported on 22 August.

Stress a factor in helping cancer spread around the body

A team from **Ohio State University** has found stress has an impact on cancer, according to a press release dated 23 August. They have discovered the 'stress gene' ATF3 can make immune cells behave erratically, giving cancer an 'escape route' into other parts of the body, suggesting that the host stress response can help cancer to metastasise. If the body does not help cancer cells, they cannot spread as far and this could mean that ATF3 may one day function as a drug target to combat the spread of cancer.

New league tables for care services in the home

Laing & Buisson has expanded its *Care Compliance Monitor* range to include *Homecare;* a means to quickly see who are the best homecare providers operating in England.

For *Care Compliance Monitor: Homecare*, price £480 (including VAT) see: www.laingbuisson.co.uk.

Rise in elderly deaths puzzling

An investigation has been launched by **Public Health England** following a marked rise in deaths among older people since the beginning of 2012. To end of June 2013 there were 23,400 (5%) more deaths than the 455,000 expected and 14,200 (3%) more deaths in the first half of 2013 than in the first half of 2012. Currently deaths are around 10,500 per week, 600 more than expected in the summer months. There has been a further deterioration in mortality in 2013 particularly in persons aged 85 or over.

Up to age 65, death counts in 2013 are similar to in 2012 but over 65 deaths substantially higher. In 2012 deaths for those over 85 were also higher (5% more women and 3% more men) than over the previous two years and 2013 looks to be on track to be similarly high. Mild weather in winter delaying expected deaths and older people being 'the first casualties of austerity' have been suggested as possible explanations. See: *BMJ* 2013; 347:f4795.

New stroke rehabilitation guidelines

A letter in the *BMJ (BMJ* 2013; 347:f4876) from members of the **Society for Research in Rehabilitation** council warns that new guidelines from the **National Institute for Health and Care Excellence** for the management of patients with stroke could restrict the practices of professionals by enforcing certain treatments and protocols or preventing others. The council says there is evidence that a clinician's choice regarding what can be offered in stroke rehabilitation will be reduced by this guidance.

Workplace influences health

A meta-analysis of 485 studies of 267,995 participants has found a strong correlation between self-reported measures of job satisfaction and health, *BMJ* 2013;347:f4944 reported on 8 August.

Job insecurity increases the risk of coronary heart disease. Working long hours, coming to work during annual leave or when ill, the disappearance of 'a job for life' and the introduction of fixed term contracts are some of the factors making job insecurity an ever present rather than an occasional experience. This source of harmful stresses may be outside the control of individuals but the paper suggests they are potentially within the control of those who manage workplaces.

Unhealthy behaviours linked to disability in older population

UK and French researchers have carried out a study to investigate the relationship between unhealthy behaviours and the risk of disability (commonly defined as 'difficulty or dependency in carrying out activities essential to independent living') in the over 65s. The study took place over a 12 year period and included 3,982 participants of whom 2,410 were women (60.5%) and concluded that 'an unhealthy lifestyle, characterised by physical inactivity, unhealthy diet and smoking, is associated with a greater hazard of disability' which increases with the number of unhealthy behaviours. See *BMJ* 2013;347:f4795.

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Medical briefs:

• Analysis by **Macmillan Cancer Support** of the *2013 National Cancer Patient Experience* survey of 68,000 people has found nine in ten hospital trusts in England with the worst feedback from patients about cancer treatment are in London. The best was Gateshead followed by East Cheshire and South Tyneside. See: *BMJ* 2013;347:f5527.

• A Cochrane review of 39 trials involving 2,326 people with depression found that in 35 trials comparing exercise with control treatments or no treatment there were moderate benefits of exercise for alleviating depression. Researchers could not tell which regimens were most effective or whether benefits continued after stopping the programme and advised that more trials were needed. See: *Cochrane Database of Systematic Reviews (2013) 8*.

• The **Stroke Association** and the **Disabled Living Foundation** have set up a web page for stroke patients with advice on aids and adaptations to help them live independently. See: *www.stroke.org.uk/dailyliving*.

• A report from the **US Centers for Disease Control and Prevention (CDC)** says more than 200,000 of the 800,000 deaths from heart disease and stroke in the US each year are preventable, *BMJ* 2013;347:f5451 reported on 5 September. The slower decline in deaths among age groups under 65 may be due to a lack of health insurance and its associated health screenings. Most over 65s were covered by **Medicaid**.

