e-Protection Review

(incorporating HealthCare Insurance Report)
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Key statistics:

- NHS RTT median wait England August 2013: 8.6 weeks (See Page 11)
- 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: 109.85 (To end August 2013, compared to January 2000, see Page 11).

Once in a generation opportunity: Swiss Re's 2013 Insurance Report

Swiss Re's *Insurance Report 2013, Connecting generations—protecting generations*, has identified what it calls a 'once in a generation opportunity' for advisers, product providers and intermediaries, on the back of changes to welfare and pensions provision.

The 44 page report, with accompanying 28 pages of research data, was published on 22 October and is based on qualitative and quantitative data, including an online poll of 1,569 consumers carried out in March and April. Unusually, that also included 101, 11-15 year olds and 200, 71-80 year olds. 16 in-depth interviews with leading industry figures were also undertaken.

The report found that while two thirds of people see the value of insurance, many of them find financial services and insurance uninteresting. The consumer research split consumers into six identifiable groups:

• Switched on. Making up 12% of those polled, this affluent and largely debt free mainly older group had planned for a secure future, held a number of financial and insurance products and had few worries.

• Sorted for now. This group made up 16% of those polled and were also older and affluent with little debt but had never really engaged with retirement planning and many had concerns over the future. They held a range of products.

• Comfortable content. 22% of the population were similar but believed in saving, although they were not very ambitious or materialistic. They held an average number of products and saw insurance as there for others' benefit.

• Struggling nervous. 17% of the population were younger (often in their 40s) and many worked part-time or were in low paid jobs. They were vulnerable to negative events, not financially savvy and held few insurance products (often bought online). Many had significant debt, had a short-term financial focus and were pessimistic about the future.

• Worried wary. One in eleven (9%) were working, had average middle incomes, large debts and saved little. They wanted loyalty from providers and had money worries.

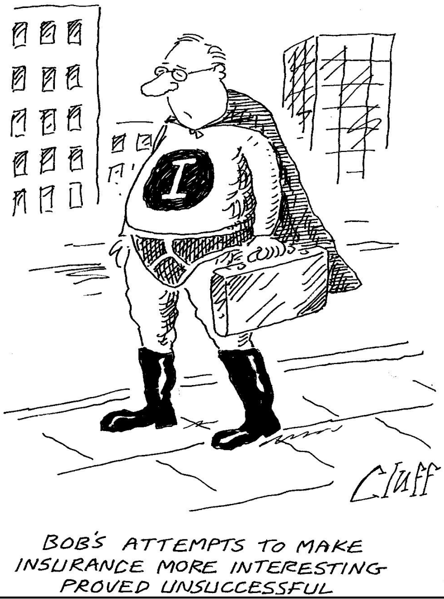
• Living day to day. The largest group made up almost a (*Continued on Page 2*).

Quotes of the month:

"If anything goes wrong it will give you money to get it right again." Unnamed 11 year old boy in Swiss Re's *Insurance Report*, on what insurance is. To that we'd add, 'and gives other help too' - but it's a great definition of what insurance should be!

"There is not trouble afoot, any responsible organisation will carry out a review from time to time. We are focused on our members and our members expect to get value for money." ABI spokesperson, following a reorganisation which saw key staff leave, quoted in *Cover* on 24 October.

"Far too few of us have a back-up plan in place that would protect our income if we found ourselves unable to work." Mark Jones, LV= head of protection, 24 October.



BOB'S ATTEMPTS TO MAKE INSURANCE MORE INTERESTING PROVED UNSUCCESSFUL

(*Continued from Page 1*) quarter of those polled and were spenders with no buffer. Many had high debt, money was tight and life difficult. They lived in the moment rather than planned ahead, and found finances boring and a real hassle. They held few financial products.

Swiss Re's qualitative research found that:

• The majority of people believe 'Insurance is essential as a protection against what may happen'. Age-wise, that varied from 56% aged 31-40 agreeing, up to 76% of those aged 61-70.

• However, few people trust insurers. Only 1% completely agreed that they had complete trust in insurance companies, compared to 13% who completely disagreed. Only 15% tended to agree, compared to 58% who tended to disagree (the rest neither agreed nor disagreed).

• 42% tended to agree that insurance is often a waste of money, compared to 34% who tended to disagree. 26% neither agreed nor disagreed.

• 26% tended to agree that they would be happy to pay for financial advice, while 53% tended to disagree. More people would be happy to turn to the internet for advice than pay for it.

• 52% of 21-70 year olds had no protection insurance, a figure that fell to 33% of 71-80 year olds.

• 32% had no employee benefits provided by their employer. For most benefits, there was a big gap between any benefits those polled had, compared to the benefits their employer offered or they thought might offer.

• Of those who had had protection insurance in the past, the main reasons they no longer had it were that they didn't need it anymore or they couldn't afford it.

• 33% tended to agree that they should have more protection insurance than they do, but even more (40%) tended to disagree.

• 44% of adults had personally experienced (themselves or a spouse/partner) a 'negative event'. That included losing their job and being unable to find another (20%); not working due to illness (16%); had a serious illness (13%), or couldn't work due to accident or disability (11%). The figure was even higher (62%) when 16-20 year olds were asked if any of those negative events had ever happened to any of their family or friends. This shows a clear disconnect between experience and the recognition of insurance as a viable strategic option to guard against the effects of negative events. One reason for that is that few insurers offer insurance against losing a job whereas, for a consumer, any event outside their immediate control would appear to be a reason to consider insurance. If an insurer seemingly picks only the risks it wants to cover and ignores those that still affect its customers, it is no surprise that trust in insurers to deliver help when it is needed is not higher.

• 64% of adults say they use the internet to find information about insurance.

• Surprisingly, 48% of 21-70 year olds tended to agree that they enjoyed dealing with financial matters for their household and 49% said they were really interested in financial matters. But 32% found money and financial matters boring.

The research also looked at employers and grouped them into five categories:

• Paternal (8% of firms polled). These offered benefits for moral reasons.

• Pragmatic (6%). Offered benefits for business reasons only and looked to inform and advise but leave financial responsibility to the individual.

• Mixed (13%). Offered benefits for a mix of reasons and benefits did not tend to be a significant feature of workplace culture.

• Aspiring (29%). Aspired to offer benefits in the future but offered ad-hoc benefits in the meantime.

• Uninvolved (48%). By far the largest group of employers provided no benefits for their employees and did not feel any obligation to do so.

This research found that 63% of employers believe it is the individual's responsibility to protect themselves, not the employer's. It also found that while 39% of employees believed the main role of employers was to pay for or contribute towards benefits, only 9% of employers believed that.

The survey also found that while 21% of firms had key person insurance in force, only 3% of those who did not expressed an interest in having it.

The report identifies that the role of employers is already important and will grow as auto-enrolment widens pension provision long term. Consumers see employers as pivotal to encouraging and providing towards a more self-reliant society, so we will need to develop employer-centric propositions if we are to grow our offering.

In fact, the report argues that there is a once in a generation opportunity for the protection insurance industry. Swiss Re's press release said: 'The convergence of technological, social and regulatory factors has led to a once in a generation opportunity for advisers, product providers, intermediaries and other stakeholders to provide an integrated landscape of State and private provision'.

This year's is an important report from Swiss Re and makes interesting reading as well as stimulating debate. For more see www.swissre.com.

A new protection gap?

Although Swiss Re's report doesn't suggest it, we think there might be another use for the over-used and misleading 'Protection Gap' phrase. That is, the difference between the best and worst when it comes to identifying factors that stop people from buying protection insurance.

For example, the report identifies that 76% of people aged 61-70 believe in insurance. However, the figure for those aged 21-30 is 62% and for those aged 31-40 (the two prime age groups for most protection products) is just 56%. So, respectively, the protection gap for this factor would be 14% and 20% respectively. In other words, the challenge for the industry is to change consumer beliefs by up to 20 percentage points for thirty somethings to bring them into line with their parents' beliefs.

To do that, we first have to identify why the figure is highest for the older age group (attitude, experience etc) and then look how to change the younger group's experience. For example, a life insurer might include low cost health cash plan benefits on its critical illness cover.

That would quickly educate the group that insurance is there when they need it, actually pays out and does so quickly. Or that it provides non-financial help (e.g. a helpline) when that is needed too. Such a move could cost little (although there are clear logistical issues to overcome) but generate a protection gap closing outcome relatively quickly.

Sickness absence rising again according to CIPD/Simplyhealth

After a small decrease last year, sickness absence has risen again and is now back to 2010/11 levels, according to the latest **CIPD/Simplyhealth** *Absence Management survey*, published on 15 October.

The average employee took 7.6 days sickness absence in 2012, with the figure varying from 6.0 days in the private sector to 8.7 days in the public sector.

To counter the trend, 20% more employers (85%, compared to 65% last year) are now attaching growing importance to making changes to working patterns and environments. Such changes include different working hours or more flexible arrangements (62% of employers now use flexible working as a tool to manage short-term absence, up from 51% in 2010). Short term absence made up two thirds of all sickness absence days lost.

Two thirds of employers believe it is possible to reduce sickness absence, and over a third have a target in place to do so (including three fifths of the public sector).

