

# Protection Review 2014 award winner interviews

## Kevin Carr

### Innovation Award – Health Insurance Daily

#### Interviewed: Editor David Sawers

##### **How would you summarise the last year in protection? What have been the highs and lows?**

Improvements in underwriting methods and technology might not be the sexiest of discussion points, but their potential impact shouldn't be underestimated and will hopefully continue – although there are challenges of course in getting the whole market to engage in a collaborative yet competitive way.

The impact of Seven Families is, by the initiative's nature, difficult to quantify, but what can be said at this stage is that the positive way that it has garnered widespread industry support is clear to see. In terms of lows, fortunately there haven't been specific ones that stand out – although that is perhaps a problem in itself. As Swiss Re's most recent *Term & Health Watch* report suggests, the protection market may have become too complacent, focusing more on product minutiae and price rather than coming up with game-changing thinking in terms of customer experience and engagement.

##### **Some portals and advisers noted a rise in protection enquiries at the beginning of 2015, do you think this is a trend that will continue and what could help drive this?**

A perfect storm of a number of factors. Improving employment rates and a change in working patterns – with, for example, an increase in the number of self-employed individuals – could be behind some of it.

Meanwhile, the fact that a number of networks appear to be focusing more on protection could help sales, certainly in the future.

In terms of portals, their own initiatives are to be congratulated, in terms of offering multi-benefit and comparison services, as well as improved cross-sell opportunities.

Leaving portals and advisers aside, banks will need to start thinking differently to appeal to customers if they are to help to boost protection sales, as physical footfall in branches continues to decline. The sector as a whole appears to be struggling to engage with digital purchasers but that is something that will change in time no doubt.

Greater awareness about income protection, thanks in part to the Seven Families initiative, is likely to have helped and will hopefully continue to do so.

Finally, could a growing realisation – albeit perhaps a subconscious one – that changes to welfare and a greater expectation on individuals to be self-sufficient provide an opportunity for the protection sector to demonstrate what it has to offer?

**The Mortgage Market Review changes came into effect around a year ago, what (if any) impact do you think this has had on the protection market?**

Given that the initiative requires lenders to look at whether the customer can actually afford the loan and to verify the customer's income, it's not a massive leap for them and advisers to start thinking about what happens if the borrower becomes too sick to work. I'm not sure it's going to revolutionise protection sales, but the impact is far more likely to be positive than negative. It **would** be risky for providers to start relying on mortgages to boost protection sales, given the fluctuation in home ownership levels.

**Income protection continues to be highlighted as the most important product for most people's needs, yet only accounts for around 5% of total protection market sales. Why do you think this is?**

Cost and the continued toxic fallout from the PPI scandal. There is also continued consumer mistrust about insurers and their willingness to pay claims – and while it's great that both individual and group IP providers publish their claims statistics, it seems that alone is not enough to address that scepticism. There has been greater awareness about the positive impact of IP in the mainstream press, though, so perhaps that's about to change.

**Why do you think you won the award last year, and what have been your main developments since then?**

We were delighted to receive the award last year and I put it down to a lot of hard work on the part of a number of colleagues at Informa, the publisher of *Health Insurance Daily*. The past year has been one of consolidating what was a radical move for us and listening to reader feedback on the change. It was with that reader feedback in mind that we tweaked the look and feel of the daily email alerts, as well as the timing of their distribution. We've also got some exciting plans for reporting on the Health Insurance Awards online, so look out for that.

**If you could give your younger self some advice what would it be?**

I'm not really one for retrospection – it's a bit like wishing you'd taken out some form of protection insurance after the event...

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## **Protection Intermediary of the Year Award – London & Country**

**Interviewed: Michael Aldridge, Sales Director**

**How would you summarise the last year in protection? What have been the highs and lows?**

Broadly summarised as positive strides in the right direction.

The highs:

Embracing technology and the breaking down of unnecessary barriers to clients taking protection – I’m especially referring to revolutionary underwriting / processing developments such as UnderwriteMe.

The growth in the market (*Swiss Re Term & Health Watch 2015*) – albeit incremental.

Seven Families initiative – the industry pulling together!

Products providers seemingly no longer playing the numbers game with CI developments but instead focussing on improvements in the key areas of claim.