• Deaths from tramadol (first death in 1996, 175 in 2012) and legal highs (52 deaths in 2012, 29 in 2011) are at an all-time high in England and Wales, although the commonest drugs causing death are heroin and morphine. For men in their 30s, drug related deaths are more than twice as high, at 97.8 per million, than for those in their 20s (47.6 per million) and 39 times higher than those in teenagers (2.5 per million). See: *BMJ* 2013; 347:f5336.

• **Bupa** has opened a health centre in Basinghall Street, London. The centre offers private GP appointments, musculoskeletal and dermatological consultations and has specialist technology and diagnostic capabilities. It also has a gym and an MRI scanner.

• The **Department of Health** has announced that from next April HIV positive doctors, dentists and other health workers can resume all clinical work if combination antiretroviral treatment has reduced their plasma viral load to undetectable levels and they are continuing to receive treatment. They will have to register with **Public Health England**. See: *BMJ* 2013;347:f5146.

• Private company **Circle**, which runs the **Hinchingbrooke Health Care NHS Trust**, the first financially challenged trust to be taken over by a private company, has applied to the Government for a £3.5m working capital loan to help fund its hospital investment plans. See: *BMJ* 2013;347:f4816.

• Latest figures from **Cancer Research UK** show that skin cancer death rates are 70% higher in men (3.4 men per 100,000) than in women (2.0 women per 100,000) but that the incidence rates are similar (17.2 men and 17.3 women per 100,000). The gap is predicted to widen and research suggests that men are more likely to be diagnosed when melanoma is at a more advanced stage.

Political briefs:

• Figures from the **Health and Social Care Information Centre (HSCIC)**, a non-departmental part of the **Department of Health**, show that last year the NHS in England received 162,019 complaints. More than 51,000 complaints related to treatment. Many GP practices failed to submit data, the HSCIC said.

• New legislation which came into force on 20 August will mean that physiotherapists and podiatrists in the UK will be the first to independently prescribe medicines, freeing up time for GPs and patients. The first practitioners will start prescribing in summer 2014, after completing their training course and will only be able to prescribe medicines relevant to their role.

• **Cancer Research UK** has launched a website (*www.cancerresearchuk.org/cancer-info/cancerstats/local-cancer-statistics*) where statistics and information can be seen at postcode, constituency, local authority, and healthcare area level and can be compared to the national average and also to other locations.

• A *Nursing Times* survey (7 August) that asked: 'Is the patient to registered nurse ratio on your ward safe? found 72% of respondents said 'No' and 28% said 'Yes'.

• **Institute for Social and Economic Research (ISER)** projections published by single parent charity, **Gingerbread**, show that gains in taxes and reductions in benefit payments mean the Government could save £436m a year by getting just 5% more single parents into work.

• The **NHS Litigation Authority** has set aside £1.2bn to pay lawyers who pursue compensation claims against hospitals the *Sunday Times* reported on 22 September. The ratio of claimants' legal costs to actual damages paid to patients was 44.3% in the last financial year, compared to 33.2% five years ago.

• A recent report in the *Lancet* (*http://www.thelancet.com/*) on the *Cognitive Functioning and Ageing Study* (CFAS) shows 664,000 people with dementia in 1991. Had that increased in-line with the rise in older people, the 2011 figure would have been 884,000. But the actual number was 670,000—some 214,000 less. It may be that factors for, say, vascular dementia, such as better stroke prevention and diabetes management may influence the numbers and raise the possibility of the reality of prevention.

• There were 259 breaches of the Government's Mixed-Sex Accommodation guidelines in July and 181 in August, **NHS England** revealed on 15 Aug and 19 Sept.

• PMI providers were asked to respond by 28 August to a consultation on NHS access for immigrants. Two main options are proposed: a £200 annual levy to access NHS treatment, or the requirement for immigrants to make their own provision through private health insurance. See: *https://www.healthinsurancedaily.com/health-insurance/product-area/pmi/article4255*.

• There were 1,646 deaths involving C *difficile* in 2012, 407 fewer than in 2011. Rates fell for the fifth consecutive year and made up 0.8% of all hospitals deaths in England and Wales in 2010-12, compared to 2.0% in 2007-09. Deaths from MRSA fell by 20% from 364 in 2011 to 292 in 2012, **ONS** reported on 22 August. Death rates from MRSA decreased by 79% in males and 76% in females.