Stress remains a major cause of sickness absence, with two fifths of respondents reporting stress-related absence up in the past year. Workload and management style were identified as the most common causes of workplace stress. Three fifths of organisations are taking steps to identify and reduce workplace stress, although a third of organisations that identified stress as a top five cause of absence were still not taking any steps to address it.

The 2013 report is based on a survey of 618 employers of all types across both the private and public sectors. As in previous years, the 66 page report includes a lot of detailed data about different categories of business. For example, it shows that absence is lower in manufacturing and production than in service companies and lower among non-manual than manual employees.

Absence is also higher for larger organisations. The following shows the 5% trim mean for organisations with:

Employer size	Days lost each year
1-49 employees	6.6 days
50-249	6.6 days
250-999	8.3 days
1,000-4,999	9.0 days
5,000+	9.3 days

For manual employees, absence of four weeks or more made up 23% of all sickness absence, while for non-manual employees it was just 13%, giving an 18% overall average. Again, the figure was higher for larger employers—34% for those with 1,000-4,999 employers, compared to 12% for those with 1-49 employees. The top five causes of long term absence were (% of employers where the cause was in the top five by manual and non-manual employees):

Cause	Manual	Non-manual
Acute medical conditions	54%	60%
Stress	51%	64%
Mental ill-health	49%	48%
Musculoskeletal injuries*	63%	47%
Back pain	38%	32%

* Excluding back pain

These were followed by recurring medical conditions; non-work related injuries and accidents; minor illness; pregnancy-related absence, and home/family responsibilities.

Regionally, average days lost varied from 6.2 days in the South West of England to 16.4 days in Northern Ireland. Wales was also high, at 10.1 days a year.

The median cost of absence per employee was £595 in 2012, although this varied considerably between organisations, and just two fifths of employers actually monitored the cost of absence.

Only 7% of respondents believed the Government's Fit Note had helped to reduce absence levels, although 72% did not think it was being used effectively by GPs. However 43% believed it prompted conversations about absence and health between staff and line managers.

In terms of wellbeing benefits provided, some of the most common financial services-related benefits were (% shown is where provided for all employees, with figure in brackets being where it depends on grade or seniority):

Access to counselling service	63% (1%)
Employee assistance programmes	51% (1%)
Health screening	28% (8%)
Private medical insurance	23% (27%)
Healthcare cash plan	23% (2%)
Income protection	14% (9%)
Dental	12% (5%)
Personal accident insurance	12% (4%)
Self-funded/healthcare trusts	12% (2%)
Group income protection	11% (4%)
Critical illness insurance	10% (6%)

45% of respondents reported that their wellbeing spend had not changed compared to the previous year, and a further 30% did not know if it had changed. Three times as many firms reported increased spend compared to reduced spend. 21% of organisations predicted an increased wellbeing spend in 2014, compared to 19% reporting an increase in 2013. However, only 18% of organisations said they evaluated their wellbeing spend.

Dr Jill Miller, CIPD research adviser and co-author of the report, said: "It's fantastic to see employers recognising the benefits of increased flexible working opportunities. And it's not just about benefits for employers—over 50% of employees report that flexible working helps them achieve a better work-life balance generally, also citing that it makes them healthier, more productive and reduces the amount of time that they take off sick."

She added: "Offering more flexible working opportunities also helps to respond to the needs of the UK's ageing workforce, in which older employees will increasingly need and want to work in different ways and with different hours as they move towards retirement. Having conversations with employees early, as soon as an issue arises, could enable more people to stay in employment. This kind of approach will greatly reduce absence levels and improve employees' overall wellbeing."

For insurers too, early intervention has proved an invaluable ways to manage claims in recent years.

The survey comprised 39 questions and was completed by 618 organisations in June and July 2013. For more details or to download a full copy of the report see www.cipd.co.uk.

Diary date—10 July 2014

Next year's **Protection Review** conference, book launch, dinner and awards ceremony will take place on 10 July 2014 at **The Landmark**, Marylebone, London.

Those of you who have been to previous years' events (200 of you at last year's conference and almost 400 at the dinner) will know that this promises to be a great day. But if you haven't been before, or haven't done so recently, what's in it for you and for your organisation?

Quite simply, we set out to achieve three objectives. First, the day must be really useful to you and to your business. So, we want you to learn new stuff, meet new people and old friends and to get you thinking, and to give you ideas that will help your business and help you do the job you do even better. Part of that is getting the right people to attend—and we tend to attract more senior people (usually, the very people you most want to talk to).

Second, we want you to get maximum value for money—and that applies whether you are a guest, paying to attend or a sponsor. Each event is also not just business focused but business saturated. Does that make it sound boring? Well, we hope not, because the third aim is that we want the whole day to be really enjoyable too.

We know that to justify a day out of your normal routine, we've got to offer something a bit special and that you have got to be able to answer honestly the question: 'Was this the best use of my time and money today?'.

Do we succeed? Only you can judge that, but feedback has been consistently excellent and we know people enjoy the day and look forward to it. We're not arrogant enough to believe that things can't be improved though, so we constantly strive to do better. For example, we want to expand the stands at the conference because we think you'll find that useful and sponsors will find it useful to promote their latest thinking too. And, we're improving the audio visual experience and making countless other minor changes too—most of which you probably won't even see.

The reason is simple—we want this to be the best event you will attend in 2014 and we want you to come back year after year, knowing that you are in for a great and productive day. Can we achieve that? You'll have to be there on July 10 to find out!

To find out more about partnership opportunities or to give us your ideas on what to include, what not to include or how to make the events even more relevant to you, do contact Peter, Kevin or Andy (please see Page 15 for all contact details).

Colds top SME sickness absence

HR software provider **breathHR's** *Sick Report*, published on 24 October, has revealed that Monday is the top day for sickness absence for SMEs, with Tuesday as the most common day that people phone in sick.

The most common reasons given for absence were:

Flu/colds	38.2% of days lost
Stomach aches/food poisoning	29.5%
Headaches/migraines	10.3%
Injuries outside work	10.2%
Work-related stress	10.1%

Solvency II put back to 2016

European Commissioner Michael Barnier has put forward a draft Directive, which postpones the Solvency II start date from January 2014 to 1 January 2016.

The UK's **Prudential Regulatory Authority (PRA**) has also published a consultation paper setting out its expectation of firms. This follows September's release of preparatory guidelines by the **European Insurance and Occupational Pensions Authority** (**EIOPA**).

Comment: *Solvency II now looks to be back on track, albeit coming in after yet another delay. One concern is that smaller insurers, in particular, will find the guidelines 'a significant burden' (to quote **KPMG**). However the PRA has made it clear that it expects firms to make their best efforts to comply by day one. You have been warned!*

IPTF developing benefit model

The **Income Protection Task Force** (**IPTF**) has announced that it is developing a modelling tool to determine whether individuals would benefit from having income protection cover. The issue is complex because some people could simply lose benefits if they have IP cover and so would simply replace State funding with private funding.

The system is based around a short set of simple questions and aims to provide a sensible road map for families looking to protect themselves. The work has been led by welfare expert Alan Tyler OBE.

Legal roundup:

Three recent cases affecting protection insurance have hit the headlines recently:

• The **Employment Appeal Tribunal** (**EAT**) has ruled that an employer can be required to fund private medical treatment as part of a reasonable adjustment to help staff return to work. The case of Croft Vets vs. Butcher was reported by *Cover* on 10 October. Mrs Butcher had suffered work-related stress and a clinical psychiatrist her employer had referred her to had recommended six psychiatric sessions, costing no more than £750. Croft Vets did not act on the recommendation and Mrs Butcher resigned, citing constructive and unfair dismissal and a failure to make reasonable adjustments.

• An employment tribunal has ruled that stopping income protection benefits can be age discrimination, *Cover* reported on 2 October. Judge Hunter ruled that **Capita Insurance Services** was wrong to stop an IP claimant, a Mr Whitham, from joining a new IP scheme that would have paid benefits to age 65 rather than a lower age. He had been refused admission to the new scheme as he was not 'actively at work' when the new scheme started (he was already receiving IP benefits as he was off work).

• The **Advertising Standards Authority** (**ASA**) has required **Bestmedicalcover.co.uk** to withdraw a misleading advertisement, *BMJ* reported on 2 October.

The PMI comparison site had claimed that **NHS England** was responsible for 13,000 needless deaths since 2005. Some complaints said this was an appeal to fear and so broke the ASA code. Also, although it had been leaked that a report by Sir Bruce Keogh would make the 13,000 deaths claim, that was not in the final published report.

ABI restructure leaves questions

The **ABI** (**Association of British Insurers**) has announced a restructure following which 16 members of staff (including executive team members Maggie Craig, Nick Starling and Stephen Gay) are understood to have left the trade body. The announcement was made on 23 October.

The restructure sees a new department, under director of policy and deputy director general Huw Evans, covering life and general insurance plus pensions. *Insurance Times* reported that this left the ABI with 98 staff and that the move would reduce its running costs by 7%.

Although it is always sad to see good people move on, the previous demarcation based on product types was old-fashioned and ran the risk that the trade body could be wrong footed in areas such as health and welfare reform, which cuts across the traditional life/general boundaries.