The lows:

The cynics who would rather point out where others are going wrong than positively contribute themselves.

That MMR didn’t go a step further and specifically state affordability needed to be covered off in the event of death or illness.

**Some portals and advisers noted a rise in protection enquiries at the beginning of 2015, do you think this is a trend that will continue and what could help drive this?**

In short yes, continued positive engagement of clients and communicating of positive claims messages /stories will help, as will making it easier to do / transact business (e.g. embracing of technology).

**The Mortgage Market Review changes came into effect around a year ago, what (if any) impact do you think this has had on the protection market?**

A positive impact as it’s focused mortgage intermediaries on the need to discuss protection around the affordability of the mortgage, we’ve seen several of the major networks lay down some very clear guidelines about having to discuss protection at the time of the mortgage – if only the FCA did the same at launch it will have been a further shot in the arm for the industry.

**Income protection continues to be highlighted as the most important product for most people’s needs, yet only accounts for around 5% of total protection market sales. Why do you think this is?**

Misunderstanding of the product – it’s perceived by some (rightly or wrongly) to be more complex, in addition the underwriting process can at times be more onerous.

**Why do you think you won the award last year, and what have been your main developments since then?**

An unwavering commitment to doing what’s right by our client’s – this is borne out in everything we do / policies we make / strategic direction we take – our client’s wellbeing and experience is our prime concern.

In the last year we’ve gone a step further and decided rather than to ‘tell’ we’d ‘show’ that we care about our clients and the need for them to take protection and that it’s not simply a ploy to make more money/another sale. To this end we’re very proud of our support for Winston’s Wish in 2015. In addition we’re very proud of our fees free solicitor backed trust service.

**If you could give your younger self some advice what would it be?**

This is a very poignant question as very recently I was giving my eldest son some 'life advice' and as much as it sounds a bit cliché it would have to be that you need to stay true to your beliefs, be your own man and don't be swayed by negativity or negative people – positivity is a gift.

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**Protection Journalist of the Year – Paul Robertson, for his work at Cover Magazine**

**How would you summarise the last year in protection? What have been the highs and lows?**

Protection markets have been relatively quiet in terms of market upheavals and been fairly flat in terms of products, although I liked the Friends Life/Best Doctors Global Healthcare product, as it was genuinely a new idea, and it was good to see Beagle Street making inroads in normalising protection insurance as a product to consider.

However, it's the next 12 months I'm looking forward to; it will see a flurry of new entrants - should be fun.

**Income protection continues to be highlighted as the most important product for most people's needs, yet only accounts for around 5% of total protection market sales. Why do you think this is?**

Most protection is sold on a life event and the most common is a mortgage. I really think advisers need to get out of the mind-set that the best product mix in this situation is a life policy with a critical illness rider. People of working age don't die anymore, they get sick. It is interesting how well those few advisers who have embraced IP as the premium product are doing with it. However, it is still a difficult product to go through underwriting with and perhaps too easy to find yourself rated on, making managing expectations a challenge for advisers.

**Why do you think you won the award last year, and what have been your main developments since then?**

I don't think I won last year through any great feat of journalism. I am genuinely of the opinion that protection products are a benefit to those who buy them and society as a whole would do well to make them more prevalent - the odds on needing one bear this out. Having banged on in this vein for some years, I think I won on a cumulative basis. I wore the judges down!

Since then I have left the editorship of Cover Magazine and am still working on a freelance journalist/consultancy basis in the protection arena, but with a much reduced profile.

**If you could give your younger self some advice what would it be?**

Be as happy as you can be, even the important stuff is rarely THAT important - you're not a brain surgeon, nobody dies.

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## **Outstanding Contribution to Protection Journalism Award – Sam Barrett, Freelance**

### **How would you summarise the last year in protection? What have been the highs and lows?**

Swan-like! Behind the scenes, the industry has made all sorts of moves to improve products, make it easier to claim, and raise awareness of the importance of protection, but sales figures appear to have changed very little.

This could - and should - change, with all manner of developments such as welfare reform, pensions freedoms, the Care Act 2014 and improvements in the economy and the housing market taking place that have the potential to benefit protection sales.