Unemployment below 2.5m

Unemployment remained at 2.51m in April-June then fell to 2.49m in May-July, according to the latest *Labour market statistics* bulletins, released by the **ONS** on 14 August and 11 September 2013.

During the same periods, employment rose from 29.71m to 29.78m then to 29.84m. 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, rose from 109.27 to 109.52 then to 109.74. This index compares the latest employment figure with the 27.192m figure recorded for the first quarter of 2000.

The number of Jobseeker's Allowance (JSA) claimants fell from 1.48m in May to 1.44m in June then to 1.40m in August. Earnings in the three month periods from end May to end July (including bonuses) fell from 3.3% to 2.1% then to 1.1% higher than a year before.

On 13 August and 17 September, the ONS announced the Retail Prices Index (RPI) fell annually from 3.3% in June to 3.1% in July before rising to 3.3% in August compared to a year before, while the Government's preferred Consumer Prices Index (CPI) fell from 2.9% to 2.8% then to 2.7%. 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 in England fell from 8.7 weeks in May and June to 8.6 weeks in July according to **Department of Health** Statistical Press Notices released on 15 August and 19 September. For non-admitted patients the median wait rose from 4.8 weeks to 5.2 before falling again to 5.0 weeks. The 95th percentile time wait for patients entering an RTT pathway fell from 22.4 weeks to 21.9 then to 21.4 weeks for admitted patients and for non-admitted patients rose from 15.9 weeks in May to 16.3 weeks in June and July. The number of patients meeting the 18 week target fell from 92.1% weeks to 91.7% before rising again to 92.0 weeks in July 2013.

Hospital waiting lists reached a five year high, with the number of patients requiring treatment at 2.88m at the end of June, *BMJ* 2013; 347:f5191 reported on 19 August. This compares with around 2.5m patients waiting at the end of each month since October 2008.

Call for overhaul of care delivery

A report from the **Royal College of Physicians** advocates overhauling care delivery in hospitals and how hospital doctors work, *BMJ*2013;347:f5507 reported on 12 September. It calls for barriers between hospital and community care to be abolished, moves from ward to ward must be the exception, care should come to the patient, not the patient to care and it should be delivered wherever is best for the patient, not the medical team.

A separate report from the **Future Hospital Commission** (See: *BMJ* 2013;347:f5442) which consulted patients sends a strong message that hospitals should favour acute care with a chief of medicine bringing together all the elements of a holistic acute medical service with an (acute care) hub linked to community based services.

NHS will get worse in next 12m

Research conducted by **YouGov** for **FirstAssist Insurance Services** found 48% of people in the UK think the NHS will deteriorate over the next year. The same proportion of the focus groups consulted, totalling over 500 people, also believed the State would be unable to sustain NHS spending in its current format. 30% expected waiting times to lengthen and of those, 59% expected waiting times to lengthen and 40% expected to wait longer for diagnoses.

Debate over health check gains

Of 598,876 people aged 40-74 in England offered an NHS health check in April to June 2013, 286,717 (47.9%) underwent the check, slightly more than in the first quarter (47.5%). Five local authorities recorded no offers. See: *BMJ*2013;347:f5527.

Health Secretary Jeremy Hunt claimed more than 650 deaths, 1,600 heart attacks and 4,000 cases of diabetes a year could be prevented if NHS Health Checks were offered throughout the country and taken up.

However, *The Times*, 20 August, reports that academics and GPs say the health checks for people over 40 are a waste of the £300m a year cost with researchers from the **Nordic Cochrane Centre** warning that patients could be put at risk of unnecessary treatment.

80% of people want weekend working for the NHS

A **YouGov** poll for the *Sunday Times* found 84% of people polled wanted hospital consultants to work a specified number of weekends each year, with only 5% disagreeing, *The Times* reported on 18 August. 79% believed the public should receive the same standard of treatment at weekends as during the week and 72% of the 1,967 people polled did not believe that GPs should be able to opt out of providing out-of-hours services.

Hospital death rates concern

Patients in hospitals in England are 45% more likely to die than those in the US and death rates in the NHS are higher than in six other developed countries according to an international 'smoke alarm' system from Professor Sir Brian Jarman, *The Times* reported on 12 September.

More than 220,000 patients die in English hospitals every year and the NHS compares particularly badly on conditions that often affect the elderly such as pneumonia and septicaemia which are respectively 46% and 27% higher than the international average.

