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iPipeline Quarterly

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The Youth of Today

By Ian Teague
UK Group Managing Director, iPipeline

I concur with Oscar Wilde who once said; 'With age comes wisdom'. While there's huge truth in this simple statement, the reverse also applies.

We can all learn a lot from younger, open minded and progressive generations in so many ways – they are the future (and often the today). Yet when it comes to knowledge around financial resilience and the vital role financial protection can play, many people under 30 seem to lack what we might call wisdom and our data tells us that of all applications received in the last 12 months, only 17% were from the under 30s.

It is inherent upon us all to prove the need for protection by creating awareness, engagement and evidencing the value it delivers. With almost 48% of iPipeline employees in the UK under 30, we are sitting up and taking note – notes which we can share back with our partners.

It's great to see some really interesting stories around how our industry is attracting and developing younger talent, including COVER magazine's Rising Stars of Protection. It's clear there's work still to be done around engagement and the recurring theme of ensuring the under 30s are educated on the need for protection.

With this in mind, we're delighted to have iPipeline representation at Protection Review's new ProtectZ event in July aimed at the under 30s. Zoe Mears and fellow industry peers will share their views in one of the panel discussions around how the protection industry can do more to appeal to younger people – both as customers and employers.

What a brilliant opportunity for business leaders like myself to hear what our younger colleagues feel about our industry, what works and what's missing. You can read more about Zoe's views in her article later in this newsletter in which she discusses the work of Thrive Money who tackle head on ways of reaching our younger audience, giving them the tools they need to become more financially savvy.

At iPipeline, one of our challenges for 2023 is to take our business even further forward and to continue to improve the efficiency of the protection advice journey. More efficient, more personalised buying journeys aren't just important for now. They are essential for the future – digital natives won't accept anything less.

As with all markets, we need to spend as much time thinking about the future as we do the present. In the case of protection, our customers of tomorrow might just be the best judge of where we can do better today. Let's take every opportunity to listen.

Legal & General

How repositioning protection can improve client and business outcomes

In our latest research report, The Secrets of Protection Success, top advisers revealed that repositioning protection as a financial necessity is what ultimately wins clients over.

A central belief from top advisers in our new research report, The Secrets of Protection Success, is that they feel it's their mission to educate clients about the value of protection.

It turns out this education piece is fundamental to unlocking greater protection outcomes for both you and your clients. Essentially, it's the idea of presenting protection as part of your client's bigger financial picture, rather than as an addendum.

On 31st July, the Financial Conduct Authority's (FCA) Consumer Duty regulation will come into effect. The new Duty sets higher and clearer standards of consumer protection across financial services, and requires firms to put their customers' needs first but comes at a challenging time for consumers and the wider economy.

The rising cost of living is being acutely felt by millions of households who are facing a real income decline in 2023. And so it's unsurprising that protection is in the crosshairs for families cutting back. Repositioning protection as a pillar that supports every financial aspect of your client's life has become more important than ever.

With this in mind, we asked top protection advisers to share the secrets of their success. Below we delve deeper into one of their five secrets, revealing how reframing protection can be an integral part of financial planning.

How can repositioning help improve client outcomes?

Top advisers say the following two approaches ensure clients view protection as something that's integral to their broader financial plans. The techniques also support the Consumer Duty regulations that implore advisers to consistently focus on client outcomes.

> **"Reframing the conversation around protecting the individual and family"**

Top advisers discuss protection in terms of the outcomes it delivers, rather than the cost it incurs, for example, it ensures clients can still achieve their goals regardless of what life throws at them.

Crucially, advisers involve their clients in suggesting, considering, and rejecting different solutions, and use informal visual aids to illustrate where clients are now versus their situation if their income dropped.

This challenges the client to think about what they want so that protection becomes something that underpins and protects their plans. Nicola Crosbie, Moran Wealth Management, told us: "It's taking the time to get to know your client. You're not just selling them a product; you're finding something that suits them."

> **"Reframing the conversation around lifetime value."**

Top advisers reframe their client's earning ability over their working life as a quantifiable asset. To do this, advisers show clients their total earnings potential and compare it with the value of their other assets. They see their lifetime earnings potential as their most valuable asset, as the key to realising their plans, and as something worth protecting.

The earnings asset is also seen as integral to maintaining the client's financial commitments now and in future. This transforms the client's earnings potential into the cornerstone of all their financial planning. Priyesh Patel of Ablestoke Financial Planning told us, "When you explain it in a logical fashion, they understand it, but logic is not enough – it needs the emotional factor too."

Protecting what's important

With 8 in 10 households[1] concerned about at least one issue affecting ability to work, this can invert the traditional hierarchy of products and turn income protection into a priority for clients above life and critical illness. It can also give advisers scope to offer a suite of protection products that truly meet their client's immediate and long-term financial needs and goals.

We're here to support you on your path to protection success by providing you with tools, resources and insights backed up by top protection adviser insights. Visit the **research homepage** to download the report and browse our expert toolkits and sales aids.

Source:
1 Deadline to Breadline Report 2022

Consumer Duty. As the countdown clock ticks the regulator watches

By Paul Yates
Product Strategy
Director, iPipeline

The clock is ticking. The days are drawing out, dark mornings are beginning to disappear. The strategies devised last year are being deployed (in some cases). The Consumer Duty deadline is approaching.