The highs? The industry's determination to keep plugging away. The lows? The PPI misselling scandal that just won't go away but also the critical illness insurers' game of 'my list of conditions is bigger than yours'. We all want comprehensive products that give consumers reassurance that they'll get a payout but subdividing conditions to make lists longer can be confusing.

### **Are there any launches or initiatives that have particularly stood out in the last year?**

The Seven Families campaign has the potential to kick start change for the IP industry. While it has picked up significant coverage, which will help to raise awareness of the need for IP among consumers, it's the industry's collaborative approach to it that is most refreshing. As a result, although I don't see the initial campaign pushing sales up significantly - raising consumer awareness is a very slow burn - I do think it will ensure the industry is able to maintain the momentum through future campaigns.

Another important development in the last year was Pink's decision to make IP part of the mortgage advice process. Losing your income as a result of injury or illness has a much more significant effect on your ability to repay your mortgage than an increase in the base rate.

### **Income protection continues to be highlighted as the most important product for most people's needs, yet only accounts for around 5% of total protection market sales. Why do you think this is?**

Lack of awareness on the part of the consumer but also a reluctance by many IFAs to include it within the advice they offer.

Consumers can't be expected to know what IP is and, even where they have some awareness, there's a risk it will be lumped in with PPI and the misselling scandal surrounding that product.

Given this, it should be the responsibility of the adviser to explain the importance of IP to their clients, whatever their financial planning requirements. Poorly performing stock markets can erode a pension pot or investment portfolio, but if a client is unable to work due to illness or injury and has no replacement income from an IP scheme, it can have a much more devastating effect on their financial planning.

As it's potentially another sale - and arguably means they're delivering more appropriate advice for their clients - insurers need to understand why IFAs are overlooking IP and develop suitable training and support to ensure it becomes an integral part of the advice process.

**Why do you think you won the award last year, and what have been your main developments since then?**

I think it's probably because I've been writing about protection for so many years now and still find the market fascinating. Yes, some of the issues are the same - especially how to raise awareness and sales - but over the years there have been plenty of new developments to keep it interesting. These include new product designs, for instance partial and severity based payments on critical illness insurance and limited term IP plans as well as improvements in underwriting and claims management but also changes that affect the market, such as pension freedoms and welfare reform.

**If you could give your younger self some advice what would it be?**

Take out protection! It's so much cheaper when you're in your 20s and paying the premium would probably have saved me a few hangovers too!

**If you had an endless budget how would you best inform the public about the importance of protection?**

Protection really needs to be on the government's agenda so I'd concentrate on raising awareness among MPs initially. If they understood the role that protection has to play in reducing the welfare spend and helping people stay in employment, they would quickly develop ways to raise awareness of its importance among consumers.

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**Underwriter of the Year Award – Aviva**

**Interviewed: Robert Morrison, Chief Underwriter**

**How would you summarise the last year in protection? What have been the highs and lows?**

2014 saw the first increase for protection in both sales and APE since the gender directive. Volumes are however still significantly below pre-gender levels overall. The IFA market continues to be one of growth with APE increasing by over 4%. In contrast banc assurance continues to decline at a significant rate year on year.

**Some portals and advisers noted a rise in protection enquiries at the beginning of 2015, do you think this is a trend that will continue and what could help drive this?**

Both Mintel and Swiss Re predict that the market will continue on the growth trend set in 2014 and it appears early 2015 results support this. Portals are investing in technology to provide more accurate quotations up front which is a positive step in managing customer expectations on the price of valuable protection products.

**The Mortgage Market Review changes came into effect around a year ago, what (if any) impact do you think this has had on the protection market?**

As mortgage advisers are having more in-depth conversations about affordability it is the perfect opportunity to stress the importance of protection. Mortgage approvals for 2014 are up 2.3% on 2013 and the monetary lending amount closely correlates with mortgage policies sold. At face value

this would show positive impact. However, what we need to bear in mind is first time buyers are getting older and homeownership between 25 to 34 year olds is down 23% to only 36% since 2003. The rental market in contrast is rising and as rental customer have similar protection needs there is a protection gap here in advice as customers won't be having mortgage conversations.