Accredited medics for whiplash?

MPs have backed proposals to set up panels of accredited medical practitioners to provide medical reports in relation to whiplash claims, *BMJ* 2013; 347: f4916 reported on 2 August. There are around 500,000 road traffic incident whiplash insurance claims each year that account for £90 of the average car insurance premium of £440.

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Second quarter protection sales up on Q1 but fail to get back to 2102 levels—yet

Sales of individual long term protection insurance plans rose by 4.3% in the second quarter of 2013, with new annual premiums up by 5.1%) compared to the first quarter of 2013, according to the **ABI's** (**Association of British Insurers'**) latest statistics:

Table 1. Long term protection sales Q1 2013 vs. Q2 2013

	Sales 000s		Premiums £m	
	Q1	**Q2**	**Q1**	**Q2**
Whole life	134	122	29	27
Term—non-mortgage	247	258	73	76
Term—mortgage	109	123	41	46
Long term inc protect	31	37	9	11
Short term IP	6	8	2	2
Standalone crit ill	3	5	2	2
Total	530	553	156	164
Of which crit ill rider	134	148	51	56
...menu plans	233	234	66	70

Notes: The ABI now records income protection split into both long and short term products and we now reflect this in our reporting too.

However, compared to the same period of 2012, volumes were down by 5.5%, with new annualised premiums down by 6.3%, reflecting the fact that protection morale is still down following a bumper end to last year as advisers sought to beat 2013 price rises:

Table 2. Long term protection sales Q2 2012 vs. Q2 2013

	Sales 000s		Premiums £m	
	2012	**2013**	**2012**	**2013**
Whole life	138	122	26	27
Term—non-mortgage	266	258	88	76
Term—mortgage	127	123	47	46
Income protection	48	45	13	11
Standalone crit ill	6	5	1	2
Totals	585	553	175	164
Of which crit ill rider	157	148	63	56

The fear now is that protection sales have fallen to a new plateau, reflecting both a smaller adviser market post RDR (Retail Distribution Review) and protection failing to be seen as a growth market. One other option is that some insurers have failed to invest in marketing protection, so creating the impression it is not important –a prophesy that becomes self-fulfilling. There are of course exceptions and some insurers have reported good growth again, with the market up in the second quarter and good growth in all but whole of life sales.

Looking at individual products:

• Whole of life sales are down, with guaranteed acceptance sales down from 124,000 in Q1 to 108,000 in Q2 (and new premiums down from£16m to £14m). In contrast, underwritten whole life sales rose from 10K to 12K (albeit with premiums down from £12m to £11m).

• Term sales rose strongly in Q2, with non-mortgage sales up 4.5% and mortgage sales up by 12.8%. Both though were down on 2012.

• IP is up on Q1 but again down on last year.

• CI sales reflected a similar pattern, with sales actually the same as last year.

Overall, the results are an odd mix. There is some cause for celebration compared to Q1, but the market overall is failing to grow to the extent many believe it is capable of and is below where it was a year ago.

There is one other factor too. Price rises in 2013 mean it is harder for advisers to churn. In other words, we may be seeing more 'new' new business compared to the artificial picture seen before, that reflected the widespread practice of cancelling one old policy and replacing it with a 'better' (and often cheaper) new one. It is too early to tell yet, but a focus on persuading people to buy protection and to top-up what they have is surely more healthy than encouraging them to periodically switch to the latest plan.

Table 3 compares sales in Q2 of 2013 with those in Q1 of 2000 and enables us to index sales since then. The overall *e-Protection Review Protection Sales Index* rose from 109.27 in Q1 of 2013 to 115.5 in Q2 of 2013:

Table 3. Long term protection sales Q1 2000 vs. Q2 2013

	2000	**2013**	**Index**
Whole life	111	122	109.9
Term—non-mortgage	168	258	153.6
Term—mortgage	137	123	89.8
Income protection	41	45	109.8
Standalone crit ill	22	5	22.7
Totals (inc LTCI)	479	553	115.5
Of which crit ill rider	141	148	105.0

As last year, only mortgage term and standalone critical illness sales are lower than they were in 2000. The former is because the mortgage market fell dramatically since 2007 and the latter because standalone CI is now unfashionable.

Looking at the group market, Table 4 shows sales of plans in terms of new annualised premiums.