Yet, have firms reacted in the way the FCA had hoped? The early indications aren't promising. So much so, the regulator felt compelled to prompt firms to take more action in a not-so-subtle update a couple of weeks back – akin to a parent telling his children they weren't cross, but disappointed.

By stating **'some firms may be further behind in their thinking and planning for the Duty'**, the FCA have set a bar in terms of their expectation and the need for many to play catch up. The challenge for many will not be in understanding the importance of Consumer Duty, or indeed the desired cultural outcomes, but in resourcing the changes they need to make to comply.

What is more, recent pronouncements from the FCA have pointedly focussed on the mammoth task of improving the consumer focus for those firms with 'legacy' closed books of business. No longer will any of us, distributors or providers be able to 'park' away group of customers and deliver substandard levels of service.

A little less conversation

Over the last 24 months, countless words have been written on the FCA's flagship regulation, with many commentators sharing opinion from the useful to the downright obvious (indeed, in writing this piece, I'm guilty of more). What has been lacking, especially for firms who don't enjoy the luxury of teams dedicated to their response, both strategically and operationally, is the practical solutions that don't swallow precious resources.

This focus on practical solutions will be the next and most important phase for many firms as they accelerate their work and begin to implement tangible changes post the July deadline. It would be easy to dismiss these challenges as specific to smaller firms, but from experience, and as a reflection of the conversations I've had across the industry, firms of all sizes and stature are in the same boat – even if this 'boat' encompasses everything from a topper to a cruise ship.

Three themes

I've heard a number of different challenges and perspectives, but there have been some themes common to many.

First, and perhaps most important is a growing sense of urgency – it is perhaps the case that many (wrongly) assumed Consumer Duty as a TCF reset, until they examined the detail and heard the mood music. This is a serious reset of regulation, one which asks firms to ensure, and in many cases, change their culture to ensuring all decisions are made through the lens of their customers' best outcomes. Most of us are doing this I believe, but this takes us on to the next theme:

Second, is the challenge of proof. There are aspects of Consumer Duty which are hard to deliver, but even harder to track. Firms need to be thinking not only how they meet the new outcomes, but how they evidence that they meet them. This again leads to the next in our thematic chain:

Third, Consumer Duty is a fundamental shift in another sense, reflecting the growing importance of data. The FCA will increasingly monitor and report on progress against outcomes through requesting data. Firms need to be clear they now need a data strategy, not just to monitor and manage risk and opportunity, but to evidence their culture and ultimately evidence their delivery of regulation.

One key point is that if you use data in your business to support the business, you should reflect to see whether it should be used to support and evidence Consumer Duty.

The light at the end of the tunnel

Consumer Duty is a seismic shift in regulation and one that has no one-size or simple solution. But there are things that can help the journey. Technology will often be key.

We are seeing many more firms working with us to put in place solution for this and next year's deadlines. These range from full provider administration systems, to client communication upgrades to data. Remember, the deadline date is not the finish line. It is just the start on a journey to a new type of regulation and set of standards. Your plans need to show how far you will have come by the deadline and set out your plans for the future.

Before I sign off, I'm conscious that I promised practical solutions, not just words. I'm delighted to share a set of solutions iPipeline can offer:

Read our 2023 Consumer Duty Whitepaper here

For financial advisers only

Menu protection from **the heart**

With protecting income at the heart of our menu, we make it easy to recommend the **LV= Flexible Protection Plan**.

5 reasons to choose the LV= Flexible Protection Plan:

1. Flexible options to meet clients' needs and budgets
2. Award-winning Income Protection Solutions
3. Quality Life and Critical Illness Cover options
4. In the moment support through LV= Doctor Services and Legal Advice Line
5. Here for you and your client every step of the way with expert and professional support

To find out more about the LV= Flexible Protection Plan speak to your account manager or visit **LV.com/FPP**

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By **Chris Samuel**
Business Operations
Director, iPipeline

Outsourcing your experience to the wrong tech provider? It's like sub-letting the shop front to a competitor

I don't like shopping, but I'm fascinated by visual merchandising. I'm always interested by the methods, both scientific and artistic, used by retailers both to attract you in from the streets and into purchase once you're in store.

In an age where more and more of our hard-earned money is spent online, the visual stimulus and experiential element to 'in person' shopping becomes even more important. Shops aren't just places of commerce, for some (not me, I hasten to add) they are destinations; places to aspire to, places to meet. Places to go.

So, for the high-end high street stores, visual merchandising and experiential shopping is integral to their success. It's not an afterthought, it's integral to their strategy. The people, the teams and the companies they deploy to build their stores and experiences are experts to be treasured. No detail is overlooked, often at huge costs.

Compare these carefully crafted experiences to customers buying financial services products and you're likely to find a chasm so wide it's hard to fathom. Prospects and customers for financial products, from pensions to protection insurance typically have to navigate clumsy, disconnected and time-consuming UI's.

Our industry just doesn't place the same emphasis or attention to detail on the experience we deliver to prospects and customers. Whether it's the number of steps required through the customer journey, or the screen design itself – often, elegant and efficient we are not.

There are a number of reasons why this might be the case.

First, financial services is complex. Regulation and risk places demand on all stakeholders, providers, advisers and customers. These demands include the capture of circumstances, acceptance and sign off of risk amongst other requirements.