Director general Otto Thoresen is highly rated and with some insurers expressing concerns over costs, the move looks to be financially important as well as, arguably, giving a more logical structure to enable the ABI to better fulfil its lobbying role.

The move does though follow on from last November's announcement that protection specialist Nick Kirwan was leaving the organisation and April's announcement that **Bupa** (one of the UK's top 10 general insurers as well as the largest health insurer) was leaving.

Concerns have been expressed too in some quarters that life and health insurance could now be underrepresented (in any event, the ABI is essentially an insurers' body rather than a wider industry body). Others have called for a new protection body to be formed, but it is not clear who would do this, how it would be funded or what its objectives would be. **Protection Review's** position is that we support all bodies whose role includes promoting the interests of life and health insurance solutions for individuals and organisations.

The next few months will indicate whether the ABI is moving forward or iis n crisis, but one of its problems is that lobbying is, by its nature, often best accomplished behind closed doors rather than in the media. However, that makes judging value for money difficult—it is like judging the value of the armed forces based on the battles that have not been fought rather than those that have.

Royal London to rebrand

Royal London has confirmed plans to phase out its **Scottish Life**, **Bright Grey** and **Scottish Provident** sub-brands as it focuses on a single Royal London brand for most of its business in future. Advisers are expected to see the change by mid 2014, with the whole change process taking around two years. The new brand is expected to be revealed in November.

Bright Grey recently added three partial payment conditions to its critical illness plan. It now pays 20% of the sum insured on diagnosis of carcinoma in situ of the oesophagus (treated surgically); carcinoma in situ of the testicle (treated surgically); and on diagnosis of carcinoma in situ of the urinary bladder. Its major organ transplant definition has been widened and the plan now covers 48 conditions, 12 being ABI+ and seven paying a partial payment.

Comment: *This is a good move—the sub brands were simply too small to register on the public consciousness to the necessary extent. Bright Grey in particular though had a reputation for being different and was seen as a breath of fresh air when it was launched and it would be a pity if Royal London ended up simply as a 'me too' brand.*

The challenge for the management team now will be to move forward and establish Royal London as a strong protection brand in its own right rather than over-focusing on housekeeping, important as that is.

Half a year off work ill: LV=

The average Brit can expect to lose 360 working days to sickness during their working life, according to a poll by **LV=** published on 24 October.

Its *National Sickness Report* reveals that stress and depression lead to most days lost and take longest to recover from. With a third (36%) of workers getting only statutory sick pay (SSP) if they are off ill, losing days off work can be expensive too. The table below assumes a worker is on average pay (£22,664 a year) and receives just SSP if off ill, and shows average recovery times too:

Condition	**Days lost**	**Cost**
Stress/depression	81	£4,671
Bad back	57	£3,215
Severe migraines	18	£849
Ear infection	13	£545
Influenza	10	£363

The report highlights that sickness absence does not just affect businesses financially, it also affects employees. For the self-employed, the costs can be even larger than the loss of direct income too.

In terms of funding lost income, 35% of those polled said they would use savings to fund any shortfall but 23% said their savings would last just two months and 26% said they did not know how they would makes ends meet. Only one in ten could last for more than a year. 44% who had been off ill said they had returned before they were ready.

In the last three years, 1 in 50 workers has been off work ill for more than a year and, of those who had been off work, 57% had underestimated how long they would take to recover when they fell ill. Despite the recognised need, just 1 in 10 workers has income protection cover.

Medics attack CC PMI findings

Sixteen leading doctors have attacked the **Competition Commission's** investigation into private healthcare in a letter to *The Times* published on 30 September.

The letter accused the Commission of not focusing on insurers' clinical restrictions, which it said were: 'causing detriment for subscribers when they are sick and reliant on their polices'. It described as 'unacceptable' insurers interfering with clinical pathways or proposing medical treatments. It also said they should not propose clinical guidelines and asked for 'portability', so PMI customers could use their benefits however they wish.

Then, on 3 October, the Competition Commission Appeals Tribunal upheld a complaint that the Commission should have shared confidential insurance information with leading hospital groups.

Briefs:

• **FirstAssist Insurance Services Ltd** has now changed its name to **Cigna Insurance Services (Europe) Ltd**. Cigna acquired the business (once part of **RSA**) in November 2011.

• **Direct Life** has launched Quote+, a new service that asks a few simple questions to help choose which insurer to underwrite the risk.

• Since 21 October **Aviva** has moved all new income protection plans to an own occupation disability definition. The move has however resulted in it being no longer able to quote for about 68 occupations.

• **Just Retirement** has announced plans to float on the **London Stock Exchange**. The listing could value the firm at around £1.4bn.

• **LV=** has increased the number of guaranteed insurability options on its whole life plan from seven to ten and the plan also now pays out on terminal illness. It has also launched an estate calculator tool, enabling IFAs to calculate clients' IHT liabilities.

• **Jelf** has reminded employers that PMI is not the only solution when it comes to providing cancer cover for employees. It has produced a white paper on cancer cover. For example one option would be PMI that excludes cancer but with CI cover to provide a lump sum for treatment and other costs. Jelf has also found that 37% of employers expect to spend more on their benefits spend in future, with 50% spending the same. 79% plan to review their benefits package within the next three years, with 55% planning to do so next year.

• **Iress's** acquisition of technology solutions provider **Avelo** (previously **The Exchange**) was confirmed on 10 September.

• **LV=** has introduced a 5% discount on its premium rates for CI and IP protection insurance products for six weeks, from 7 October to 17 November.

• **Zurich** has announced that it paid out 94% of its income protection claims (up from 90% for the whole of 2012) in the first half of 2013, paying £6.3m in benefits to 750 customers, 60 of which were new claims.

• **Simplyhealth** has launched a new app to help back pain sufferers. Every time the Simplyhealth Back Care app is downloaded, the insurer will donate £1 (up to a total of £120,000) to charity **BackCare**.

• Working with **Jubilee Insurance**, **Bupa** has launched its Explorer Health Plan and Business Explorer Health Plan for individuals and employees in Africa.

• The *Care Bill* has made it clear that while the upper threshold to get the State to pay for long term care in England will be raised from its current £23,500 to £118,000 from April 2016, the lower threshold will only rise from £11,750 to 'around £17,000'. Some form of tariff income formula (the rules are yet to be determined) will apply between the two figures.

• A survey of insurers by **Accenture** has found that two thirds expect technology giants such as **Google** and **Amazon** to offer financial services online within three years and 9 out of 10 expect competition to increase.

• **Aegon UK** is promising to beat competitors by £1 a month for all life and CI covers where the monthly premium exceeds £200.

• Since September, welfare benefits are now capped at £500 a week for single parents and couples with children and £350 a week for single people. Some 67,000 households a year are expected to be hit by the cap.

• The number of financially active over 65s has almost doubled in the past five years, according to **Partnership**. Now, 28% (9.1m) of UK workers are over 50, a 12% increase over the past five years, while the number of 65+s working has increased by 46%.

• **Friends Life** is rolling out a package of support services for group income protection customers with cancer. It is run with rehabilitation specialist **Working Towards Wellbeing**.

• 12% of 1,315 adults polled for **Canada Life** has used social media to research financial services providers or products. Facebook was used by 81%, followed by Twitter (40%) and internet forums (30%).

• **PruProtect** paid out on 97.4% of life claims received last year, 92.9% of CI claims and 94.1% of IP claims.

• **PruHealth** is merging its PMI and Vitality wellness programmes to have a single version of Vitality from January. It has also introduced a raft of changes to the programme and increased its maximum no claims discount from 65% to 80%.

• 30% of IFAs say health insurers will be the most innovative over the next five years, according to a poll by **State Street**. However, only 23% saw health insurers' financial strength as strong currently, compared to 57% for the overall life and pensions sector.

• 35% of advisers believe simpler underwriting would help close the protection gap, according to **Avelo**. 35% say incentives such as tax/NI breaks could help and 27% that more financial education is needed.

• **Unum** has accused the industry and **ABI** of being 'in a state of semi-paralysis' when it comes to developing a simple income replacement product (the Sergeant Committee gave it six months to do so in March).

• The **ifs School of Finance** is now **ifs University College**, following changes to its Royal Charter.

• 56% of advisers say their clients are not aware of gender neutral pricing, according to **Zurich**.

• Those changes and changes to the i-e tax regime have seen the cost of critical illness cover rise by smaller amounts than expected, according to **CIExpert**.

• Pet insurance will become a £1bn a year industry by 2017, according to **Timetric**.

• *Money Marketing* reported on 3 October a senior **DWP** official had called on the IP industry to make its case to Government to introduce auto-enrolment for IP.

• Good to see ex chair of the **All Party Insurance and Financial Services Parliamentary Group** John Greenway appointed president of the **Insurance Charities**. This excellent organisation does a lot of good work we never hear about. Check it out at *www.theinsurancecharities.org.uk.*

• **Highclere Financial Services'** Alan Lakey has been awarded over £300 by **Accrington Crown Court** in an action against a claims management company. **Aims Reclaim** claimed he had missold a PPI policy yet he has never sold such policies. He asked for a fee of £100 for wasting his time and, when this was refused, he sued and won, with legal costs of £240.20 being added too. Good!

