Who are our customers?
What do they want?

Damien Bartlett
Head of Protection Development
SCOR Global Life

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SCOR

❑ What the customer wants?

❑ Are we making them happy?

❑ The world is changing

❑ What do we need to do to adapt?

What does the customer what?

- ❑ Value for money

- ❑ Certainty of cover

- ❑ Ease of application process

- ❑ Few barriers to sale

- ❑ Quick and Easy

Underwriting and Claims touch the customer at ever point

What is it we do again?
Case study

❑ My name is Sarah. A couple of years ago my husband, David, and I moved to a lovely house in the suburbs of Sheffield. We knew we ought to protect against the worst happening, so we visited the XXXXX branch in town and took out a life insurance policy. We didn't really want to think about anything bad happening to us as we were only 40 at the time, but it felt like the right thing to do.

❑ David was a painter and decorator who took great pleasure in his work. He was also incredibly house-proud – always telling our friends about his grand plans for our new place. He'd been making great progress doing up the house – he'd finished the final bedroom and was about to turn his attentions to the living room.

❑ Last November, I'd gone out shopping one Saturday. When I came back I found David lying awkwardly on the hall floor at the bottom of the stairs. He must have tripped and fell while carrying his tools downstairs. David was rushed to hospital, but he didn't recover.

❑ The days after David's accident were a blur. And after a while I began to think about what I was going to do financially. I was worried that I wouldn't be able to afford the mortgage payments and everything else on my own. But thankfully I had the life insurance policy. Once I realised that I could use the insurance pay out to help me cover my living expenses, I worried a lot less.

Family loss or serious illness is the hardest thing to deal with and although we do not provide a solution to grief we provide a key way to help people deal with loss

# As an industry – we aren't doing brilliantly!

Almost all UK families have 'inadequate financial protection'
Insurer Aviva's Family Finances Report reveals a third of families in the UK have no savings, 67% have unsecured debts, while 93% do not feel sufficiently protected

56% of the UK population don't own any kind of life insurance policy. The figures come in spite of 97% admitting they know what life insurance is and how important it can be

In past year those taking out life insurance fell from 54% to 47% with only 13% having critical illness protection – Scottish Widows

Value for money

Premium Rate Progression
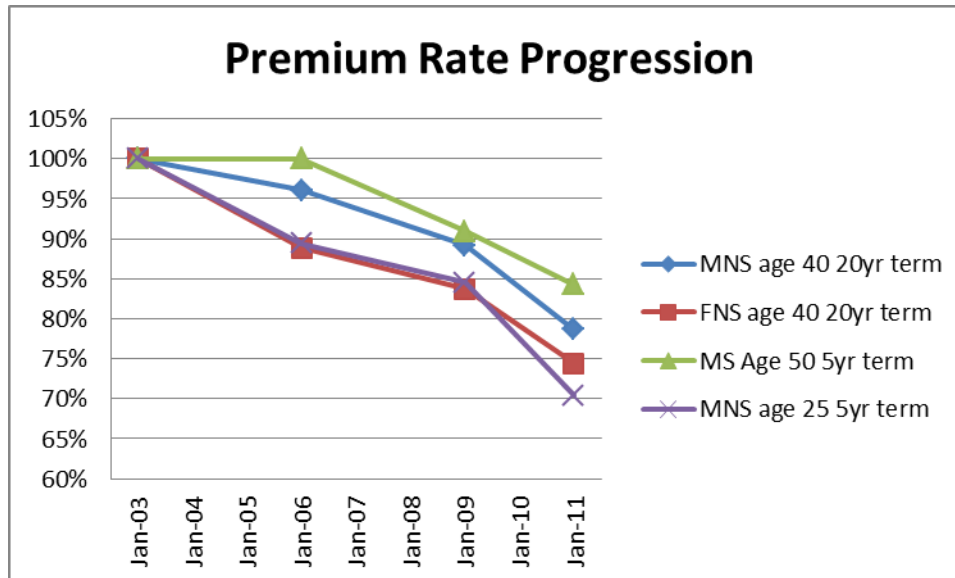
Down 25% in 8 years