There's a lot to cover, so it is no surprise that financial service providers can't offer an accelerated buying process common in retail e-commerce. The balance between requirements and elegance is difficult to achieve and providers don't always manage it. There's no shame in that, ours is a market which is playing digital catch-up – and sometimes the experiential layer, is beholden to issues underneath.

However, there is one thing that every provider is in complete control of and will have a material impact on the experience they deliver their customers. That's whether they have the platform technology in place that empowers them to deliver exactly the experience they choose.

It's the eyes that buy

As digital experiences evolve to become more layered, more personalised and ultimately closer to those on the high street, our service-based industries need to come to terms with the fact that their customers too will buy with their eyes. They will quickly form perceptions about service, professionalism and brand based on the experience delivered digitally.

Sadly, for too many across financial services, from protection insurers to pension providers, this experience or presentation layer is held back by failing core platform technology. It's hard to believe, but many multi-million pound providers still rely on a tech stack more used to the demands of the 1990's (or 80's) than the digital first world we live in today.

The result is predictable and ultimately it's customers who suffer, sub-standard user experience and interfaces which are constrained by aging technology.

This is a status quo that has probably been accepted by all stakeholders for too long, however there are enforced changes coming which will shift this dynamic.

First, regardless of the sector, Consumer Duty is a game changing piece of regulation which will place increased demands on all providers. From timely, clear communication to increased engagement and customer understanding; many of the principles can and will only be delivered when core platform technology and client facing, service layers function.

Second, there are challenges in linking policies, such as the pensions dashboard programme, which will simply expose out of date legacy tech.

So it is clear that we should not overlook the important details when improving User Interface (UI) and User Experience (UX) or look to outsource. We should focus on how to marry 'customer' and 'experience' together to give the best outcome for our audience.

The Exeter

The UK's working adults aren't saving enough – what does this mean for advisers?

Jamie Page
Head of Protection Distribution, The Exeter

Our recent research, '[Challenging Times: The Health and Financial Fears of UK Workers]', asked the working population to reflect on the pressures affecting their financial and health security in the current cost of living crisis. One of the most startling findings showed that almost 40% of adults save less than £100 a month, with one in seven saving nothing.

This is vitally important for advisers to know, especially when it comes to client conversations. If a client is already finding it difficult to afford basic essentials, then a new or existing protection policy may seem like a luxury. As such, advisers need to provide tailored and personal support to ensure clients are aware of the full range of products available on the market and that going without a policy is a risk they cannot afford.

So, how can advisers ensure they continue to deliver value to their clients?

Understanding the landscape

With consumer price inflation rising to 11.1% in the 12 months to October 2022 and energy prices doubling at home, it is understandable that people are prioritising essential spending over saving[1]. Indeed, monthly spending on essentials alone increased by £145 in 2022[2].

This has significantly affected peoples' behaviour with 81% of the working population altering their spending habits because of recent rises in living costs, according to our research. Half of people (49%) said they are spending less on the weekly shop, while 44% are reducing their utility usage and 41% are spending less on leisure and entertainment.

And for good reason; 52% of the UK workers we surveyed were concerned about being able to pay for food or utility bills and 44% were worried about being able to afford rent or mortgage payments.

This is something that advisers may consider when speaking to clients. If they are considering cancelling a protection policy to free up cash, that is their decision to make. But advisers play an important role in ensuring clients understand the impact of doing so, and the alternative options they have open to them.

For example, many protection providers will allow policyholders to reduce their monthly premiums by reducing their cover amount or extending their deferred period, offering continued protection while helping to reduce the cost.

Advisers should also consider using the range of tools available to help highlight the value of protection. For instance, income calculators can help clients conduct a financial MOT to help them measure their outgoings and make informed decisions when adjusting their policies.

Equally, highlighting the value of additional services, such as remote GP services and mental health support, can be another way for advisers to showcase the benefits of protection, even during the cost of living crisis.

Spotting low financial resilience

The cost of living crisis has strongly impacted societal saving habits, however certain individuals are more vulnerable to its effects than others.

For example, older age groups need to save more as they get closer to retirement but lack the same options available to younger generations to secure higher incomes. 20% of those aged 45-54 and 19% aged 55-64 reported that they saved nothing at all, the highest proportion of any demographic, making them vulnerable to financial shocks.

Other demographics we might consider as being vulnerable include those from certain regions. Respondents to our survey in London were most likely to save more than £100 in a typical month (80%) but only 53% of respondents in Yorkshire and 55% in East England said they save the same amount.

Understanding and assessing the vulnerability of clients will ensure that they are provided with the best possible recommendations to meet their needs. This will become even more important in the months to come, not only because of the ongoing cost of living crisis but also as the industry prepares for the FCA's Consumer Duty requirements.

Keeping informed

An adviser's foremost concern is to ensure their clients receive the most comprehensive and personalised service possible. This is especially true during a time of profound economic hardship.

Keeping informed about the UK working population's general health and financial concerns will help achieve this. It does not matter whether an adviser is reassuring an anxious client, considering vulnerability, or helping a client adapt to new costs. Advisers are key in helping clients understand the full value of a policy and the options available to them before making a major financial decision.

In doing so, they will ensure they are delivering a truly personalised and high-quality service.