Pick of the month

This month's reviews cover the spectrum from niche health plans to PMI, life cover and income protection.

Crewsure is a niche product targeted at the marine industry, while Reliance Mutual's Over 50s plan offers an alternative for this popular segment. Cover Insurance is a new ASU plan with a few twists too. Bright Grey has uprated its IP plan to move towards own occupation definitions for more people. That leaves Simplyhealth's new Simply Personal Health Plan as our Pick of the month.

Bright Grey Income Cover for Sickness

Bright Grey has revamped its income protection offering, moving to an own occupation only disability definition. In fact, there are two—the standard one and another that (if applied at underwriting stage) adopts that for the first year of the claim, then moves to failing three out of nine everyday tasks or having one of seven illnesses (blindness; cancer; complete dependency; deafness; dialysis; organic brain disease, and terminal illness).

Bright Grey says it has also widened the number of occupations where it is prepared to offer own occ (adding 323 occupations). It says 95% of clients should now qualify for own occ (up from 65% previously), 2% will get the one year definition and 3% will be declined (based on an analysis of past applications).

The plan pays up to 50% of income, up to £12,500 a month. Income can be level or rise by a fixed rate (2-5% a year) or based on changes in the Retail Prices Index (between 2% and 10%). Cover is available up to age 60 at outset and lasts to age 64. Deferred periods are 4, 13, 26 or 52 weeks. Payment period can be one or two years or full term. The connect claim period has been increased from 26 to 52 weeks. Commission has been increased by an average of 17%, bringing it into line with that on Bright Grey's other menu plans.

Joint life cover is available. Practical and emotional support is available through **RED ARC** and rehabilitation case management provider **HCML**.

Comment: *The industry is fast moving to own occ definitions but for some occupations that would result in huge premiums (or huge losses for insurers) so having an 'alternative' own occ definition makes sense. Importantly too, Bright Grey now offers own occ to many more occupations (over 300).*

Overall, a number of worthwhile improvements have been made which should make the plan more attractive to buy and more attractive to sell.

Product design points: *Insurance should be more than just providing money if something goes wrong and insurers have slowly moved to offering more practical and emotional help (often using third party suppliers) too. It is important though to build this into the company culture, not just have it as an add-on provided by others. Not least, such empowerment leads to more highly motivated workers and stronger brand values. The only issue is how far and how fast you should go.*

Plus points: *Own occ for all; More occupations accepted; Seven illness definition after one year is a good step forward; Other minor improvements.*

Not so plus points: *Some other IP providers will offer higher benefits; 3% of clients won't be offered terms; Cover stops at age 64; inflation linking is RPI rather than AEI.*
Website: *www.brightgrey.com.*
Rating (max 5): Innovation: 8. Overall: 8. Gold.

Crewsure Marine

Actually launched a year ago (we missed it the boat…), **Crewsure** is an international health plan for seafarers. The plan was launched to enable shipowners and managers to meet new legal obligations under the *Maritime Labour Convention*, which came into effect from 13 August.

Then plan is underwritten by **Globality Health** and **KA Köln Assekuranz Agentur GmbH** on behalf of **Great Lakes Reinsurance** (**UK**), all part of **Munich Re**.

Crewsure Marine (there is also a Crewsure Yacht plan) covers a ship's crew and provides:

- Health cover up to $500,000 (or higher on request). A $250 deductible applies
- A lump sum of $100,000 (more for officers) for permanent disability after an accident.
- Up to $100,000 death cover.
- Baggage cover up to $1,000 ($50 deductible).
- Repatriation following abandonment (due to insolvency). Loss of wages can also be covered.
- Benefits can be tailored based on particular needs.

Comment: *This is a flexible product designed to meet the specific needs of someone owning or managing a ship. Since August, new legislation makes such cover necessary but it is obviously a niche market.*

Product design points: *Niche markets can be very attractive—especially to smaller insurers. In fact, some insurers pride themselves on being able to offer bespoke cover to meet whatever the need is. Which makes doing a product review quite hard!*

Plus points: *Cover meets new legislative requirement; Flexibility to meet specific needs; Provides essential cover.*

Not so plus points: *The standard plan provides limited benefits and crew should still look to take out any additional cover they may need.*
Website: *www.crewsure.com.*
Rating (max 10): Innovation: 7. Overall: 7. Silver.

Reliance Mutual Over 50s Plan

Reliance Mutual's new plan is a whole of life guaranteed acceptance plan for people from age 50 up to age 74.

The plan is available from £10 a month and pays up to £20,000 on death. Premiums are payable to age 90, but cover is for whole of life. During the first two years the plan pays on death due to accident only; otherwise premiums are simply returned.

The policy has no surrender value at any time.

Comment: *Guaranteed acceptance plans are poor value if you live too long, but they can make sense if your health is poor and your life expectancy curtailed.*

By limiting premiums to age 90 and returning premiums on non-accidental death within two years, Reliance Mutual has overcome two of this type of plan's major drawbacks, but value will still be poor for those who live too long. That said, there is little downside for those expecting not to last too many years.

Product design points: *We think all guaranteed acceptance plans should have a premium cut-off age. That still doesn't guarantee good value, but at least it crystallises the customer's risk.*

Plus points: *Simple cover with no underwriting; Useful for those in very poor health; Premiums limited to age 90; Return of premiums on early death.*

Not so plus points: *Anyone in reasonable health should look at an underwritten plan as this will offer better value—even if they are rated.*

Website: *www.reliancemutual.co.uk.*

Rating (max 10): Innovation: 6. Overall: 6. Bronze.

Simplyhealth Simply Personal Health

Simplyhealth has replaced its Preferential, Accessible and Simply Private Health plans, which closed to new business on 1 July, with Simply Personal Health. In concept this follows the modular approach of the Simply Employee Health Plan we reviewed in June. Existing clients have started to migrate to the new plan since September.

The plan offers three hospital networks: National (giving national coverage), Metropolitan (which adds more expensive hospitals around London) and Connections (this is Simplyhealth's 'assisted referral option with a more limited hospital choice').

The core (mandatory) benefit is Diagnosis cover. Unusually, for a core plan this pays for specialists' fees; diagnostic tests; an NHS cash benefit (£250 each day); Non-GP referred access to physiotherapy for joint or muscle pain (through the Rapid Access to Physiotherapy service); private ambulance, and parent accompanying child.

Two optional benefits can then be added:

- Treatment cover. Pays for hospital treatment; specialists' treatment fees; physiotherapy; complementary therapies (physiotherapy; osteopathy; chiropody/podiatry; chiropractic; acupuncture, and homeopathy); dental surgery (specific conditions only and through a dentist in the Simplyhealth Denplan network), and psychiatric treatment (up to 28 days a year as an inpatient, all treatment being arranged through the Simplyhealth Mental Health Management service); complications of pregnancy; NHS cash benefit (£250 per day); private ambulance; home nursing; parent accompanying child, and new child payment (£150 each child). Treatment for cancer and for heart conditions is excluded under this option.

- Treatment for heart and cancer. This adds back treatment for those two conditions. Cover can be in full or restricted to a lifetime limit of £50,000 for each.

The plan is available to UK residents over 18 (with no upper age limit) plus their partners and children. Excesses of £150, £200; £250; £300; £400; £500; £1,000; £2,000, or £5,000 can be chosen, giving premium discounts of 3-59%. There is a no claims discount - this automatically starts on Level 11 (60% discount) and can then go up in annual increments to Level 15, which offers a 75% discount. Claims of not more than £250 in a year maintain the NCD level at the next renewal, those between £251-£1K result in a one level fall, those between £1-3K incur a two level fall, those £3K-£10K a three level fall and those over £10K a four level fall. Treatment must be pre-authorised.

Underwriting can be full medical, moratorium (5/2/2 rolling moratorium) or switched from an existing insurer.

Comment: *PMI for individuals is not cheap. Indeed, in some cases it can be eye-wateringly expensive. To counter that, insurers now offer restricted cover and options to keep the price low. So, we are having to accept the fact that a PMI plan won't give most customers what they'd really like. That means the onus is on product designers to offer the best mix of benefits with the least downsides.*

So, you may not like open referral, NCDs or excesses and having to choose which benefits to drop, but that's the reality. Simplyhealth has taken the unusual route of having a core plan that does not pay for inpatient treatment—instead its focus is on getting diagnosed quickly. Given that half of outpatients do not go on to day or inpatient treatment, that makes more sense than you might think.

The end plan is, like so many, a bit of a Marmite choice. If the customer's thinking is aligned to Simplyhealth's, the plan offers great benefits at what looks to be competitive pricing. If not, they should look elsewhere. Overall, we think the plan works rather well and offers a different angle—but make sure you understand the downsides as well as the upsides.