**Income protection continues to be highlighted as the most important product for most people's needs, yet only accounts for around 5% of total protection market sales. Why do you think this is?**

We believe it is perceived as being overly complex and expensive and therefore the protection conversation focuses on other products first. Often customers do not understand their entitlement to sick pay from their employer which is a barrier to the financial calculation of benefits.

**Why do you think you won the award last year, and what have been your main developments since then?**

Each customer is treated as an individual from a risk assessment perspective. We also have excellent levels of automated underwriting decisions allowing advisers to place business on risk quickly. We also provide access to a team of dedicated underwriting experts to help advisers manage more complex cases.

We were the first protection provider in the UK to offer a 'buy now' capability through our exclusive arrangement with Direct Life and Pensions. We have also been very vocal in our support for enhancing portal capability to allow for more risk pricing factors to be included within quotations to enable advisers to better manage their customers' expectations.

Finally, we have also launched our brand new protection system - Aviva Life Protection System (ALPS) - which enables advisers to access more products, has online tracking and self-serve capability. We've also refined the underwriting journey with early results confirming even higher levels of expert underwriting automated decisions meaning more clients can be placed on risk quicker. Feedback from our customers has been very positive.

**If you could give your younger self some advice what would it be?**

It's okay to try something and not succeed. Sometimes the path we choose is decided by a fear of failure, as opposed to the opportunity it may present.

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## **Individual Protection Adviser of the Year Award – Roy McLoughlin, Master Adviser**

**How would you summarise the last year in protection? What have been the highs and lows?**

The last year has felt quite static in terms of dramatic changes, apart from Seven Families which has dominated quite a lot of our time in the last year. It looks like protection sales are up industry-wide which is great news. I thought that it would have been an even more successful year for protection, off the back of auto enrolment, but that may be more likely to come through to the protection market next year once the smaller firms are enrolled.

The Seven Families campaign has changed lives in the last year, and not just those of the recipients. It is changing the way people look at protection, changing people's perception of what it can

do. Our biggest problem is that we need more advisers to be aware of and understand what Seven Families is trying to achieve. It can be difficult when there isn't a specific body as such to unite us, but we need to keep pushing the campaign and banging the drum. On the whole it's been a great success so far, but there's still a lot more we can do.

The general move towards income protection providers only offering own occupation cover as standard has to be applauded, it's being seen as the norm and it's important that we maintain momentum on issues like this. Moves like that of LifeSearch, who came out and said they will only sell own occupation IP help greatly.

Rumours of new insurers entering the market are welcome, and I thought more would have happened on this front over the last year. More competition is good news for the market.

**Some portals and advisers noted a rise in protection enquiries at the beginning of 2015, do you think this is a trend that will continue and what could help drive this?**

Awareness levels of protection being integral to financial planning is the best way to drive sales. Particularly amongst those advising high-net-worth clients. I think the attitude that those with wealth can self-insure is mistaken. People spend 15, 20, 25 years building up their wealth and working hard, which could all be wiped out over a period of time that you can't guess if they suffer a serious illness. Self-insurance is naive. How many people do we really know that could truly self-insure? Not many. Yes it makes sense to have a longer deferred period if you have money to fall back on, but would people really want to risk whittling away all of their wealth? We need to try and change the attitude of some wealth managers to see the importance of protection.

Mortgage advisers also have one of the greatest opportunities to really look at protection. If a client says they have sick pay through work is the adviser saying well that's ok then we don't need to look at IP, or are they asking to see the staff handbook and ensuring people are properly protected. If sales aren't rising it is the industry's fault. We don't have enough advisers, but post RDR protection is still a good way for advisers to make a living when other doors are firmly shut.

**The Mortgage Market Review changes came into effect around a year ago, what (if any) impact do you think this has had on the protection market?**

I think there was initially an exaggerated reaction to the MMR changes, but even if it is a long process, advisers have a responsibility to their clients and there is no excuse for not advising properly on protection. The MMR hasn't helped protection sales but it does mean that advisers may need to ask questions in a more clever fashion. It also points people towards more strategic tie-ups. It makes complete sense to for advisers to marry up with people that can process protection business effectively and efficiently for them.