Sources:
1 www.bankofengland.co.uk
2 KPMG

Sometimes you must spend money to save it

Scott Machin
Senior Product Manager,
iPipeline

This appears to be a contradiction but reveals something truthful about running businesses, especially in today's market environment.

In the current climate all firms big and small are looking for ways to reduce their cost bases. It affects all parts of the industry and is also driving end consumers to consider cancelling policies/ direct debits in short term reactions to the cost-of-living crisis. But firms and consumers alike can be guilty of cancelling products and services without fully understanding what they are losing and the potential consequences to business and financial resilience alike.

One area that is attracting enormous interest and activity is digitisation - the removal of unchallenging, repetitive work that need not be done. As always though, it can appear a herculean task to change everything overnight whilst retaining great service and maintaining changing regulatory standards. It is therefore important to look for solutions that deliver deployment flexibility with a proven track record and low impact on current operations.

As a business it is highly important to perform proper assessment of vendors, suppliers, and subcontractors to ensure you understand what they provide and whether they deliver value to you and your firm.

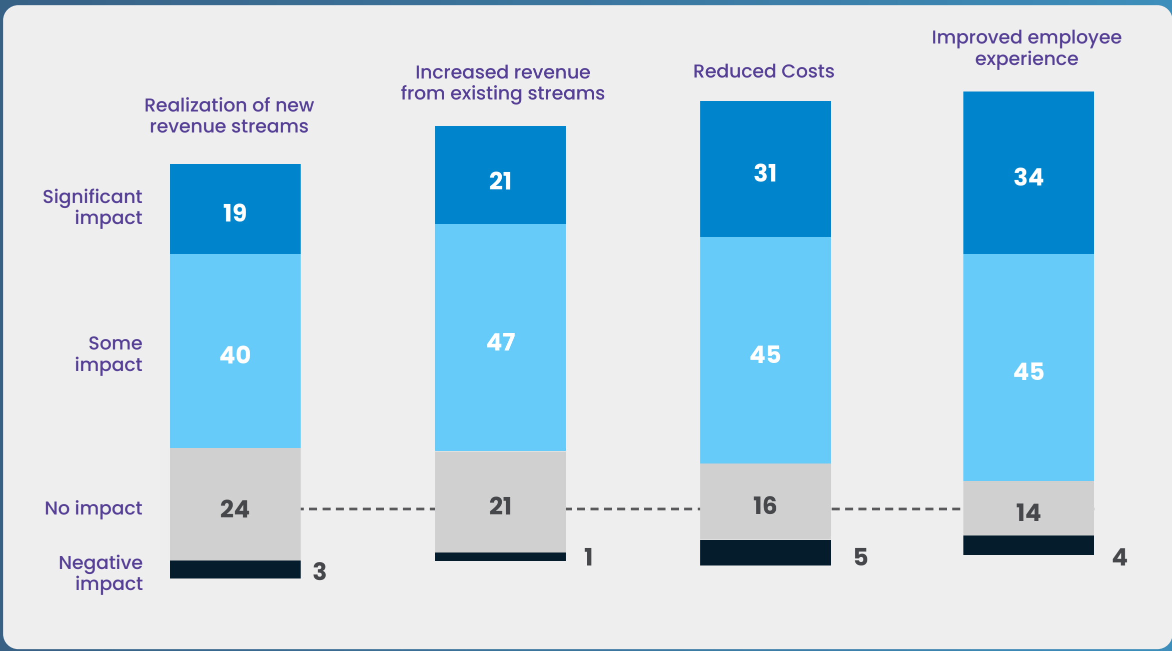
During Covid-19 all companies had to rapidly respond to the impact of the pandemic, often choosing a technology solution that offered the path of least resistance, perhaps without fully researching that technology. It is important to be fully aware of any additional costs with your technology providers to ensure you are comparing solutions like for like.

Have you considered these key areas when looking for your digitisation partner?

- Tiered pricing and additional features that incur considerable fees?
- If I need support, does that cost more?
- What about training to use the system, does that incur a charge?
- Are there other fees that weren't made clear?
- If customer facing, can I customise things like branding without additional cost?
- Is the unit cost from one technology provider being compared in the same way?

Most respondents report some or significant impact from their companies' technology transformations.

Impact from technology transformations over the past 2 years, % of respondents,[1] n=487



McKinsey & Company

[1] Figures do not sum to 100%, because respondents who answered "don't know" are not shown.

We need to ensure that any solution is backed by technology that offers the end consumer the best and most convenient experience possible.

It can be surprising how quickly your return on investment can be realised with correct digitalisation, providing you take some time to assess your paper/manual processes and make them as efficient as you can in the digital world.

The good news is that AlphaTrust, iPipeline's process digitisation and e-signature solution includes all the above-mentioned benefits as standard, giving you cost effective technology and a return on investment of around 3-6 months. Also, given iPipeline have over two decades of financial services expertise we understand how your business operates and can give you the guidance to implement an intelligent process digitalisation.