- **Value for money does not equal Cheap!**
- **Have we delivered cheap products for the customer or for brokers? To be well placed on the exchange**

Ease of application

Industry Norm	
4-6 weeks	Time to underwrite
Thousands of cases	Pipeline
15%	Cancellation rate
20%	'Not taken up' rate
30-40	Number of medical questions
£Xm p.a.	Medical budget
20 - 70%	Customers accepted @ PoS
25%	Non-disclosure rate

Ease of application

	2000	2010 Benchmarking	2010 Internal (on risk)
Standard	94%	78%	81%
Rated	5%	16%	13%
Declined	1%	6%	6% not gone on risk

Trends – critical illness

	2000	2010 Benchmarking	2010 Internal (on risk)
Standard	90%	71%	83%
Rated	8%	13%	11%
Excluded	Not available	9%	Not available
Declined	2	7%	6%

Certainty of Cover

HEADLINES WE'D RATHER FORGET!

❑ **THE DISCLOSURE TRAP**

Telegraph.co.uk

❑ **WIDOW BETRAYED BY A LIFE INSURANCE COMPANY**

**The Mail** ON SUNDAY – 24 HOURS A DAY

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Average declined CI Claim Stats based on industry published data
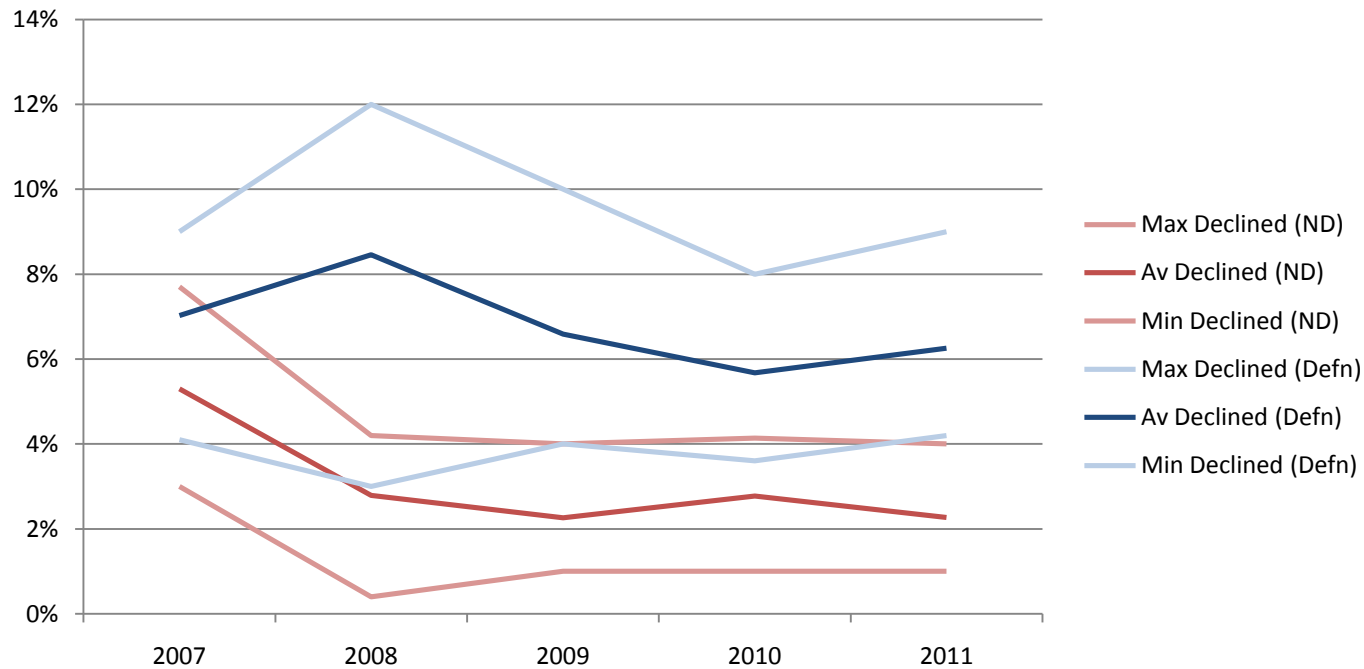
- ❑ 2007 data based on only 4 companies, whereas data afterwards based on 10 UK IFA companies.
- ❑ As well as the expected decrease in declined claims due to non-disclosure, published stats also show a fall in declined claims due to not meeting the definition.
- ❑ Number of reported declinatures lower than SCOR experience - possible massaging of the numbers?
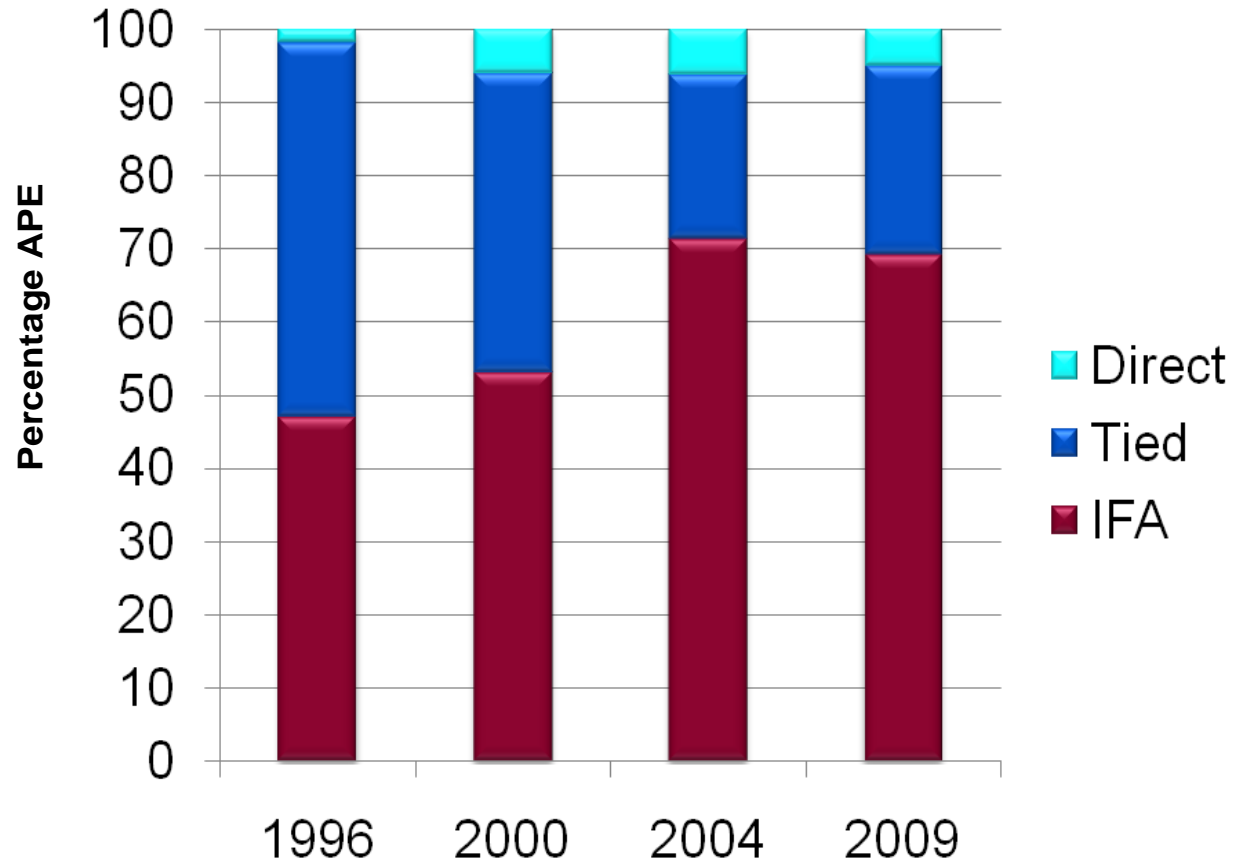
So what impact has this had on sales?

