

THE MODERN WORLD:

Getting cases on the books

The intermediary view

Kevin Carr
Head of Protection Strategy
LifeSearch



LifeSearch...?

- Independent specialist protection adviser formed in 1998
- 50+ telephone advisers based in London, Milton Keynes and Leeds
- Over 200,000 satisfied customers
- Over £13 billion sum assured arranged
- Helped generate more than 1,500 positive protection articles in the UK consumer and trade press
- **WINNER** Money Marketing Best Protection IFA: 2004, 2005, 2006
- **WINNER** Financial Adviser Best Protection IFA: 2004, 2006
- **WINNER** Cover Magazine Outstanding Achievement Award: 2006
- **WINNER** Health Insurance Best Income Protection Intermediary: 2003, 2006



Agenda:

Tele-underwriting & Tele-interviewing

Electronic submission procedures

LifeSearch Stats

Non-contestability and non-disclosure

What do other IFAs think?

A little bit of praise...

Top 5 e-commerce likes and dislikes

Seven deadly sins

Underwriting and Service

Vicious circles

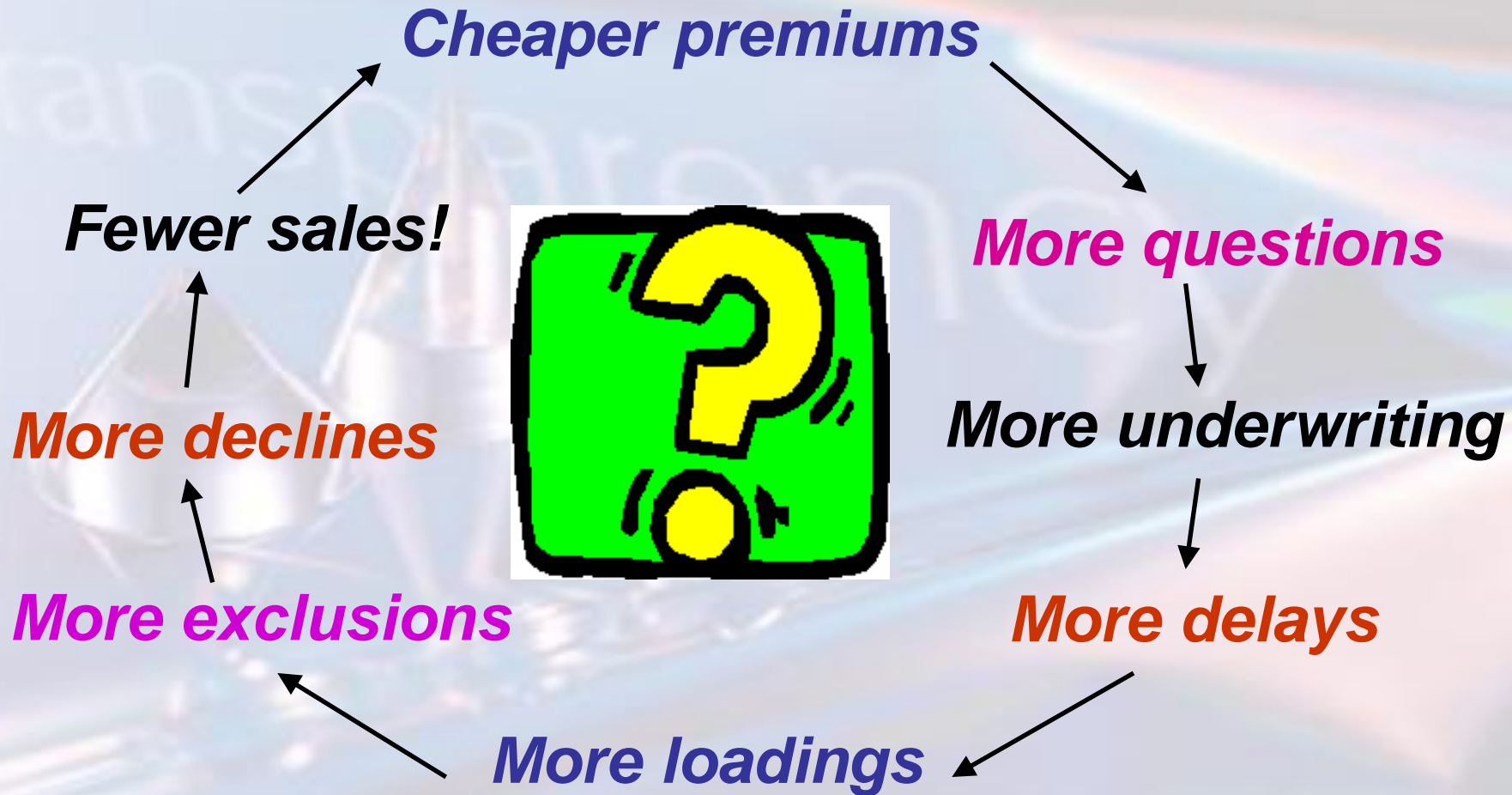
Application forms and signatures

Cherry-picking

Financial underwriting limits



Are we stuck in a vicious circle?