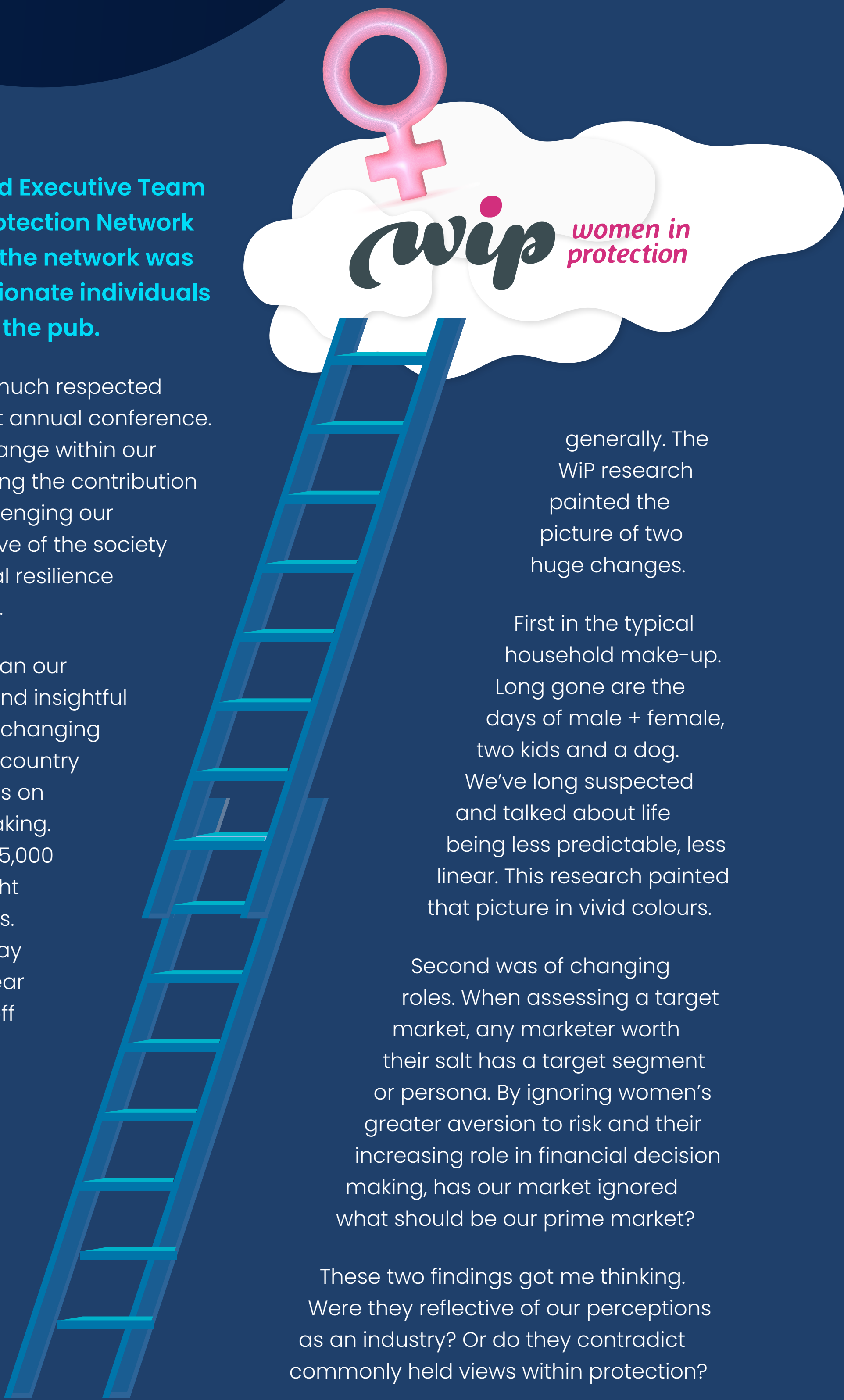
Sources:

1 https://www.mckinsey.com/capabilities/mckinsey-digital/our-insights/seven-lessons-on-how-technology-transformations-can-deliver-value

The world is changing. The role of women is changing. Can the protection market keep up?

By **Stephanie Hydon**
Head of Distribution Strategy, iPipeline

Past the day job, I am a proud Executive Team member of the Women in Protection Network (WiP). Like all brilliant ideas, the network was founded by likeminded passionate individuals fuelled by a few drinks down the pub.



That was in 2017. Now it's a very much respected industry group with an important annual conference. The WiP network is a force for change within our industry and beyond, championing the contribution and importance of women, challenging our industry to be more representative of the society it serves in order to build financial resilience across the female UK population.

So, with this goal in mind we began our mission to deliver an impactful and insightful piece of research, to explore the changing role of women up and down the country in their households, with the focus on their role in financial decision making. The result has been astounding. 5,000 opinions providing massive insight into rapidly changing landscapes. Whereas sometimes the takeaway from research is immediately clear with one simple theme leaping off the page, on this occasion there was almost too much to take in.

However, amongst the numerous insights, there was a theme I just couldn't get away from. It wasn't related to product, or service. It wasn't related to attitudes towards our industry or insurance more generally. The WiP research painted the picture of two huge changes.

First in the typical household make-up. Long gone are the days of male + female, two kids and a dog. We've long suspected and talked about life being less predictable, less linear. This research painted that picture in vivid colours.

Second was of changing roles. When assessing a target market, any marketer worth their salt has a target segment or persona. By ignoring women's greater aversion to risk and their increasing role in financial decision making, has our market ignored what should be our prime market?

These two findings got me thinking. Were they reflective of our perceptions as an industry? Or do they contradict commonly held views within protection?