**Income protection continues to be highlighted as the most important product for most people's needs, yet only accounts for around 5% of total protection market sales. Why do you think this is?**

Perception is the biggest problem – it's too hard to sell, the underwriting takes too long, it isn't needed etc. People can relate to death and serious illness more easily than they can being unable to work. People will generally know someone who has died during working age or had cancer for instance, but people who fall out of work can also fall away from friendship groups. They're no longer able to go out and socialise, and people aren't so aware of them. But we know there are millions of people that are unable to work through ill health and they don't just disappear.

Critical illness cover doesn't help IP. It is often sold instead of it when it should be sold alongside it. That is one of the reasons the Seven Families campaign is so brilliant. It opens people's eyes to what can happen and we need to keep pushing that message again and again. As an industry we sell the opposite of what is most likely to happen. In terms of need, the order should be income protection, critical illness cover then life cover. But sales volumes are the exact opposite. If a mathematician from Mars came to Earth and looked at this they'd say we're doing it all wrong. People assume they are covered by their employer or the state if they couldn't work, campaigns like Seven Families help question that assumption.

**Why do you think you won the award last year, and what have been your main developments since then?**

Winning the award really shocked me. Being an adviser is my day job but I think the reason would be because I spend a lot of time talking to people in the industry and helping to bring about change, by consulting on new products and industry initiatives, giving commentary and getting out there and helping spread the word to other advisers. My trump card may have been my involvement in Seven Families. It's fantastic to be involved in such an altruistic campaign that we weren't sure would ever get off the ground, and it's a brilliant way of putting something back in.

The protection industry is generally very close knit and it's nice that we can all be happy for each other's success because we care about the industry as a whole. I do believe that D2C has a big part to play, some advisers don't agree but I think it helps lead some customers to us, and I'd much rather people were protected by buying a product directly than having no cover at all.

I look forward to the day that other parts of financial services don't look down their noses at protection anymore. It shocks me that some advisers think it's above them to advise on something that happens to people every day. When stats show that one in three people will have cancer, then surely at least one in three clients should have protection? So I won't be shutting up, I'll keep banging the protection drum.

**If you could give your younger self some advice what would it be?**

To really get the referral system, I would have thought about how important that is at a much younger age. On a personal level, all sorts of things about drinking and whether my early (and lasting) musical obsession with the Pet Shop Boys was a wise move.

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**Health Insurance Adviser of the Year Award – Brian Walters, Regency Health**

**How would you summarise the last year in health insurance and protection? What have been the highs and lows?**

The PMI market remains challenging but resilient. The high for me was seeing Stuart Scullion take over as chairman of AMII, which will provide continuity from Wayne's Pontin's tenure. The low has been the loss of Simplyhealth. Nothing against AXA PPP, who have a track record of handling acquisitions very well, but it's disappointing to lose another insurer, especially one with a strong identity like Simplyhealth.

**What innovations have impressed you in the market over the last year?**

AXA PPP's new product is noteworthy, with the private GP benefit, the option for full refund on surgeons and anaesthetists' fees, and a more sensible approach to which claims affect the no-claims discount.

**What do you think will be the greatest challenges in the health insurance market over the next few years?**

Sustainability. With premiums doubling every ten years or so and far outstripping general inflation, the concern is that we will eventually reach an affordability crunch.

**Why do you think you won the award last year, and what have been your main developments since then?**

We do a thorough job and we take seriously our fiduciary duty to put our clients' interests first. We also contribute in our own small way toward a sustainable market by giving insurers the opportunity to retain business and not agitating for excessive commissions, and we try to make a broader contribution to the industry. The year just ended has been our strongest yet, with a 23% increase in annual premium income.

**If you could give your younger self some advice what would it be?**

Practise the guitar more.

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## **Organisation of the Year Award – PruProtect (now VitalityLife)**

### **Interviewed: Deepak Jobanputra, Deputy CEO**

**How would you summarise the last year in protection? What have been the highs and lows?**

For VitalityLife, it has been a very exciting and busy year. We've had significant growth in new business sales. We've re-branded as VitalityLife (previously PruProtect) and we've launched three new products to market, including LifestyleCare Cover, creating a new category of protection to address the needs of an ageing population. We have continued to focus on health and wellness, with further enhancements to our Vitality rewards and a significant increase in our consumer awareness campaign, through a national sponsorship and advertising campaign.