Product design points: *No claims discounts are controversial. They hold out the prospect of cheaper future premiums but also the risk of much higher premiums if you claim regularly. The art is to try to make the system as fair as possible—at least to the majority who will claim infrequently rather than constantly. Even so, we'd like to see more examples of how NCDs can work in practice—so that every customer understands and accepts how their NCD works.*

Plus points: *Modular, based around getting a quick diagnosis; in/daypatient treatment and heart/cancer can be added ad extra cost; NCDs reduce cost for most people; Clear literature; Choices to minimise cost.*

Not so plus points: *If you'd rather fund outpatient fees yourself, this is not the plan for you: NCDs can be expensive for persistent claimers; Is nine excess options too many?*

Website: *www.simplyhealth.co.uk.*

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

Universal Cover

Universal Cover is a new accident, sickness and unemployment policy for people with mortgages from Simon Lance Burgess's organisation. A few years back, Mr Burgess was a high profile purveyor of ASU and PPI plans that significantly undercut lenders' own plans and he also offered more obscure covers such as alien abduction insurance and once insured a chicken for £1m(!). In a now rather discredited PPI sector, his products were better than most.

This new plan is underwritten by **Cigna Europe Insurance Company** and is administered by **Cigna Insurance Services (Europe)**.

The plan is a one month deferred back to day one policy with the following main features:

- Three months free cover.
- No initial exclusion period.
- Pays on being unable to work due to sickness, accident, unemployment or becoming a carer.
- Premium rate £4.00 per £100 monthly benefit.
- Maximum benefit: the (*Continued on Page 14*)

Best approach for whiplash

The best approach for whiplash mirrors that for acute low back pain – education, exercise and return to usual activities according to a *BMJ* editorial (*BMJ*2013;347:f5966).

The article suggests treatment of early whiplash has the potential for harm and says adverse effects have been reported for prolonged use of collars. It adds that high use of healthcare can delay recovery. However, a percentage of whiplash sufferers have real and lingering pain, the cause of which cannot be determined using existing techniques and strategies. The article suggests this 'may be as much a reflection of medical ignorance as of nefarious malingering'.

Spoof research paper accepted by 157 journals

A spoof medical paper, full of easily detectable flaws was accepted by 157 of the 304 open access journals to which it was submitted, *BMJ*2013;347:f5975 reported on 4 October. The spoof paper claimed to have found anticancer properties in a molecule extracted from lichen. The authors (the real ones) withdrew the papers as soon as they were accepted, so none was actually published.

Top winter infections identified

170 infection control nurses and senior practitioners placed *Clostridium difficile* (48%) and norovirus (36%) top of their causes for concern as we enter the winter months according to a 11 October press release from **Bioquell**, a provider of no-touch infection control solutions.

More single rooms (44%) topped the poll for what would make the biggest impact on infection control in hospitals followed by more infection control nurses (26%).

The poll also highlighted growing concerns about CPE (carbapenemase-producing Enterobacteriaceae). Many of this bacteria live harmlessly in the gut but cause problems if they get into the wrong place such as the bladder or bloodstream. They have become resistant to antibiotics.

Statin higher cataract risk

US doctors have found an increased risk of developing cataracts in people taking statins, *The Times* reported on 21 September. They matched 7,000 statin users to 7,000 otherwise similar people not taking the drug and found 36% of statin users developed cataracts compared to 34% of people not taking them. Adjusting for age, illness and other factors that could explain the difference, they concluded that statin users were 27% more likely to develop cataracts. It is estimated that eight million people in the UK take statins regularly.

Bowel cancer screening benefits

A US colon cancer study has found that bowel cancer screening with faecal occult blood testing reduces the risk of dying from bowel cancer and this effect lasts as long as 30 years. However the screening does not influence the cause of mortality, so patients won't necessarily live longer. The study, begun in 1975 with 46,551 people aged 50-80, assigned participants to yearly testing, testing every two years or a control group.

Screening was carried out in two six year periods and patients followed for the next 30 years. The risk of death from colorectal cancer was 32% lower than the control group in the annual screening group and 22% lower in the biennial testing group. Of a total of 732 deaths attributed to colorectal cancer, there were 200 in the annual testing group, 237 in the biennial group and 295 in the control group. Men between 60 and 69 years benefited most from the screening and women over 70 but there was little benefit in women under 60. See: *BMJ*2013;347:f5773.

Over 6,000 dog bite admissions

In the 12 months to May 2013 there were 6,334 hospital admissions for dog bites or strikes, a fall of 1.9% from the 12 months to May 2012 when there were 6,454, according to figures released by **The Health and Social Information Centre** on 3 September. One in six of every hospital admissions for dog bites or strikes occurred in the North West (17.4% of all admissions for dog bites or 1,099 admissions). Dog bites or strikes were most common in young children aged nine years or under.

Exercise vs. drug interventions

A meta-analyses of data from 305 randomised controlled trials with 339,274 participants, of whom 14,716 were randomised to physical activity interventions in 57 trials, looked into the comparative effectiveness of exercise and drug interventions on mortality outcomes for four conditions. It found no statistically detectable differences were evident between exercise and drug interventions in the secondary prevention of coronary heart disease and prediabetes. Physical activity interventions were more effective than drug treatment among patients with stroke. Diuretics were more effective than exercise in heart failure.

Researchers concluded exercise and drug interventions are often potentially similar in terms of their mortality benefits in the secondary prevention of coronary heart disease, rehabilitation after stroke, treatment of heart failure and prevention of diabetes. See: *BMJ*2013;347:f5577.

Airport noise harms hearts

There have been studies of exposure to aircraft noise and the risk of hypertension but one of two new studies has shown exposure to aircraft noise around Schiphol airport, Amsterdam, was related to medical treatment for heart disease as well as hypertension and the use of cardiovascular drugs after adjusting for age, sex, smoking, height, weight and socioeconomic differences.

A British study has found an increased risk of stroke, coronary heart disease and cardiovascular disease for both hospital admissions and mortality in relation to daytime and night-time exposure to aircraft noise in people living around Heathrow airport. These two studies provide evidence that aircraft noise exposure is not just a cause of annoyance, sleep disturbance and reduced quality of life but may also increase morbidity and mortality from cardiovascular disease. See: *BMJ*2013;347:f5752.

Medical briefs:

• A poll of 1,800 British adults by charity **Compassion in Dying** found 57% would want only comfort care, 13% wanted limited intervention and 12% all available treatment at the end of life. 48% wrongly thought relatives could make healthcare decisions on their behalf and just 4% have made their treatment wishes clear in an advance directive, *BMJ*2013;347:f6091 reported on 8 October.

• Applying medical-grade honey to catheter wound sites in patients receiving peritoneal dialysis for kidney failure has no advantages over standard antibiotic use, according to research reported in *The Lancet Infectious Diseases*. See: www.tinyurl.com/Lancet-honey.

• Company, **Pain Management Solutions** which claims to have reduced reliance on pain medication for 75% of its NHS patients, plans to roll out its services to the private sector in 2014, according to a press release on 15 October. The company's chief executive is Michael Benton who was previously managing director of **Medicals Direct**. The company also plans a parallel obesity management service and a dedicated pain clinic in London.

• The proportion of children vaccinated against measles, mumps and rubella (MMR) by the age of two reached 92.3% in 2012-13 (from a low of 80% in 2003-04), the highest since the vaccine was introduced into England in 1988 according to figures from the **NHS Health and Social Care Information Centre,** *BMJ*2013;347:f5921 reported on 2 October.

• According to a press release on 8 October, Yorkshire-based **Orchard Care Homes** has won a contract to operate 40 care homes in the south of England and Wales. Two years ago the company won the contract to manage 40 former **Southern Cross** homes on behalf of landlord **London & Regional** who was so impressed with their performance they awarded the care company their southern portfolio.

• There have been calls for the magazine *What Doctors Don't Tell You* to be removed from shops, *The Times* reported on 1 October. It said the magazine contains claims that vitamin C cures HIV and implies that cervical cancer vaccine has killed hundreds of girls. **The Advertising Standards Authority** said there were 54 breaches of its code in adverts in the magazine.

Political briefs:

• **The Centers for Medicare and Medicaid Services (CMS)** project that US health spending will grow to 19.9% of the economy in 2022 compared to 17.9% in 2011; an annual growth rate of 5.8%, which is one percentage point faster than the expected growth in GDP. See: BMJ2013; 347:f5721.

• In the US, premiums on plans offered on the new health insurance exchanges, a key element of the Affordable Care Act (ACA), look set to be around 16% cheaper than expected mainly due to competition among insurers, *BMJ*2013; 347:f5853 reported on 26 September. Over half of Americans without insurance will be able to get cover for $100 a month.

• NHS regulator, **Monitor**, has reported that more than twice as many foundation trusts in England (31 versus 13) missed the target to see patients within four hours of arrival in A&E from April to end of June2013 than in the same period last year. See: *BMJ*2013;347:f5777.

• In 2012 in England 2,061 years of life were lost prematurely for every 100,000 people registered with a GP, with the main causes of death being heart disease and cancer. Lowest rates were in Surrey and Sussex (1,738) and the highest Greater Manchester (2,586). The figures from the **NHS Health and Social Care Information Centre** show men were more prone to premature death than women. See: *BMJ*2013;347:f5921.

• A **Gallup** poll released on 30 September, showed that 65% of uninsured Americans surveyed (5,099 adults over 18 living in all 50 US states and the District of Columbia) planned to buy insurance by 1 January 2014, rather than pay a fine mandated by the Affordable Care Act. A **Commonwealth Fund** poll (6,132 adults, aged 19-64 years) found three quarters of those polled knew they had to buy insurance, but only two in five (39%) were aware of the new exchanges and only 40% were aware they would get financial help to cover their premiums. See: *BMJ*2013;347:f5962.