Full disclosure

The honest truth is, there is no single or simple answer to this question. I can't summarise the views of each insurer or each distributor here. But what I can do is reflect a general feeling, from having worked in protection for 8 years, that this is contrary to both how our sector, and the more generic advice sector thinks.

That isn't to point the finger, but it's an observation that got me thinking again. If this is the case, what does it say about the importance we place on customer understanding?

Forget the protection gap

We have long talked about the protection gap. An almost mythical, unfathomably large number which totals the extent to which the UK population is under insured. What we have never talked about is a research gap – the gap between what we should know and understand about our customers and potential customers, and what we actually know.

The finding from this WiP research poses the question – is this gap as big a problem? How can any market succeed, when its view and understanding of the customer is based on age old perceptions instead of cold hard facts?

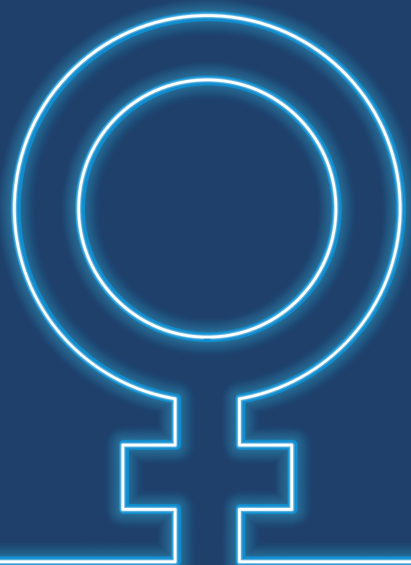
In an age of data, there are no excuses

Our market is blessed with huge amounts of data. Data which is used to drive a wide range of insight and decision making, from distribution management to pricing strategies. But have we used data in the same way, and indeed invested in the data required to drive improved customer understanding, ensuring we have a real time picture of how our customer behaves, what drives and motivates them?

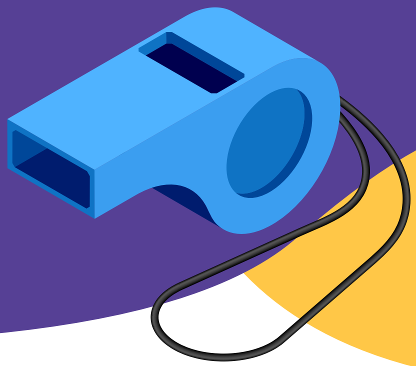
This WiP research indicates not. Our market, just like all markets needs to be self-critical enough to recognise the difference between perception of customers, what we believe to be true, and customer truth – what we know to be true.

As legendary consultant Peter Drucker once said "know and understand the customer so well, the product or service sells itself."

So, with data, are we making the great strides we need towards uncovering real facts, seeing our real customers, rather than relying on what we've already perceived as the truth? A few weeks ago we celebrated International Women's Day, understanding equality and equity. Let's follow this model and ensure that women in protection are understood too.



It's time to get On the Front Foot



Jacqui Gillies
Marketing and Proposition Director, Guardian

GUARDIAN 1821

As the cost-of-living crisis bites, we surveyed and interviewed advisers and industry experts to get their views on the impact on the protection market, and the strategies they're adopting to navigate these difficult times. One thing everyone agreed on was your clients need your advice more than ever.

Here are the top 10 tips from our findings:

1. Explain that as prices go up, so does the need for protection

Against the backdrop of rising prices, the financial implications of a loss of household income due to death or illness are even greater.

With inflation hitting family essentials like food and energy hardest, savings will deplete sooner, and debt will build up faster. Arguably protection has never been more vital.

2. View inflation as an opportunity

Greater awareness of the damage inflation can do to spending power will make clients in strong financial positions more receptive to the value of increasing cover.

For many, level cover has always been the default, however current inflation pressures create an environment for increasing cover to really shine.

3. Make the most of the re-mortgaging fact find

Rising mortgage rates have slowed the housing market resulting in a shift in mortgages business from new purchases to re-mortgaging.

Remortgaging requires a fact-find which enables advisers to reaffirm the value of protection and create the opportunity to offset falls in new mortgages with increased protection sales.

4. Use protection to stay in touch with fixed-rate mortgage clients

With rising interest rates driving a move to longer-term fixed rate mortgages, advisers can no longer rely on short-term renewals to be the catalyst for regular client contact.

Protection can form the basis of annual reviews, giving advisers the opportunity to highlight the benefits of cover, making sure existing cover keeps pace with their lives, and keeping clients close.

5. Point out the risks of cancelling cover

The rising cost of living may tempt some clients to cancel policies and insure themselves again in future. So, it's important to point out that premiums rise with age so new cover in the future will be more expensive.

Also, any changes to personal health, can mean increased premiums later down the line, exclusions to cover, or in some cases they might not be able to get cover at all.

GUARDIAN 1821

6. Promote the added-value services

The value of a protection policy is only truly understood when a client makes a claim. So, for many the benefits remain intangible, increasing the risk of cancellation when income is squeezed.

However, many policies now offer additional services such as access to a GP 24/7 and second medical opinions which are free to use anytime. With the health service now stretched these added-value services are in themselves good reasons to keep policies in place.

7. Focus on affordability

It's easy to assume that given the cost-of-living crisis clients will be unwilling to take on the additional cost of a protection policy. However, once explained, the value of protection is hard to dispute.