***‘If something's hard to do,
then it's not worth doing.’***

Homer Simpson,
Cartoon character and
typical protection client –
disinterested, low budget,
minor health issues....!



Length of paper application forms

Provider	No of pages
Bright Grey	31
Axa	26
Standard Life	24
Bupa	23
Liverpool Victoria	23
Norwich Union	22
Legal & General	21
Scottish Equitable	19
Royal Liver	17
Friends Provident	14
Pioneer	7

Q: Is every page of your application form really relevant to the sale?

If not, be aware that it is probably losing you business.



Cherry-picking

Table of case study decisions			
Client sex and underwriting concern	Premium & decision from cheapest provider at outset	LifeSearch decision & actual premium charged	Benefit to client over 25 years by using a more expensive insurer
Male, Diabetic	£21 & postpone	£26 + 100% loading = cover at £52pm	No cover offered otherwise
Female, Stress with anti-depressants	£18 + 100% loading = £36	£20 + 50% loading = cover at £30	Saved £1,800
Male with high BMI	£32 + 50% loading = £48	£38 and no loading	Saved £3,000
Female with history of breast cancer	£50 + 100% loading = £100	£62 + 50% loading = £91.50	Saved £2,550

Real cases from 2005

=



e-submission procedures

'My biggest concern regarding the risks of e-underwriting is the different signature processes adopted by different providers. The recent ABI review was predictably vague in only giving guidelines on this and not setting minimum standards or procedures. Such vagueness does nothing to address potential non disclosure (either accidental or deliberate) and potentially implicates the adviser if it all goes pear-shaped.'

Peter Chadborn,
Principle, CBK



Eight? What a state!

- 1. Send confirmation at application stage – no signature needed**
- 2. Send confirmation at application stage – signature is needed (but not really)**
- 3. Send confirmation at application stage – signature required 7 days**
- 4. Send confirmation at application stage – signature required 30 days**
- 5. Send confirmation at application stage – signature required 60 days**
- 6. Send confirmation at application stage – any signature accepted, even if it is not related to the application in question**
- 7. Key online but submit original signed application form before underwriting can commence**
- 8. Send confirmation at on-risk stage – signature required 90 days**



Other contradictions in 'the modern world'

- Some providers promote electronic submission but won't communicate by email
- Some providers promote electronic submission but don't allow Income Protection, FIB or Trusts to be keyed online
- Providers trust intermediaries to key information electronically but not to make subsequent changes, either over the phone or electronically
- With some providers we can provide start dates for clean cases but not for non-standard terms



LifeSearch Stats...

- **3 month rolling averages, as at September 2006**
- **business share by provider**
- **client profile by age, sex and term**
- **average acceptance times for different products**
- **on-line acceptance rates**



Manufacturer	Number of Props	Average Monthly Premium	Average Cover (excl. IP)
AXA	12	£49.63	£110,977
Bright Grey	81	£34.58	£107,378
BUPA	10	£50.18	£96,367
Friends Provident	223	£21.83	£105,846
Friends Provident International	3	£85.17	£288,789
Legal & General	996	£26.53	£151,792
Liverpool Victoria	210	£24.13	£79,893
Norwich Union	98	£39.89	£207,875
Pioneer	36	£32.33	n/a
Royal Liver	397	£33.33	£177,507
Scottish Equitable	92	£27.62	£70,221
Scottish Provident	5	£47.08	£136,200
Scottish Widows	2	£87.07	£97,333
Standard Life	9	£21.26	£209,605
UNUM Provident	2	£47.19	n/a
Total / Average	2,176	£28.52	£144,720



Provider	Average Time to acceptance	Average Time to on-risk
Axa	37 days	63 days
Bright Grey	40	51
BUPA	39	56
Friends Provident	23	30
Legal & General	16	21
Liverpool Victoria	28	44
Norwich Union	20	30
Royal Liver	17	23
Scottish Equitable	23	37
Scottish Provident	38	72
Standard Life	42	61



Client profile:

Total Protection										
Total Lives Assured	Males	Females	Non-Smokers	Smokers	Age 0-25	Age 26-35	Age 36-45	Age 46-55	Age 56-65	Age >65
2,605	53%	47%	80%	20%	6%	31%	37%	20%	5%	1%

Term analysis:

Total Protection						
Number of Props	0-5 Year Term	6-10 Year Term	11-15 Year Term	16-20 Year Term	21-25 Year Term	Over 25 Year Term
2,176	56	181	312	491	750	385



TATs (turn-around-times)