As an industry we have seen some enhancements to products, in recognition for more comprehensive cover for consumers. It's also positive to see other insurers following us with the launch of new products to address the later life needs of consumers.

Overall the industry has seen an increase in sales, which is positive.

The Seven Families campaign is a great example of the industry working together to further increase awareness of the need for income protection, and is hopefully a stepping stone to something bigger. We still feel that the financial services industry as a whole is working in silos, so consumers are often left with making the decision of what is most important. We should be encouraging consumers to take a more holistic approach to their financial needs, where protection is underpinning or incorporated into all of their financial discussions, as opposed to discussing the latest hot topics like pensions.

There is still much more we can do to make protection part of consumers' lives. VitalityLife has found that by encouraging and rewarding healthy behaviour we can have greater dialogue with our customers, where they can see the value of protection from day one – not just if they need to claim.

Finally, technology has to be one of the biggest opportunities for us as an industry. New developments such as wearable technology is being used to assess risk and provide consumers with more ways to engage in their health and control their premiums. Also making protection more accessible to more people is a positive step.

**Some portals and advisers noted a rise in protection enquiries at the beginning of 2015, do you think this is a trend that will continue and what could help drive this?**

It's great to see that the industry has experienced a growth in protection enquiries. VitalityLife has also seen an increase in demand across all channels. But as we all know there are still many consumers that are either unprotected (for many reasons, such as the lack of awareness, or they do not see the value of protection), or still do not have the right type of protection.

We strongly believe that we could further grow consumer demand by continuing to innovate, working together as an industry to get our message across and demonstrating the value of our products. Insurance products that provide a positive message and an opportunity to engage with the products will help demonstrate value to consumers and advisers.

**The Mortgage Market Review changes came into effect around a year ago, what (if any) impact do you think this has had on the protection market?**

2014 saw increased lending activity which may prove to have been a distraction away from protection. However the drive for more sustainable lending through the Mortgage Market Review should provide a new impetus to make protection a default part of the mortgage transaction. If we are to maximise the opportunity that the mortgage recovery undoubtedly offers, protection insurance needs to fit better into the mortgage transaction.

The recent development of new product solutions have been specifically designed to do this through benefits focused on the real risks that people face, more affordable premiums and simpler underwriting processes.

We believe there is still an opportunity to further embed protection into the mortgage advice process.

**Why do you think you won the award last year, and what have been your main developments since then?**

We know we are trying to do something different to the market. Since we launched, we have pushed for product innovation, we focused on distribution to support advisers, grow the market and offer consumer-led products, designed not just for today, but for the future, focussing on health and wellness and comprehensive cover. We've had significant success, in terms of industry recognition for our products and also outstanding sales growth in new business. Our latest results show £15m of new business in Quarter 4, 2014, which was our best ever three month period. This has been down to our commitment to product innovation, servicing, marketing and distribution.

As a business we are 100% focussed on not only growing our share of the protection market, but also growing the market as a whole.

We continually analyse and evaluate every aspect of our cover to ensure that it precisely matches people's needs. We design cover that is both comprehensive and affordable. A business that has its customers at the heart of the business will always be able to better service and meet the demands of its customers.

Since the award we have successfully re-branded as VitalityLife, supported by a massive consumer brand advertising and sponsorship campaign, to further drive awareness for VitalityLife, but also protection as a whole.

With our new LifestyleCare Cover product we launched a whole new category of protection to better address the changing needs of the ageing population. This product is designed to ease the financial and emotional burden that some of the most terrible illnesses such as Alzheimer's and Dementia, bring to society. For too long, people have not had the financial flexibility they require in later life should they fall ill – this is fundamentally wrong. LifestyleCare Cover offers consumer's choice when they need it most.

There is also mounting evidence that conditions like Alzheimer's disease, Parkinson's and Dementia are linked to obesity and lifestyle. According to a recent study, people who follow four out of five healthy behaviours are 60% less likely to develop Alzheimer's disease compared to those who follow none.\*. LifestyleCare Cover provides greater access to health and wellness benefits and incentivises healthy activity, to help reduce the chance of suffering from these illnesses in the first place or delay the onset.