In today's climate, the cover a client needs may be different from the cover they can afford. Help them identify a realistic protection budget and work with it. Remember the cost-of-living crisis won't last forever, so your client may well be receptive to increasing their cover at a later date.

8. Act at the first sign of a policy cancellation

Fear of the rising cost of living could cause clients to cancel a protection policy without giving it proper consideration.

The best chance of saving a policy is if you act within hours or days of a cancellation. So, ask every provider to notify you immediately if a client misses a payment or cancels their direct debit. A little timely advice can prevent clients from making regrettable decisions.

9. Offer to help clients budget

When clients are forced to budget it's easy for them to overlook the value of their protection plan in favour of a Sky or Netflix subscription.

By offering to help clients budget you can help them get their priorities right. The potential consequences of cancelling a protection plan far outweigh the consequences of cancelling Netflix.

10. As a last resort, explore ways to reduce premiums

If a client is set on cancelling a policy, recommend ways to reduce their premiums. The obvious place to start is by looking at the cover amount and policy term. However, with Income Protection, switching from a full payment period to a short payment period is always an option, as is extending deferred periods. And clients with increasing policies may be able to defer the annual cover escalation and associated premium increase. At Guardian we allow customers to do this for 2 consecutive years.

Reducing cover to reduce premiums is far from ideal, but as we all know some cover is always better than none.

To find more insights from adviser and industry experts on the cost-of-living crisis, download our 'On the Front Foot' whitepaper **here**.

Guardian Financial Services is an appointed representative of Scottish Friendly Assurance Society Limited. All products are provided by Scottish Friendly.

By Alisa Wallington
Director, Product Management, iPipeline

The 3 P's

The protection market's growth has stalled recently. Protection is still under recognised, undersold and many would argue, unloved. But not by the market itself. I attended The Protection Review back in December, my first 'in person' event since the pandemic, and whilst I came away feeling enthused as always by the unyielding passion demonstrated by the industry's finest, it also felt like Groundhog Day.

When the great and good of our industry convene, more often than not the leading topic for debate is how to stimulate market growth and unsurprisingly, this event was no different. One session was a focused debate on Product, Price or Process – which is key? At iPipeline we are ALL about the process. It is our mission to improve the efficiency of the protection advice journey, driving growth as a result, so it goes without saying which one gets my vote. But let's dig in.

Product

We endlessly seek to modify; however, this ultimately results in further complexity and confusion. The question is who are we doing it for? The customer? We know they don't understand protection and the benefits it brings so why would they be asking for more? The adviser? In our bid to differentiate, we end up flooding results screens with an unfathomable number of options, making an already challenging conversation even more daunting. Or is it simply to compete in comparison tables?

Price

We have the most competitive protection premiums of all developed economies. Margins for insurers are very small. Research has shown that customers expect cover to be more expensive than it is. Yet contrary to that perception, there is / has been a race to the bottom on premium. Is this a race not to help grow the market, but simply to capture more market share? If so, is it a strategy which can work in the long-term?

Process

The evidence from retail proves what consumers value the most: time and simplicity. Amazon allows a one tap purchase. Apple Pay exists because for some it takes too long to add card details or even log in. Yet we still exist in a world where speed of purchase is often measured not in minutes, but weeks. Yes, we need to accept that buying protection is more complex than getting kitted out with a new wardrobe, but we can and should be doing more. Why have we failed so far? Are we looking for a single solution to a two-speed process?

The future

One of the speakers at the Review presented a slide with the infamous Shakespeare quote:

> **"Expectation is the root of all heartache.**

This really spoke to me.

If we are to meet our customers' expectations regarding accessibility, simplicity and immediacy, we need to revolutionize how advisers' access and process protection applications. Fortunately, for most applicants, medical disclosures are limited, therefore the current process for obtaining a quick and representative quote, followed by a straightforward selection and application, already works. Aside from non-disclosure, the likelihood of an unexpected premium increase is low, therefore it would be counter productive to introduce a longer, more intense process prior to accessing a price.

For the minority however, those with multiple or more complex disclosures, we must focus our efforts on delivering a revitalized, joined up process which aims to build trust not just in the consumers themselves, but also in advisers.

The nature of the buying process means there is a delicate balance to strike, and one size does not necessarily fit all – a theory which has been proven to date. To summarise, we have a vibrant set of products, available at some of the cheapest prices across the globe. We now need a process to match, one which provides transparency, efficiency and a better experience to both applicants with and without health conditions which may impact their premium or terms.

I for one am excited by this challenge. Together, we can unlock the power of protection.

Protection and the young. Why it has never been more important to engage

Zoe Mears
Senior Sales Manager
iPipeline

Lots of people don't like disclosing their age, but not me. Age to me is just a number, 26, nothing more. It doesn't mean there are things I can or can't do. It doesn't mean I think in a certain way.

However, the protection market is obsessed with age. There are some good reasons for that. Age drives risk, which in turn drives premiums. Age drives the times when we tend to 'trigger' certain life events. Events that are the natural cues for us to consider protection. Age drives the way we think, right?