Total Protection – all business

Number of Props	Number of Acceptance Terms	Ave. Time to Accept (Days)	Number On Risk	Ave. Time to Go On Risk (Days)	Ave. Time to NTU (Days)	
2,176	1,902	20	1,899	27	81	

Critical Illness

Number of Props	Number of Acceptance Terms	Ave. Time to Accept (Days)	Number On Risk	Ave. Time to Go On Risk (Days)	Ave. Time to NTU (Days)	
268	225	23	224	33	95	



On-line acceptance analysis:

Total Protection							
Total Number of Accepted Cases	Single-Life Cases On-Line	Single-Life Accept at Point of Sale	Ratio of Single-Lives Accepted at Point of Sale	Joint-Life Cases On-Line	Joint-Life Accept at Point of Sale	Ratio of Joint-Lives Accepted at Point of Sale	Total Accept at Point of Sale
1,902	1,481	596	40.2%	374	90	24.2%	37.0%



Variations in automatic underwriting limits

LIFE COVER

Age	Minimum	Maximum
Up to 30 ANB	£400,000	£1,000,000
31-35	£300,000	£750,000
36-40	£300,000	£600,000
41-45	£250,000	£500,000
46-50	£200,000	£400,000
51-55	£75,000	£300,000
56-60	£60,000	£200,000
61-65	£0	£100,000
66-70	£0	£75,000
Over 70	£0	£75,000



Variations in automatic underwriting limits

CRITICAL ILLNESS COVER

Age	Minimum	Maximum
Up to 30 ANB	£200,000	£400,000
31-35	£200,000	£400,000
36-40	£200,000	£400,000
41-45	£150,000	£300,000
46-50	£125,000	£250,000
51-55	£50,000	£125,000
56-60	£35,000	£100,000
61-65	£0	£75,000
66-70	£0	£50,000
Over 70	£0	£0



Non-disclosure and non-contestability

Good idea in principle



What impact on premiums?



What impact on underwriting?



What impact on NHS?



What impact on demand?



Non-C : other issues?

- Many other countries already have it, Aus & NZ perhaps most recent
- But markets vary...FOS, guaranteed rates, short term products etc.
- Current differences between insurance practice on the
- Belief from the UK

Whether we like this or not, lets do something better as an industry before we're forced by law!

- group market growth?
- First mover market advantage?



Non-disclosure and claims stats

What is the best way to make sure a customer completes the application form properly?

- **Keep the forms short and simple, encourage tele-u/w**
- **Let the customer buy in a method and timescale that they feel comfortable with (paper, phone, online)**
- **Provide a short claim stats guide that shows paid claims and why claims aren't paid**



...And the LifeSearch Award for Best Underwriting Team, voted for by all LifeSearch staff, goes to...?

2005...



FRIENDS PROVIDENT

2006...



FRIENDS PROVIDENT

2007...

?

Find out at our awards lunch on Weds 21st February 2007



Tele-interviewing and tele-underwriting – Intermediary issues going forward

- No doubt this is the right way forward
- Intermediary tele-interviewing & / or keying = significant movement of risk for a relatively small reward
- Heavy investment in in tele-interviewing, training and coaching, call-recording and other back-office technology
- +10% commission nowhere near breakeven point
- Intermediaries need to review profitability by provider
- Several options available for intermediaries, including:
 - continuing as they are with those providers where benefits are mutual
 - set up own dedicated / out-sourced tele-underwriting office
 - revert back to paper submission with some providers
 - pass process back to the provider



**BRAD
PITT**

**MORGAN
FREEMAN**

- Not delivering promises
- Not seeing us as clients / customers
- Errors
- Delays
- Losing files / pieces of information
- Poorly trained staff
- Lack of ownership and accountability

SEVEN
|||||

WALLPAPERS.DUBLE.COM



LifeSEARCH
More advice. Lower price.

Electronic processing – Top 5s

We like...

1. Interactive questions tailored to the cover, age and disclosures
2. Detailed online tracking
3. Non-standard terms offered electronically
4. Underwriting requirements confirmed electronically
5. Real STP, not just submission

We don't like...

1. Restrictive occupation search facilities
2. Limited online tracking
3. Restrictions by product, such as PTA and IP
4. Poor navigation, including not being able to go backwards
5. No free type or 'additional info' boxes



‘When it comes to signatures and online submission we would welcome standardisation. The most efficient way of protecting all parties against non-disclosure is to request a signature once the case is on-risk.

Emma Thomson,
Service and Best Practice Guru



Summary – Four Questions...

- Why does our industry persist in making it so hard to buy protection?
- Why are independent intermediaries forced to deal with so many variations in the process?
- Why are providers competing on price for market share of a shrinking market?
- Is this really the modern world?





*Life***SEARCH**

wishes you a very Happy Christmas



*Life***SEARCH**
More advice. Lower price.