• The **Prison Service** is considering a ban on smoking in all parts of prisons in England and Wales. A pilot ban is scheduled for next year and a full ban from 2015. Prisoners can currently smoke in their own cells as these are considered 'domestic premises'. See: *BMJ*2013;347:f5777.

• The four months to July saw NHS trusts seeing 96% of patients in A&E within the four hour target, and of the patients needing planned hospital treatment, 90% of admitted patients and 97% of outpatients were seen within 18 weeks. See: *BMJ*2013;347:f5921.

• Wales will become the first country in the UK to introduce presumed consent for organ donation, *BMJ*2013;347:f5637 reported on 17 September. The legislation, which received Royal Assent in September could increase transplantation rates by 25%, although organs retrieved in Wales could go anywhere in the UK.

• Germany's public health insurers have announced that from 1 January 2014 their members must have an electronic health card to visit a doctor, *BMJ*2013;347:f6091 reported on 8 October. The controversial e-cards, which contain the patient's medical records, were originally due to start in 2006. Around 95% of Germans already have their cards.

• The Government has extended the cancer drugs fund for another two years in England, making an extra £200m a year available to pay for drugs not yet approved by **NICE (National Institute for Health and Care Excellence)**. See: *BMJ*2013;347:f5921.

• Life expectancy at birth in England and Wales in 2010-12 was 79.0 years for boys and 82.8 years for girls, according to *Interim Life Tables, England and Wales, 2010-12*, published by **ONS** on 24 October.

• There were 162 breaches of the NHS's Mixed Sex Accommodation guidelines in September **NHS England** announced on 17 October.

JSA unemployment down

Unemployment stayed at 2.49m in June-August, according to the latest *Labour market statistics* bulletin, released by the **ONS** on 16 October 2013.

During the same period, employment rose from 29.84m to 29.87m. 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, rose from 109.74 to 109.85. 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 1.40m in August to 1.35m in September. This is the lowest figure since January 2009. Earnings in the three month period to end August (including bonuses) fell further from 1.1% to 0.7% higher than a year before. Average earnings were £473 a week in the private sector and £484 a week in the public sector.

On 15 October the ONS announced that in September the Retail Prices Index (RPI) fell to 3.2% higher than a year before, while the Government's preferred Consumer Prices Index (CPI) stayed at 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 stayed at 8.6 weeks in August according to a **Department of Health** Statistical Press Notice released on 17 October. For non-admitted patients the median wait rose from 5.0 weeks to 5.2 weeks in August The 95th percentile time wait for patients entering an RTT pathway rose from 21.4 weeks to 21.5 weeks for admitted patients and from 16.3 weeks to 16.4 weeks for non-admitted patients. The number of patients meeting the 18 week target rose from 92.0% to 92.2%.

Independent GP contractor model has had its day: Gerada

Clare Gerada, the outgoing chairwoman of the **Royal College of General Practitioners (RCGP)**, has suggested it is time for primary, secondary and community care to be integrated into single local organisations.

She said that independent contractor status had "served us well" but added that, "since 1948 what hasn't changed is the way general practice is organised and hospitals are organised. We need to protect what's best about generalism but move us closer to our hospital and community colleagues so that we can become one organisation and one service". See: *BMJ*2013;347:f5922.

Comment: *One issue is many GPs are self-employed, enjoying those tax benefits, but employee benefits too.*

7 day access to GPs announced

The Government is putting £50m into a pilot scheme to extend GP hours in nine areas, covering half a million patients, *BMJ*2013; 347:f5949 reported on 1 October. Clinics will be open from 8 am to 8 pm seven days a week. To deliver the service Chaand Nagpul, chairman of the **BMA's** General Practitioners Committee, said extra GPs, additional resources and investment in support and diagnostic staff would be needed.

Could foreign services plug the NHS funding gap?

The health service economic regulator, **Monitor**, says that a £30bn funding gap will appear in the NHS by 2021, only half of which will be plugged by efficiency savings, *The Times* reported on 10 October.

Monitor suggests looking at players outside the NHS and abroad who have good ideas that provide better quality and are more effective. Foreign health innovations include Indian cataract clinics and a Mexican company, **MediCall**, that effectively handles two thirds of GP requests over the phone.

London's NHS hospital services are unsafe, says chief

Dr Andy Mitchell, medical director for NHS England in London has said that London hospitals are at "breaking point", *The Sunday Times* reported on 13 October. A report by **NHS England** published on 14 October showed that the capital's health system was 'unsustainable' and that to keep all London's hospitals running in their present form would lead to a £4bn shortfall over the next seven years. Dr Mitchell said: "At times, throughout the week, even throughout the day, services aren't safe."

2m ghost patients cost NHS £150m

Analysis of NHS statistics shows that in each of the past three years the number of patients registered with GPs in England has exceeded the total population by more than 2m people at a cost of £148m, *The Sunday Times* reported on 22 September. The costs incurred are because GPs are paid £66.25 for each patient on their lists regardless of treatment. The highest percentage of 'ghost' patients was in Reading, where 138% of its residents are registered with a GP. In terms of numbers, Birmingham has the highest with 108,000 ghost patients. Some patients have died, moved or registered with a new GP but failed to tell their previous doctor, some, the report suggests, may be as a result of fraud. Doctors have been urged to keep their records up to date.

GPs help 7 in 10 back to work

Just under seven in ten patients in a Leicestershire pilot scheme who were potentially heading for long term sickness absence have been helped to stay in work after being referred by their GP to the county's Fit for Work service, *BMJ* reported on 15 October. The pilots ran from three years from 2010. Only 27% of patients said medical intervention was the most important factor in helping them get back to work, most absence was due to human problems or issues related to work the *BMJ* was told.

See *BMJ 2013;347:f6191*.

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. Our bloggers are quite opinionated (that's a good thing!) and their opinions are theirs rather than ours but we defend and support their right to say what they really think. So, you may agree or disagree with them, but we hope that each will stimulate debate and help you form, reinforce or even change your own views (as they do ours).

This month we feature four blogs. First, on 3 September, eminent heart surgeon and the father of critical illness insurance, Dr Marius Barnard, gave us his views on CI in the UK. Marius is one of our heroes (and the first recipient of the prestigious Protection Review Lifetime Achievement Award) and the message from this great man helps put some of the issues around CI in global context:

When you see the beat of a heart that you've just implanted into your patient, the feeling of triumph that courses through your veins is exceptional. Telling your patient's family that the transplant was a success and watching the joy on their faces, visiting your patient and watching them recover – the feeling of pride in your profession is overwhelming. But then, watching them and their family slip into financial poverty is heart breaking.

It's hard to believe that thirty years have passed since my vision for critical illness insurance became a reality. It was a long hard journey to get an insurance company to back my idea and then for us to develop it, but you just need to look at the number of people that it has helped across the world to see that it was worth every moment of effort.

I'm incredibly proud of so many things in my career, but the birth of critical illness insurance and its ongoing growth is truly one of the defining moments in my career. I believe so strongly in this insurance that even now as I sit at home in my beautiful South Africa, an old man in my late eighties - I'm still helping insurance companies promote the benefits of it plus advocating the need for long term care protection. Medical advances and the resultant costs of survival to individuals and, families, and State welfare and social care systems increasingly makes the case for those who can, and of all ages, to consider personal and/or workplace financial health and protection insurance and advice!

It saddens me that critical illness insurance has received poor press in the UK in the past, as this could put people who really need it off buying it. Yet I am glad to hear that this tide might now be turning thanks to claims statistics and case studies being published - as, when your welfare reform really takes a grip, more people will be aware of their need to protect their own and their family's financial health and security.

I commend the UK for introducing standard definitions aligned to clinical definitions to critical illness cover all those years ago when it came to your shores, as I believe it really gave your advisers a confidence in what they are selling, as they don't need to compare the ins and outs of each provider's definitions. I urge you to continue to retain this approach, as keeping things simple and straightforward will become increasingly important as consumers' consultations with their advisers move away from face to face and towards telephone and web chat in the future. I have tried to get other countries to adopt standard definitions but have not yet succeeded. I truly believe that this is the best move the UK protection community ever made and the one thing that makes it the best critical illness insurance market in the world.

I originally developed critical illness insurance because of the changes in the diagnosis and treatment for diseases over centuries, but in the last 30 years there have been more advances and changes than in the previous 300 years! Which just goes to show that you need this insurance today more than ever before – so never stop talking to your clients about it.

Tell them what the cover is and what it can do for them and has done for thousands of people, and then sit back and watch them as they realise the need they have for it to protect themselves and their families. During my presentations when I toured the UK I often said to people: "If you had a heart attack, would you rather lose your home or your mortgage?" It's really quite an easy question to answer and very effective in opening people's eyes!

I wish you all my very best for the future and I hope you all continue to use this wonderful product to give your clients financial security.

Next, on 17 September. Peter Chadborn of Plan Money warns of a rot he says has started to infiltrate the industry.

If you work for a life office on the protection side you could be forgiven for thinking that the actions of your investment cousins don't really impact upon you. Well, you'd be wrong. I have been saying for as long as I can remember that for advisers who advise across a mix of product lines, the actions of the brand as a whole has a big impact on whether we like you or not.