Wrong. In my opinion, our industry and our society fall to some lazy, yet common misconceptions. Young people aren't concerned about the future, they live for experiences, they live for the day. Young people are snowflakes. Young people survive solely on flat whites and avocado toast (if you follow my social, you could form a view that the former is true)

In fact, research and data paints a different picture of my generation. A picture which is highly relevant to our market. We need to learn from this picture, fast.

Research from Schroders Global Investor Study found that investing (other than for pensions) was the number one financial goal for millennials in 2020. It seems that disposable income is getting less, well, disposable for the young. This is a sentiment that I share.

I've always been passionate about achieving my financial goals, from holidays across the world, owning my dream car, to buying my first house at 21 with my now husband.

Just this single piece of research indicates that younger generations are engaged with both money and planning for their future and think in a way which might be unexpected. This way of thinking presents protection with an opportunity. Financial wealth includes or should include financial stability.

But, are we set up make the most of changing attitudes of the young? At present, in my view, the answer is a resounding no.

Protection is a market which is centred around advice. Providers are reliant on advisers as their 'outsourced' demand generation function, stimulating leads and converting interest into sales. The tension between this advice model and young people is proximity, or lack of it.

The nature of most young people's lives means they are unlikely to engage a financial adviser. My cohort is simply not living the linear, predictable lives of previous generations – so life stages that drive the need for traditional advice don't occur to the same degree.

This change is a challenge for everyone. For young people, they don't come into contact with the core routes to advice they once did. As a consequence, my generation may not always make the right choices, or select the right cover to meet their (increasingly sensible) financial goals.

Thrive Money

But more than this, it's a challenge for the protection market. If our customers of tomorrow are no longer coming into contact with our default distribution channels, how can we expect to keep protection relevant for them?

That's why I'm so delighted to welcome our newest partnership, with innovative financial advice model Thrive Money. Thrive Money is the brainchild of leading adviser Robert Caplan and social influencer Zanna Van Dijk, who are on a mission to make money discussions more accessible and relevant to those younger than millennials.

By taking inspiration from the phenomenon that is Barry's Bootcamp (if you know, you know) Thrive Money are bringing advice to younger generations, like mine, in a different way. It's not all about the power of social media in reaching a new audience, although their expertise here helps. The 30-day intensive programme is designed to deliver the kind of financial reset which forges, or changes habits for a lifetime.

As a partner of Thrive Money, we were delighted to be helping power their advice model through PreQuo. As many others have proven, PreQuo data drives relevance, realism and risk-awareness; all key to engagement in protection.

It is clear there is way more to do to inspire the next generation of protection customers. Through effective use of technology and social media Thrive Money are educating the next generation to achieve financial wellbeing, with protection being one of the foundations to achieving a financial plan, something I'm sure many of us agree is needed.

News you may have missed

In January we shared the news that [Thrive Money] are using our [PreQuo] data in their online financial education platform aimed at younger consumers. Improving financial resilience begins with better financial planning and engaging with customers in new and different ways to make advice accessible. Find out more about how our data is being used to help educate and empower younger audiences.

Earlier this month we announced our partnership with Sandringham Financial Partners who have adopted SolutionBuilder and integrated PreQuo into their tech proposition, giving advisers a real protection-engagement platform to improve their protection advice and grow their business. Read the full story here.

We're delighted to announce our finalists in this year's COVER Women in Protection & Health Awards in recognition for all their hard work. Congratulations and good luck to:

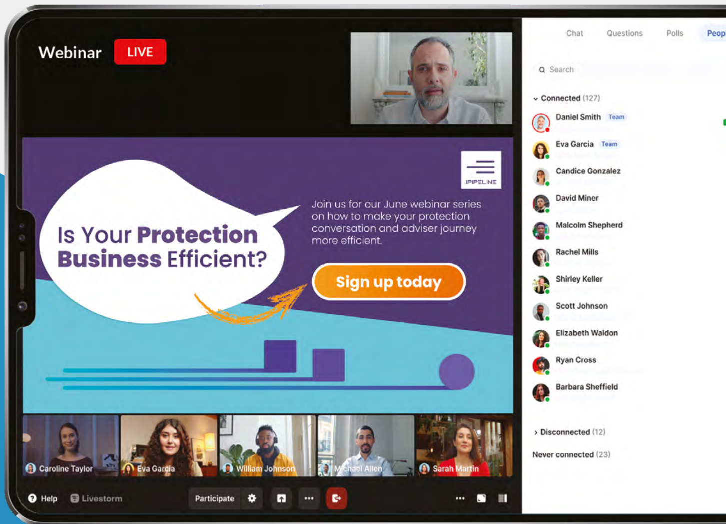
- **Neha Agarwal -** Woman of the Year, Propositions
- **Kate Buckley -** Inspirational Leader of the Year, Provider and Mentor of the Year
- **Zoe Mears** - Woman of the Year, Technology
- **Ian Teague -** Diversity & Inclusion Champion of the Year

We're looking forward to the awards ceremony on 26th April!

In July we're taking part in the Protection Review inaugural conference for the under 30s: ProtectZ. This event will be a great step forward in working with and understanding the views of younger people working in protection and we're excited to have a member of the team take part on one of the panels. Join Zoe Mears and her peers as they discuss 'making the protection industry more appealing to younger people – both customers and employers'. It's going to be a hugely insightful event.

Why not sign up for one of our webinars today? There are many to choose from or you can catch up on a past webinar at a time that suits you.

Click here to register



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