

Transforming Protection

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Select 74



LIFE



**CRITICAL
ILLNESS**

- ▶ The Good?
- ▶ The Bad?
- ▶ The Ugly?



**INCOME
PROTECTION**



**PAYMENT
PROTECTION
INSURANCE**

Overview

- ▶ Background
- ▶ Customer research
- ▶ New proposition
- ▶ Business benefit
- ▶ What next

Background

- ▶ Market premium rates falling
- ▶ Greater selection of risk
 - ▶ Preferred lives
 - ▶ Reducing proportion of O/R lives
- ▶ Increasing complexity in CI
- ▶ Impending demise of PPI
- ▶ Persistent lack of growth in income protection

Lessons from other industries



Kuppertsbusch IW1409.1W White

Front Loading
White, 27 kg,
5 kg capacity,
Washing efficiency class A,
Energy class A,
Centrifugal efficiency class B,
1400 rpm
Number of Programs - 15

Energy Consumption - 0.85 kWh/wash
Water Consumption wash - 49 litres

HSBC's journey

- ▶ Our approach?

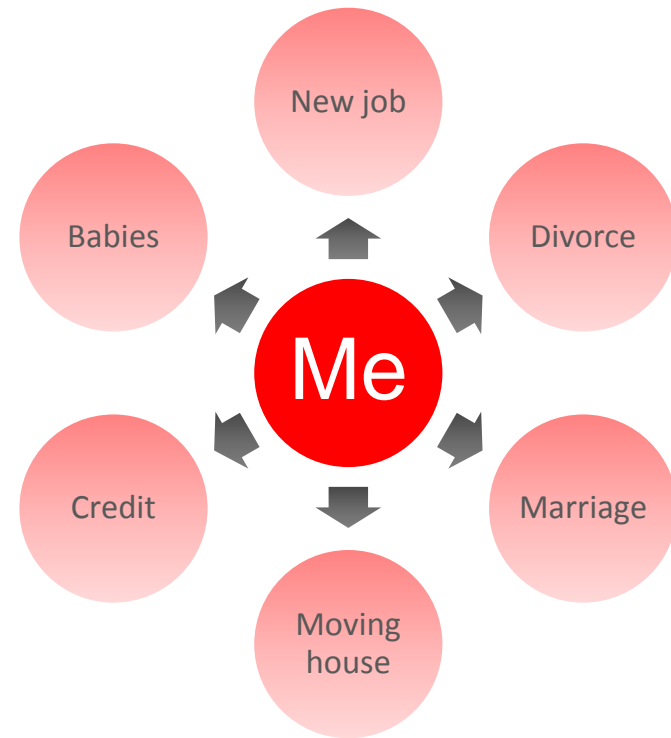
KISS

HSBC's journey

- ▶ Life Choices launched July 2007
- ▶ December 2007 - PPI withdrawn
 - ▶ PPI becomes less relevant
 - ▶ Increased regulatory focus
- ▶ First inclusion in January sale – January 2008
- ▶ Integrated offer in banking proposition 2008

Customer research

- ▶ Empathy
- ▶ Speed
- ▶ Ease
- ▶ Certainty
- ▶ Protect all they have
- ▶ Affordability



Basis of new proposition

- ▶ Holistic Financial Planning
- ▶ Flexible
- ▶ Recognise lifestyles change

The challenge to our underwriters

- ▶ Can we accept business with no more than FIVE underwriting questions?
- ▶ Life?
- ▶ Critical illness?
- ▶ Income protection?

The right product...

LifeChoice

Pays a lump sum if you die, or on earlier diagnosis of a terminal illness.



SicknessChoice

Pays a monthly amount for up to 12 months if unable to work due to accident or sickness



TraumaChoice

Pays a lump sum on diagnosis of one of the 5 most common life threatening conditions*.



UnemploymentChoice

Pays a monthly amount for up to 12 months if you become involuntarily unemployed



The challenge to us all

Did we design?

a PRODUCT

Or

a PROCESS

The challenge to us all

- ▶ Not 3 Question underwriting
- ▶ Not tele-underwriting with or without a capital 'T'
- ▶ But a fully integrated acceptance process

- ▶ Learn from NHS Accident & Emergency!

A simple customer journey



Apply in person

3 questions

Put through to underwriter

Interview by phone, u/w transcribes

Accepted, application printed

Customer signs

COVERED!



Apply by phone

3 questions

Put through to underwriter

Interview by phone, u/w transcribes

Accepted, signature - free

COVERED!

7 minutes

7 minutes

We know it works

	HSBC previous experience	LifeChoices
Medical questions	42	3
Average time to underwrite	7 weeks	7 minutes
Point of sale acceptance	0%	85%
Policies 'not proceeded with'	30%	17%
Non-disclosure rate	<20%	<5%

... and ticks the right boxes

Ultimate customer experience ✓	Reduced pipeline ✓
Simple customer process ✓	Improved application times ✓
Flexibility to meet needs ✓	Reduced non-disclosure ✓
Point of sale underwriting ✓	Improved risk ✓
Viable through all channels ✓	Sales growth ✓
Excellent customer feedback ✓	Easier claims process ✓

The Future...

- ▶ We have an opportunity
- ▶ Needs are changing
- ▶ Regulation is changing