We also launched the new Mortgage Protection plan and a more affordable Income Protection product to help provide appropriate cover for more people.

And last but not least we further enhanced our Vitality programme, offering new Vitality rewards, such as free Starbucks coffee every week, up to 40% off British Airways flights, and iTunes credit.

### **If you could give your younger self some advice what would it be?**

When we first came to market, we were quite different. We offered a different style of products and we focussed on prevention through health, wellness and incentivising healthy behaviour. We grew our distribution channel, when others were downsizing theirs. It can be hard to stick to your vision, and easier to try and fit in with the norm. Our core purpose of helping people get healthier and to protect and enhance the quality of their lives has underpinned everything we have done as a business.

VitalityLife's success has been driven by the emphasis on shared-value insurance that benefits the consumer, insurer and society as a whole. The model focuses on making people healthier and having a positive long-term impact on costs and value for both the insurer and the consumer. The consumer is encouraged to improve their health behaviour, thereby having a positive impact on mortality and morbidity. The resulting insurance savings are used to fund consumer incentives that drive ongoing behaviour change. The effect is shared -value, with a positive impact on consumers, insurers and society.

Our advice would be, don't be afraid to challenge the norm and to be different. Stick to your vision.

## Personality of the Year Award – Johnny Timpson, Scottish Widows

### How would you summarise the last year in protection? What have been the highs and lows?

‘All change’ is the phrase that best sums up the last year in financial protection.

In distribution, provider and product terms, in the aftermath of RDR and MMR we’ve seen a number of the larger retail banking brands exit face-to-face financial protection advice provision in branch, on the high street, for non-mortgage and non-wealth franchise customers in favour of the development of their digital propositions. This change in bank distribution model, as evidenced by Swiss Re’s recently issued *Term Watch* report, has seen a marked shift towards independent intermediary distribution together with a welcome, albeit slight, tick up in personal financial protection product sales.

We have also seen the merger of Aviva and Friends Life, AIG’s acquisition of Ageas plus the Pru/Vitality divorce and the commencement of re-branding and repositioning of Royal London Group companies....The entry of new brands into intermediary financial protection market is both anticipated and keenly awaited, a step that underlines confidence in the long-term future of independent intermediaries. But, just as the banks are going digital, learning here too I suggest for independent advisers in terms of the need to review both their social media capability and reach.

The last year also saw the passing of Dr Marius Barnard, the creator of critical illness insurance, we kept in regular contact right up to his death and just as he applauded the consumer education initiative that is the Seven Families campaign, I am in no doubt from our conversations that he would have felt the same about the steps taken recently by a number of providers to simplify CI definitions. The announcement by FOS in its 15<sup>th</sup> report that PPI complaint volumes have started to reduce is also welcome news and as I share the view that PPI has had a detrimental impact on consumer trust in all forms of financial protection.

In terms of ‘all change’ from a consumer perspective we are seeing a marked shift away from home ownership, traditionally a key financial protection purchase driver, towards renting, with the CML reporting that the value of the housing stock controlled by Britain’s army of buy-to-let investors is about to exceed the £1 trillion mark, circa 20% of UK residential property wealth.

A continued shift from DB to DC pension provision and also the introduction of new pension freedoms. But let’s not forget that we have a largely under pensioned DC consumer base with PRU recently highlighting that one in five at retirement are completely dependent on the State.

Continued ‘new’ Government focus on both the austerity agenda and squeeze of working age welfare. Consumer savings research from Scottish Widows indicates a continued but slight increase in household savings held but, let’s not forget that UK household savings levels are at historic lows.

These consumer changes plus the likelihood of UK interest rates at some point returning to ‘normal’ levels plus the continuing challenges of health and social care costs, leave the post baby boomer generation of working age households carrying, and in all to many cases, currently unconsciously, self-insuring a much higher level of financial risk than the generations that immediately preceded

them. Time perhaps to finally stop talking about the 'protection gap' and start talking about and tackling the 'resilience gap' - the gap in which sit consumers where, should a health event or disability occur, the replacement level of welfare and/or occupational benefits relative to previously enjoyed income is low, as is the immediately accessible levels of home equity, pension income/lump sum, savings and investment asset and/or parental support/inheritance.