This maxim has been brought into sharp focus of late with the over-eager actions of certain life offices, to legacy trail commission on pre-RDR investment business. Trail commission will be no more from April 2016 and so advisers have a run-in period to switch all relevant clients to service-based adviser charging. Earlier this year **Aegon** announced that it was going to switch off some trail commission (as was perceived) on the assumption that an ongoing service was not being provided, but it could be switched back on if the policyholder confirmed in writing that a service agreement did exist. Guilty until proven innocent if you will.

Just recently **Friends Life** cancelled trail commission on some pre-RDR offshore bonds. It was apparently 'not commercially viable' to build a new commission payment function within its newly appointed administrator. So were Friends Life going to rebate the trail commission to the policyholder? Were they hell! They are going to keep it to be 'reinvested into the business and will contribute towards the on-going programme that ensures good custom-

-er experience across all areas of the business'. What - the same good customer experience that has led to policyholders having to now pay more in order to retain the services of their adviser? The incredulous attempt at justifying their actions was one of the lamest PR spins I have ever had the displeasure to choke on.

So what has this got to do with protection? Well, as you can imagine, such blatant actions of self-serving at the expense of clients and advisers means such brands are held in very low regard in adviser offices up and down the country. We write about half our protection business on a non-indemnity commission basis. How confident can we be now that that won't get turned off at some point mid-contract?

What is a protection policy if not a promise? We talk about distrust being a major barrier to overcome in our industry. Well, if you were an adviser desperately wanting to do the right thing by your clients, would you put a client's welfare in the trust of a company that you inherently distrust, to act in a way that is anything other than in their own best interests?

We're not (yet) at the stage where the actions of the investment or pensions side of a life office means we will not use them for protection, but the rot has begun to set in.

Our third blogger, on 23 September, was consultant Phillip Cooke, who has a warning about sponsorship that is ego rather than business driven.

At the end of the summer I spent two weeks on holiday in Fiscardo Bay, at the northern end of Kefalonia – a beautiful spot, ideal for reflection and recharging the batteries. The harbour is ever-busy with the comings and goings of yachts; they come in all sizes and nationalities, and are united by a common passion for sailing.

This started me thinking, and my thoughts turned to my days in marketing agencies, and the battles we often had with big clients who wanted to sponsor an event. "Why?" and "What is the commercial purpose?" were the first two questions we would ask. All too often, the answers were in some way related to an interest or passion of the chief executive or his spouse. Let me give two contrasting examples.

First, the high profile owner of a now-defunct national car hire company. His wife loved equestrian jumping events, so the commitment was made to the organisers of a major national televised event: "We'll sponsor it." Needless to say, it involved a big expenditure and a lot of publicity. Our pleas and recommendations to use the event to create innovative publicity – attracting ways of tying the sponsorship to the point of sale, i.e. to increase sales and profit, fell on deaf ears. It seemed an expensive way of buying publicity without leverage, and the late night image of "Mirror, mirror on the wall, who's the fairest sponsor of all?," came to mind.

Now back to those yachts. Sailing is thirsty work, so therefore lends itself to sponsorship if you are an internationally available brand of lager. The chief executive of such a client asked our advice about sponsoring the then Round the World Yacht Race. The sponsorship deal was duly done, but not before a major leverage campaign had been developed: everything was tied into the purpose of the business - to sell more beer. Packaging, retail outlets, advertising were among the key marketing collateral which promoted the sponsorship, with such highlights as on-pack competition entry forms; the competitions were based on the sailing theme, with winning contestants being flown to key staging points (Rio, Cape Town etc). This both increased UK sales of the brand and significantly leveraged its PR exposure.

So, if you are tempted by sponsorship, even if it's only the local football team your son plays in, do have a long hard look in the mirror, ask the question – and listen to the answer that comes back. If it's not a win/win, the shareholders may view sponsorship as an act driven by ego, even if charity is a good thing which makes us all feel better.

Our final blog, on 7 October is from Health Claims Bureau's Karen Gamble. Karen makes a plea for us to get into the habit of evaluating risk and transferring it, where it makes sense to do so. That, after all, is what life and health insurance is all about.

Today I am thinking about perception. Why do so many of us perceive that we are immune from catastrophe? What is 'catastrophe'? How do you make a risk assessment?

I perceive a catastrophe as being loss of life, loss of health, loss of home or loss of income. Others may have a different perception.

The insurance policies that are compulsory in the UK are motor insurance (if you drive) and employers' liability (if you are an employer). We buy buildings insurance and life insurance when our mortgage lender insists. We are frequently told that we under-insure our house contents and, whilst Mr Cameron doesn't know the cost of a loaf of bread, how many of us know the cost of a funeral, and most of us have no idea of the State benefits we are entitled to?

So why don't we take out insurance to cover us against catastrophic events? Do we perceive that we are immortal or immune? It can't be because we think the State will look after us, not after all of the 'kick a benefit claimant' rhetoric over the last party political conference weeks. Do we think that our employer will look after us, even though according to **Swiss Re** less than two million people are covered by group income protection, whilst 33.6 million of us work? Are we back to the perception that insurance companies are only out to rip us off, and anyway the premiums are too expensive?

Aviva is going to have another go at a hard hitting protection advertising campaign. Well, good luck. Somehow, as a nation, we have got to get into the risk evaluation, and risk transfer habit – in other words we have got to recognise the need to buy insurance. If we don't do this, what hope is there for buying ANYTHING that will provide for our long term care needs?

That's it for this month's blogs. But do have a look at *www.protectionreview.co.uk*, where you will find blogs going back to 2010. Whenever we need inspiration or a battery recharge we often look at past blogs for inspiration. And, if there's an issue or issues you would like to blog on, do contact us. It all helps create a health industry debate!

(*Continued from Page 8*) lower of 60% of monthly income or £2,000 a month.

• Benefit lasts for a maximum of 12 months.

• The plan is available to UK workers (minimum 16 hours a week) aged 18-64.

• Premium rates and policy terms can be reviewed by the insurer at any time, with 90 days' notice.

• The plan can last to age 65 or on earlier retirement but the insurer reserves the right to cancel cover before then at 90 days' notice (as do many similar policies).

• Many conditions that are normally regarded as chronic, or require a consultant's verification are covered (e.g. backache, stress) and just require a GP's sign off.

• A rolling moratorium applies. This looks back one year and requires the customer to be free of treatment for a continuous period of 12 months going forward. This is therefore more generous than the more conventional 5/2/2 year rolling moratorium.

• The plan includes back to work assistance.

• Although customers must have a mortgage (or mortgage offer) at outset the plan can continue even if they no longer have a mortgage.

• Contract workers are covered for unemployment insurance but the usual rules for the self-employed and business owners mean that this element is likely to be of less value to them.

Comment: *ASU/PPI plans are regarded as 'toxic' by some but, where they meet a customer's need, there is still a place for them. This plan has wider cover than many similar plans, with a more generous moratorium and just a GP's sign-off being necessary in order to claim illness or disability benefit.*

The main downsides are that the unemployment element has little value to business owners, benefit is only payable for up to 12 months and to age 65 and the insurer can change terms or discontinue cover at just 90 days' notice. As we closed for press, the website was due to go live soon.

Product design points: *How do you succeed in a product area that many people see as fatally damaged? It's an issue facing the PPI/ASU sector and most companies' view looks to be to improve the design a bit and claim it is now something completely new. The PPI tag has largely been dropped and even though ASU is really the same thing, those initials are acceptable, whereas PPI's are not. The bottom line though is that if you believe people still need a particular type of cover, you have to argue the case for them to have it, while making sure you avoid those elements of past designs that have particularly damaged the product.*

Plus points: *ASU cover that can continue beyond a mortgage: More lenient underwriting and on some claims than most; Back to day one cover; Three months free upfront.*

Not so plus points: *Terms may be changed at 90 days' notice; Maximum 12 months benefit; May not suit all borrowers, especially business owners; Some outstanding queries when we closed for press: Not available to renters.*

Website: *www.universalcover.com.*

Rating (max 10): Innovation: 7. Overall: 6. Bronze.

People news:

• **ABI**. Nick Starling, Maggie Craig and Steve Gay have left following a restructure, which has seen existing life and general insurance departments merged under director of policy and deputy director general Huw Evans.

• **Avelo**. Strategy and product development director Paul Yates has left the organisation.

• **Engage Mutual**. Peter Burrows has been appointed chief executive. He joined in 2010 as financed director and has been acting CEO since December.

• **Insurance Charities**. Former Tory MP and insurance broker John Greenway has been appointed its new president, taking over from Ian Templeton.

• **LV=**. Julia Tyson has been appointed HR director. She joins from builder **Wates**.

• **Personal Finance Society**. **Aim Two Three** partner David Ingram has been appointed president.

• **Reliance Mutual**. Sophie O'Connor, whose career has included roles with **Merrill Lynch** and **Ernst & Young** has been appointed a non-executive director. Oliver Johnson has also been appointed a NED.

• **Simplyhealth**. Board directors Ian Maude and Mark Day are understood to have left the organisation. Ben Kent has been appointed finance director. David Free-Pearce has been appointed a key account manager in its corporate account team.