Table 4. Group protection sales 2012 and 2013 £m

Product	**Q2 2012**	**Q1 2013**	**Q2 2013**
Group life	91	51	67
Group critical illness	5	6	5
Group income protection	23	34	41

As always, we place a great deal of caution on interpreting this data and will await **Swiss Re's** analysis next year before reading too much into this market. That said, group income protection appears to be on a positive trend.

Overall, protection sales in the second quarter of 20131 were better than those of the first quarter, albeit down on the same quarter last year.

One key factor to remember is that a year ago the sector was gearing up for a strong final quarter, as the combined effects of the Test-Achats gender case, RDR and (the still expected) Solvency II were leading to inevitable price rises from the beginning of this year.

'Get in now and save money' was the cry. We don't have that now, although we still have declining welfare benefits to encourage sales, while a now growing economy should mean more people can afford to buy our new higher premiumed plans. In turn that will attract both advisers and insurers (D2C) to focus more on protection.

Payment protection insurance (PPI) 2009-Q2 2013

Period	Exp yrs	GEP	Claims	Paid
2009	17.4m	£2.24bn	434K	£738m
2010	12.8m	£1.45bn	273K	£554m
2011	9.5m	£1.12bn	182K	£316m
2012	7.3m	£0.82bn	112K	£222m
2013 Q1	1.7m	£160m	23K	£49m
2013 Q2	1.5m	£143m	22K	£48m

Key: Exp yrs: Exposure (policy years); GEP: Gross earned premiums; Claims: Number of claims notified; Paid: Gross claims paid.
Source: ABI, 2013.

Travel insurance 2008-2012

Year	Policies	GWP	Claims	Paid
2008	25,953K	£774m	887K	£437m
2009	25,326K	£763m	979K	£469m
2010	25,168K	£764m	1,057K	£504m
2011	21,079K	£691m	677K	£411m
2012	20,322K	£656m	638K	£383m

Key: GWP: Gross written premiums: Paid; Claims paid.
Notes: In 2012, 4,903K plans were single trip cover and 15,419K were annual trip cover. Of claims incurred, 238K (37%) were for medical expenses and the cost of those claims was £215m.
Source: ABI, 2013.

BMA Fees for life assurance and income protection reports

The BMA's joint guidance with the ABI on fees has been withdrawn and is under review. Instead, the BMA has published recommended fees for medical practitioners (ultimately, it is up to the doctor to negotiate and agree an acceptable fee). The guidance applies for the period April 2013 to March 2014.

- GP report: £102.20.
- GP supplementary reports: £26.57.

Source: www.bma.org.uk.

UK internet access—Q2, 2013

- In Q2 of 2013, some 43.6m adults (86%) had used the internet at some point and 7.1m had never used it.
- Men (88%) were more likely to use the internet than women (84%).
- Regionally, London and the South East had the highest proportion of internet users (89%); Northern Ireland had the lowest (79%).
- Almost all adults aged 16-44 had used the internet at some point, but only 4 in 10 men and 3 in 10 women aged 75+ had used it.

Source: *Internet Access Quarterly Update*, ONS, 14 August.

Equity release market H1 2013

- Homeowners aged 55+ released £473m of housing wealth in the first six months of 2013, compared to £423.9m in January-June 2012.
- 63% were drawdown mortgages and 37% lump sum (up from 32% last year).
- The average sum released was £54,196 (up from £40,640 in H1 of 2008).
- 90% of customer went through an IFA (up from 63% in 2003).

Source: Equity Release Council, 12 July 2013

Mid-year population estimates

- The UK population was estimated at 63.7m in mid 2012, up 419,900 on mid 2011 (a rise of 0.7%).
- The population was 53.5m in England; 5.3m in Scotland, 3.1m in Wales and 1.8m in Northern Ireland.
- In the year to 30 June 2012, there were 813,200 births (the highest since 1972) and 558,000 deaths.
- 10.8m people (17%) were aged 65 or over.
- International immigration was 517,800 and emigration was 352,100, net immigration was 165,600.
- Population increase in the period was the highest in the EU and the UK has the third biggest EU population.

Source: *Annual mid-year population estimates, 2011 and 2012*, ONS, 8 August 2013.

About e-Protection Review

e-Protection Review is a free to user PDF publication and is published ten times a year, usually on the 28th day of the month prior to that issue's date, every month except at the end of August and December. It is free to download from *www.protectionreview.co.uk*.

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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.

