



# Digitising Protection, the key to market growth?

Chris Morgan  
Head of Group Protection Distribution  
AIG Life Limited





# 96%

of employers don't buy Group Protection\*

\*Swiss Re Group Watch; House of  
Commons Business Statistics Dec 2018

# Opportunity



## The Opportunity



**10m UK workers are covered by Group Protection policies\*\***

Most of whom are employed by large businesses. About 30% of total UK workforce\*\*\*.



**Implication - 70% of workers are potentially without important financial protection**

Those working for SMEs are much less likely to have cover. **Is this right...?**

\*\* Swiss Re Group Watch

\*\*\* ONS Labour Market Statistics Feb 2019

# Encouraging employers has to be key...

**Group Protection is a low cost, easy way to access important financial benefits.**

**It's inclusive with little medical underwriting, and cover relative to earnings.**

**It's not just the right thing to do. Providing employee benefits makes business sense.**

1

2

3

# The opportunity for distributors

We're really good at serving existing customers, but not good at reaching new ones.

- Market stats shows growth of 3%\*, but largely due to existing schemes expanding
- Growth of new employers buying this cover for the first time, close to 1% in real terms\*\*
- Much of existing distribution focused on large existing clients

## Why employers don't provide Group Risk\*\*\*



\*Swiss Re: Growth of 3% between 2018-17 in number of people covered by GP products

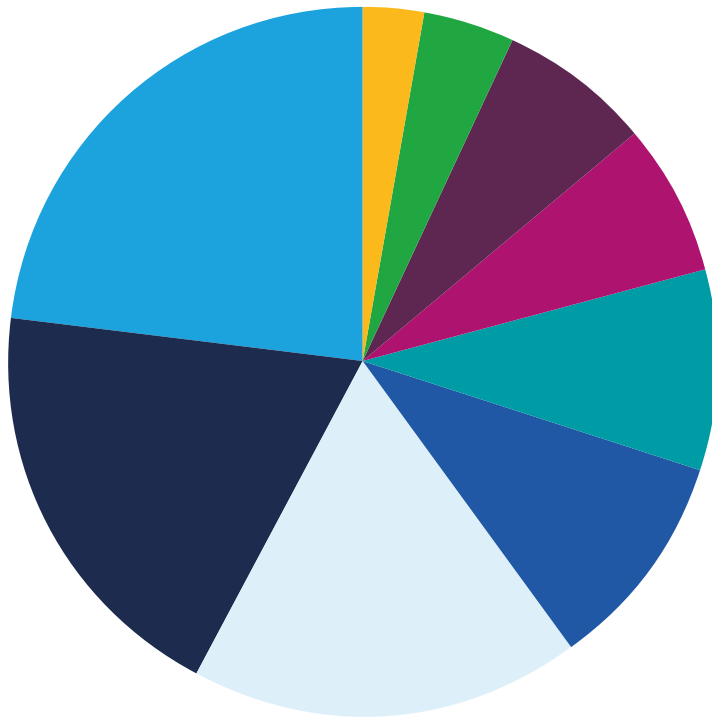
\*\* Swiss Re: Number of GIP policies increased by 0.8% between 2018-17

\*\*\*AIG Life Employee Benefits Research 2018



## Advisers are well placed...

Where are employers most likely to go for help with employee benefits?



- Financial adviser **23%**
- Internet or online tool **19%**
- There is not one place I would go **18%**
- Accountant **10%**
- Pension provider **9%**
- Payroll provider **7%**
- Friends or family **7%**
- Bank manager **4%**
- Other **3%**