Protection Review news

As mentioned on Page 4, the 2014 **Protection Review** book launch, conference and dinner will be on 10 July at **The Landmark**, London. Places are already filling fast, as are sponsorship opportunities, as these are ideal events to get your company, brand and products across to the industry's key decision makers.

Full details of latest developments are always at the www.protectionreview.co.uk website, where you can also view blogs going back to when they started and also product reviews going right back to 2010. Editor Andy Couchman has been reviewing new products since 1994, so we have a huge amount of experience which we bring to all our product reviews.

The website also features regular polls. Our last poll asked how closely aligned should the distribution of PMI and traditional protection products be? 22% of you said they should always be joined up, 13% said they should be completely separate and 65% said there should be a degree of crossover. Our current live poll is on the front page of the website, so do give us your views now!

What else is on the website? There's five questions for a well-known industry name (**LV='s** Mark Jones when we closed for press), statistics (an area we are developing now), details of our ongoing training programmes, links to our partners and lots more. Our advice is to check the site weekly, as it is constantly being updated.

Since it started in 2003, Protection Review has always been passionate about life and health insurance but we also aim to give you the tools, opinion and information you need to do your job as well as possible or even just to stimulate debate. That includes making changes and introducing new ideas wherever we can. To do so, we really value your ideas on how best we can help you.

So, do get in touch and tell us your ideas and what you need. Or simply tell us what you like and what you don't. We will always try to help if we can!

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Top 20 accident, health and medical insurers 2012, GWPs

2012	2011	Company
1	1	Bupa
2	2	AXA
3	3	Aviva
4	5	Simplyhealth
5	5	PruHealth
6	6	AIG (including Chartis Europe)
7	7	Great Lakes Reinsurance
8	8	WPA
9	10	Cigna
10	9	Direct Line Group
11	13	Ageas (including Tesco)
12	14	NFU Mutual
13	20	Covea
14	15	Exeter Family Friendly
15	16	RSA Group
16	19	Chubb Insurance
17	18	Sterling Group
18	17	Genworth Financial (inc Financial Ins)
19	-	Personal Assurance
20	-	Ecclesiastical Insurance Group

Key: GWPs: Gross written premiums.
The top 5 companies had a 79.4% market share in 2012 (76.6% in 2011); the top 10 a 91.5% market share (88.7%).
Source: ABI, 2013.

Health insurer operating ratios 2002-2012

Year	Claims	Expenses	Underwriting
2002	74.0%	23.4%	1.9%
2003	75.0%	22.3%	4.6%
2004	75.9%	20.1%	2.7%
2005	73.1%	20.9%	3.0%
2006	72.8%	20.7%	4.7%
2007	72.1%	19.9%	4.7%
2008	76.6%	21.5%	2.1%
2009	78.6%	22.0%	0.5%
2010	76.8%	18.5%	4.7%
2011	76.1%	19.4%	2.8%
2012	78.5%	20.1%	1.8%

Notes: Ratios shown are Claims (net claims over net premiums); Expenses (the ratio of commissions and expenses over net premiums); Underwriting (1 minus the ratio between total outgo over net premiums).
Source: ABI, 2013.

UK's most valuable insurance brands 2013 (2012 in brackets)

Rank	Brand	Value £m	Rating
1 (1)	Aviva	1,156	AAA
2 (3)	RSA	856	AA
3 (2)	AXA	852	AA+
4 (4)	Bupa	621	AA
5 (5)	Direct Line	453	AAA-
6 (6)	Allianz	397	AA+
7 (8)	LV=	299	AA
8 (11)	QBE	298	A+
9 (7)	Churchill	297	AA+
10 (10)	Ace	279	AA-
11 (9)	NFU Mutual	270	AA-
12 (12)	AIG	267	A-
13 (-)	British Gas Insurance	224	A
14 (13)	UK Insurance	202	A
15 (14)	More Th>n	192	AA+
16 (-)	Tesco	155	AA
17 (20	Ageas	151	A+
18 (17	Lloyds TSB	150	AA+
19 (16)	Chubb	148	AA-
20 15)	Co-operative Insurance	133	AA-
23 (22)	Legal & General	107	AA
25 (26)	Simplyhealth	97	A+
38 (45)	PruHealth	53	AA-
47 (47)	Great Lakes Reinsurance	36	A+

Methodology: Brand value is calculated using the Royalty Relief approach. This estimates the likely future sales attributable to a brand, and calculating a royalty rate that would be charged for the use of the brand. More details in the press release issued on 25 September.
We have shown the top 20, plus key life and health insurers also in the top 50.
Source: www.brandfinance.com, 25 September 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*.

A range of partnership opportunities are available and to find out more, please contact Andy Couchman at Protection Review Limited, Bank House, Great Rissington, Cheltenham, Gloucestershire, GL54 2LP. Or phone or fax 01451 821982, or e-mail andy@andycouchman.com. Or contact Peter Le Beau on 07799 074020 or peter@lebeauvisage.co.uk. Or contact Kevin Carr on 07887 838811 or kevin@kevincarrconsulting.co.uk.

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.

It's worth noting just how many of this month's pieces are essentially positive stories.

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. http://www.ftadviser.com/2013/09/25/opinion/jon-cudby/self-protection-providers-finally-tackling-poor-perception-sPuB2o2vY7aKPVD0OKcdBK/article.html. *Self protection: Providers finally tackling poor perception.* John Cudby's *FT Adviser* article on 25 September starts with the great Churchillian comment on the value of insurance and goes on to praise the industry for at last trying to improve its public perception (the odd PR disaster notwithstanding).

2. http://www.ftadviser.com/2013/10/16/opinion/jeff-prestridge/why-are-we-failing-to-embrace-protection-QhAauIVXpdsBKzI5AjWLHI/article.html. *Why are we failing to embrace protection?* Jeff Prestridge's thought provoking piece in *FT Adviser* on 16 October encourages the industry to dilute the misconceptions around protection, but also warns that the industry must sharpen up its PR—especially around disputed claims.

3. https://www.healthinsurancedaily.com/health-insurance/product-area/life-critical-illness/article430603.ece. Analysis: Partial payments: a step forwards or backwards for critical illness? *Health Insurance's* Tessa Norman's analysis on 7 October of the move towards partial payments on critical illness insurance argues for and against but cautions that the industry must not lose sense of its core purpose or become too complex for consumers to understand.

4. http://www.telegraph.co.uk/finance/personalfinance/insurance/criticalillness/10355373/Critical-illness-cover-My-62-a-month-became-a-life-saver.html. *My £62 a month became a life-saver.* Nicole Blackmore's classic case study in *The Telegraph* on 4 October tells the story of a woman who received almost £90,000 from her **Ageas Protect** CI plan after being diagnosed with breast cancer.

5. http://www.moneywise.co.uk/cut-your-costs/family-life/five-financial-decisions-to-make-your-40s. *Five financial decisions to make in your 40s.* Harriet Meyer's 2 October *Moneywise* feature gives sound advice to fortysomethings, including asking themselves if they are under-insured.

6. http://www.covermagazine.co.uk/cover/feature/2292936/around-the-world-the-life-saving-tablet. *Around the world: The life saving tablet.* Amy Friedman, writing for *Cover* on 20 September, points to the growth of tablets worldwide, as insurers give the devices to their salesforces—including Japan's **Taiyo Life** distributing 9,000 to its agents.

7. http://www.covermagazine.co.uk/cover/news/2302160/consumers-increasingly-thinking-short-term-about-their-finances. *Consumers have lost faith in insurance—Swiss Re.* Fiona Murphy picks up on **Swiss Re's** latest *Insurance Report* in her *Cover* piece on 22 October. Journalists and their readers love good reports and surveys, as Fiona's piece on this year's Insurance Report demonstrates.

8. http://www.moneymarketing.co.uk/news-and-analysis/protection/emma-thomson-how-to-tackle-the-protection-apathy-problem/2001448.article. *Emma Thomson: How to tackle the protection apathy problem.* Writing in *Money Marketing* on 22 October, **LifeSearch's** life office relationship director cites a number of industry tools to help advisers overcome consumer apathy and mistrust As an industry, we are doing a lot to help, but more is needed.

9. http://www.moneymarketing.co.uk/news-and-analysis/protection/john-greenwood-time-to-shout-louder-for-ip-tax-incentives/2001277.article. *John Greenwood: Time to shout louder for IP tax incentives.* Another opinion piece for *Money Marketing*, this time from *Corporate Adviser* editor John Greenwood on 11 October. John makes the case for IP insurers to 'turn up the volume' if they want compulsion and tax breaks (as pensions has). Otherwise, to pick up on a point made by a senior DWP source, IP can't be that great if only 7% of people have it.

10. http://www.thisismoney.co.uk/money/bills/article-2446538/Relief-families-insurers-finally-improve-record-breast-cancer-payouts.html. *Relief for families after insurers finally improve their record on breast cancer payouts.* Another article for breast cancer month, this from *This is Money's* Johanna Gornitzki on 6 October. Johanna points to the industry's improved claims record on CI policies but adds that cancer survivors will often be charged more for travel insurance. Yet another reason CI cover is needed.

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