As always, it's worth noting just how many of this month's pieces are good news stories for the industry.

Many also include a supporting or other quote from well-known industry names, illustrating how valuable a good relationship with the media can be for some.

1. https://www.healthinsurancedaily.com/health-insurance/-product-area/pmi/article429804.ece. *UKIP: compulsory medical insurance would tackle health 'tourism'*. This unattributed *Health Insurance* piece on 19 September picks up on UKIP's policy to make non-EU migrants take out PMI to enter Britain to 'reduce the burden' on the NHS and tackle health tourism. Migrants would have to provide their insurance details when they registered with a GP. But A&E care would still be free.

2. http://www.ftadviser.com/2013/09/19/insurance/health-and-protection/top-protection-tools-for-advisers-kHi6t8anB2AqoR1zc7h5hI/article.html. *Top 10 protection tools for advisers*. Our own Kevin Carr's piece in *FT Adviser* on 19 September lists ten top online tools to help financial advisers sell protection insurance.

3. http://www.telegraph.co.uk/finance/personalfinance/insurance/10291946/How-to-waste-10000-on-life-cover.html. *How to waste £10,000 on life cover*. Nicole Blackman, writing in the *Telegraph* on 8 September, explains why buying cover through a lender can be a lot more expensive than buying through an adviser (she used **Highclere's** Alan Lakey to provide comparable quotes).

4. http://www.telegraph.co.uk/finance/personalfinance/insurance/criticalillness/10276349/How-to-claim-successfully-for-critical-illness-cover.html. *How to claim successfully for critical illness cover.* Nicole Blackmore's *Telegraph* piece on 30 August balances the need for CI cover with concerns over some insurers not paying out on CI claims—especially those related to terminal illness. Those concerns are made stronger by insurers eventually paying out.

5. http://www.moneymarketing.co.uk/claims-stats-tool-aims-to-dispel-myth-insurers-dont-pay-out/1076885.article. *Claims stats tool aims to dispel 'myth' insurers don't pay out.* Paul Thomas's *Money Marketing* article on 12 September presents the other side of the story—**F&TRC's** research tool that shows what individual insurers actually pay.

6. http://www.covermagazine.co.uk/cover/news/2295372/-fca-review-warns-life-insurer-and-adviser-relationships-undermining-rdr. *FCA review warns life insurer and adviser relationships 'undermining' RDR*. Fiona Murphy's 18 September article for *Cover* highlighted **FCA** concerns that some insurers' incentive schemes for intermediaries were not in consumers' best interests. It's one reason why all Protection Review events have a strong business focus.

7. https://www.healthinsurancedaily.com/health-insurance/-product-area/life-critical-illness/article429798.ece. *Revealed—parts of the UK where you can expect to lead healthy life for longest.* Unattributed *Health Insurance* piece on 19 September highlighting how life expectancy and healthy life expectancy can depend on where you live. Poorest areas tend to have the worst results.

8. https://www.healthinsurancedaily.com/health-insurance/-product-area/occupational-health/article429745.ece. *Rise in male suicides 'linked to global economic crisis'*. This unattributed *Health Insurance* article on 18 September shows how males suicides globally rose in the aftermath of the 2008 economic crisis. The research was published in the *BMJ*.

9. http://www.theguardian.com/money/2013/aug/31/-income-protection-off-work-sick. *Will an income protection policy work for you?* Tony Levene's *Guardian* piece on 31 August looks at the case for buying IP. It highlights the 'own occupation' argument and includes a useful Q&A guide for consumers.

10. http://www.scotsman.com/business/finance/take-steps-to-address-your-critical-illness-cover-1-2125325. *Take steps to address your critical illness cover.* One from the archives—Conal Gregory's *The Scotsman* article originally published on 19 February 2012 (but still on its website) confuses CI and IP cover in some places. Do we blame the journalist? Actually no, what the article shows is how even a good journalist can be confused over some of the terminology we use (and if they are, what chance do consumers have?). Perhaps greater help and guidance by insurers and advisers can help such things happening. The article is also one reason why Protection Review offers generic training to journalists and editors as well as to advisers and their staff.

Protection Review: financial services consultancy and communications solutions

We're passionate about protection and provide bespoke marketing and strategic consultancy and communications services to firms across health and protection insurance, led by three of the best-known names in the industry. Our expertise, knowledge and contacts enable us to help clients maximise their potential in a fast and cost-effective way.

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