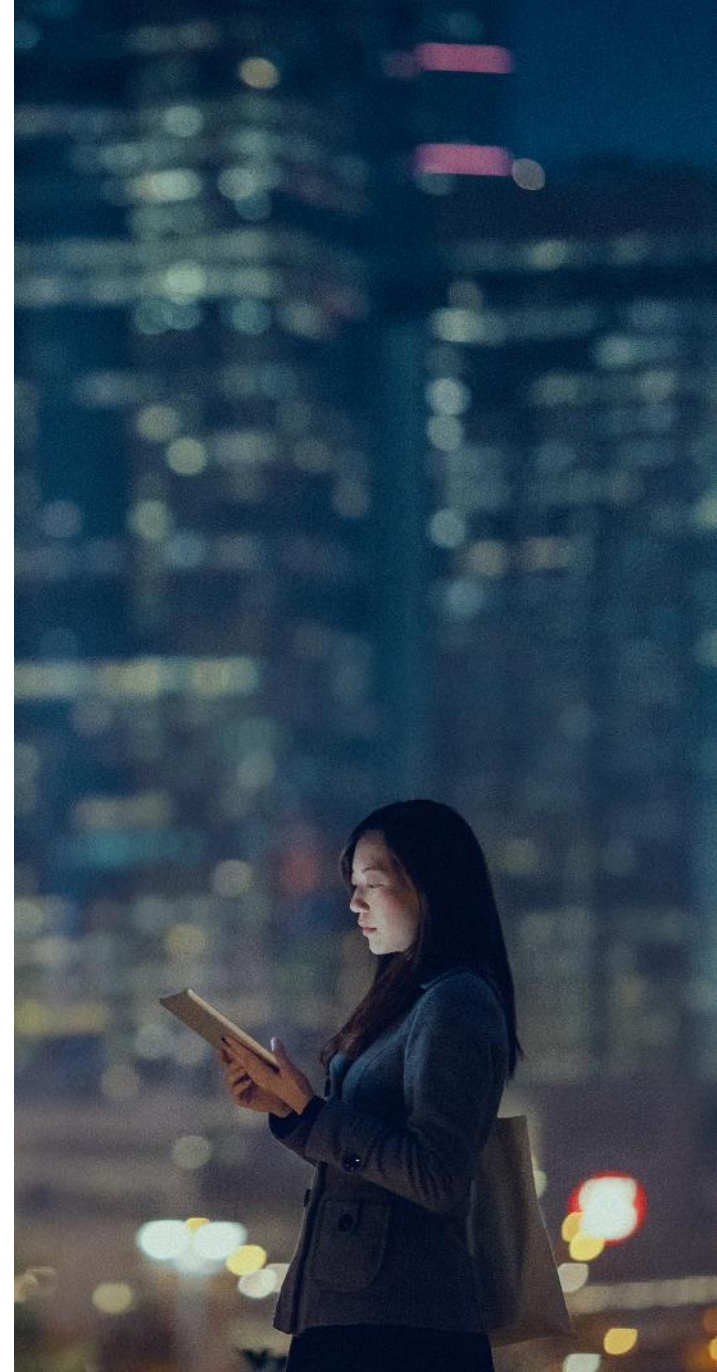
**Advisers who can be found  
online are even better placed.**



# Slow Clunky Unprofitable

# Reality

- Quote online for an SME and they go on risk the same day - all major insurers
- Self-service portals reduce reliance on Customer Service and Underwriters – bringing the cost down for your clients
- There's limited medical underwriting to hold up process – it can be done online or by telephone where needed
- Clients can manage their own policy so there's no admin for the adviser
- A wealth of support and training available for advisers new to group protection
- Telephone and digital advice models starting to become popular
- It's a long term revenue stream for advisers as employers establish broader employee benefit programmes





# A successful advice model for the future?

Creative and innovative digital marketing skills

Panel of digital only insurers with systems and service to support

Know your target customer and stick to it



Operational Discipline

Keep products offered simple and easy to understand

Telephone and digital only advice model



## Following the same path

- Individual Protection market shows that high volume, low value distribution models can work providing you have slick digital processes and plenty of customers to reach
- Digital delivery in Group Protection is developing and has lots of potential
- Employers offer huge potential to expand insured population.

Good for;

- Employees
- Society
- Business

# **I predict a convergence...**

- **Employers will become a trusted marketplace for financial protection and broader lifestyle products/services**
- **Group Risk insurance products are simple to understand**
- **Being part of a scheme makes it inclusive for all employees**
- **Flexibility of scheme designs mean it can be tailored to suit individual employees' needs**
- **Awareness will grow – whether it comes through your employer or bought individually, protection insurance is valuable**
- **Only technology will make that possible**
- **Advisers can be at the centre of that sea change, supporting employers and individuals**



American International Group, Inc. (AIG) is a leading international insurance organization serving customers in more than 130 countries.. AIG companies serve commercial, institutional, and individual customers through one of the most extensive worldwide property-casualty networks of any insurer. In addition, AIG companies are leading providers of life insurance and retirement services in the United States. AIG common stock is listed on the New York Stock Exchange and the Tokyo Stock Exchange.

Additional information about AIG can be found at [www.aig.com](http://www.aig.com) | YouTube: [www.youtube.com/aig](http://www.youtube.com/aig) | Twitter: @AIG\_LatestNews | LinkedIn: <http://www.linkedin.com/company/aig>

AIG is the marketing name for the worldwide property-casualty, life and retirement, and general insurance operations of American International Group, Inc. For additional information, please visit our website at [www.aig.com](http://www.aig.com). All products and services are written or provided by subsidiaries or affiliates of American International Group, Inc. Products or services may not be available in all countries, and coverage is subject to actual policy language. Non-insurance products and services may be provided by independent third parties. Certain property-casualty coverages may be provided by a surplus lines insurer. Surplus lines insurers do not generally participate in state guaranty funds, and insureds are therefore not protected by such funds.