My high for the year has been able to actively play a part in the development of the Seven Families initiative, a pan-industry and health charity collaboration that offers us the opportunity to improve consumer awareness of the benefits of improved financial resilience, and benefits of appropriate advice and product solutions.

**Some portals and advisers noted a rise in protection enquiries at the beginning of 2015, do you think this is a trend that will continue and what could help drive this?**

I could point to measures taken to stimulate the housing sector but these have been first time buyer focussed and they may have played a modest part. The increase, in my view, is down to both the growing financial adviser interest in protection as stimulated by the growing Seven Families initiative momentum, plus increasing working age consumer awareness of their financial vulnerability.

**The Mortgage Market Review changes came into effect around a year ago, what (if any) impact do you think this has had on the protection market?**

In my view MMR and the adjustments required to meet the challenges of the new regulatory environment have dampened first-time buyer, second –stepper and re-mortgagor mortgage protection sales, but it is early days and I am confident that we will see protection cross sales recover as advisers become increasingly familiar with regulatory requirements and importantly, more mortgage platforms integrate protection. This will aid reduced interview times and improve consumer experience. Other mortgage related issues that have served to dampen mortgage protection cross sales rates have been rising house prices limiting consumer affordability, and the growth of the buy-to-let market.

**Income protection continues to be highlighted as the most important product for most people's needs, yet only accounts for around 5% of total protection market sales. Why do you think this is?**

The reasons are many fold and whilst I could debate this topic at length, in the main it comes down to lack of IP education, understanding and trust, the key reasons in my view are: –

- Consumer perception that the State and /or their employer will provide.
- Consumer perception that it will never happen to them.
- Consumer perception that they cannot trust solutions as the industry not does pay claims.
- Poor consumer understanding of their household budget and levels of resilience.
- PPI association
- Adviser perception of product complexity and perceived lapse risk should the client switch employer to one who offers Group IP as part of their package.
- Adviser perception that Issues at claim stage exist when policy claim benefits interact with means-tested working age welfare

**Why do you think you won the award last year, and what have been your main developments since then?**

I feel honoured that my peers and industry colleagues voted for my award last year, just as Dr Marius Barnard took me under his wing many years ago, coaching and mentoring me to aid my

growth as a financial protection professional, I have sought and seek to do the same for others whilst putting the consumer at the heart of what I do.

Over the last year I have been talking to independent adviser firms about the development of our shortly to be launched Scottish Widows Protect proposition, recruiting field and telephony representatives plus building and delivering their training programmes. Over and above this I am a member of the Income Protection Task Force and their Welfare Working Group plus I have been working on and promoting the Seven Families initiative

### **If you could give your younger self some advice what would it be?**

Once you have found the sector that you both believe and want to work in, get yourself goals and the best coach and mentor that you can.

Know your customer, your market, your product and your personal development needs - focus on your strengths.

Embrace change, review your career in three year bounds and manage yourself.

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### **Lifetime Achievement Award, Alan Tyler**

I was very flattered to receive the Lifetime Achievement award last year and although I couldn't be there on the night, I enjoyed a very pleasant evening a few days later when I took delivery of the award.

Having now been retired for a year, I reflect on how lucky I have been to get through my career without any long term health problems. Sadly, I know many for whom that has not been the case and have seen the damage that this can cause.

As someone who in his later years worked across the public, private and voluntary sectors to try to bring better and more coherent support to the many people that need it, I have learned a number of lessons:

The three sectors need to work more closely together to deliver better value. Doing so brings benefits for all concerned in terms of better financial protection, better services, greater work productivity, lower welfare costs and a larger, more relevant insurance industry equipped to address the needs of the many not the few.

To play its full part, the industry has to be more outward looking than it has often been in the past and more innovative in both addressing what consumers want and illustrating to them what the industry can provide. Seven Families is a great idea - more please.

Whilst insurance is obviously part of the financial services industry, what most people want when misfortune strikes is practical help to get them back on their feet, not just money. More emphasis on services and outcomes please.

To continue to drive this forward, we need more people with vision, determination and a willingness to engage with others - maybe someone reading these notes - it could be you!