UK Individual Protection Market Sales
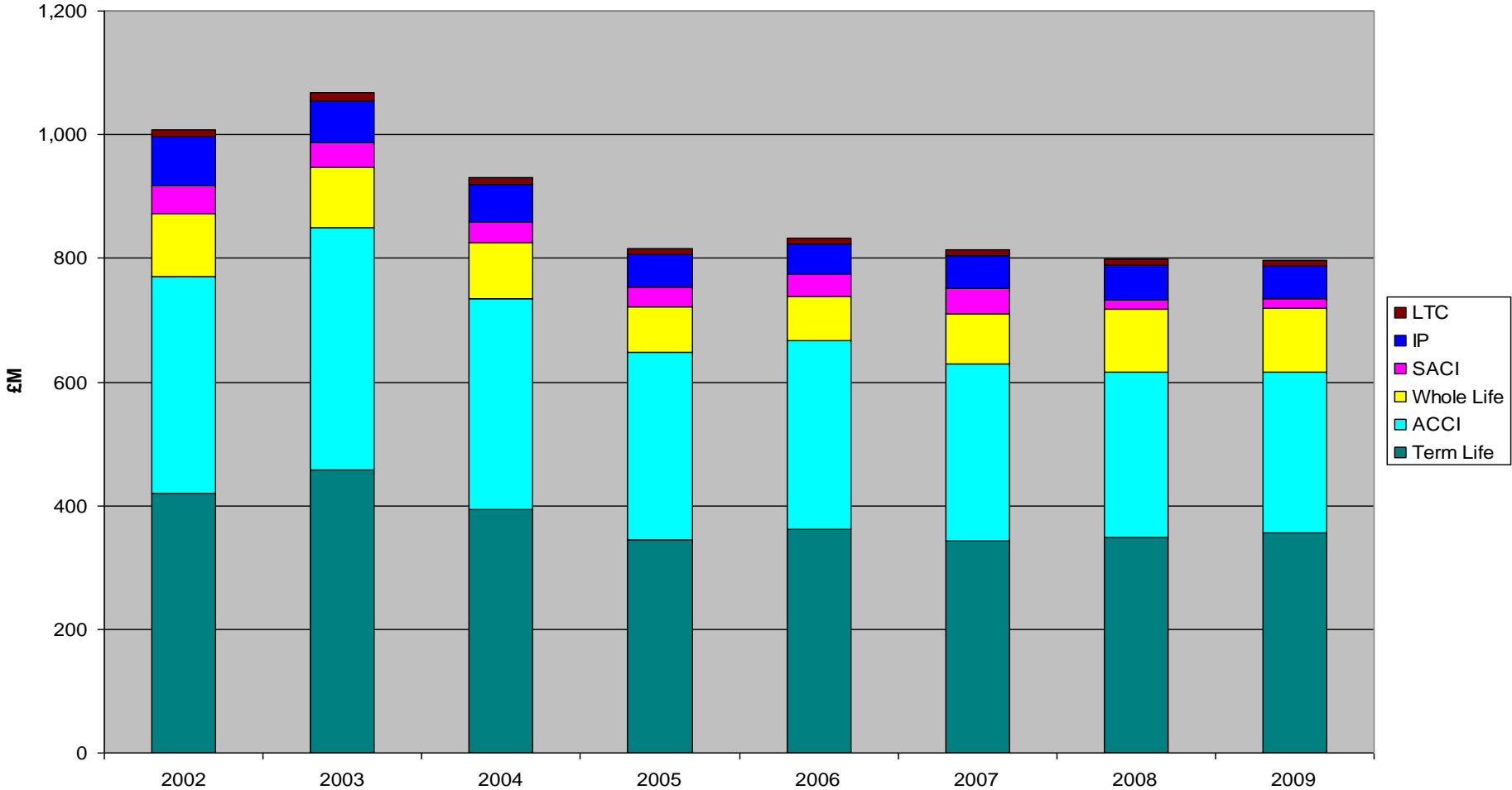
Distribution Trends

Distribution – New Premium Income in APE terms

What does the customer what?

☐ Value for money

☐ Certainty of cover

☐ Ease of application process

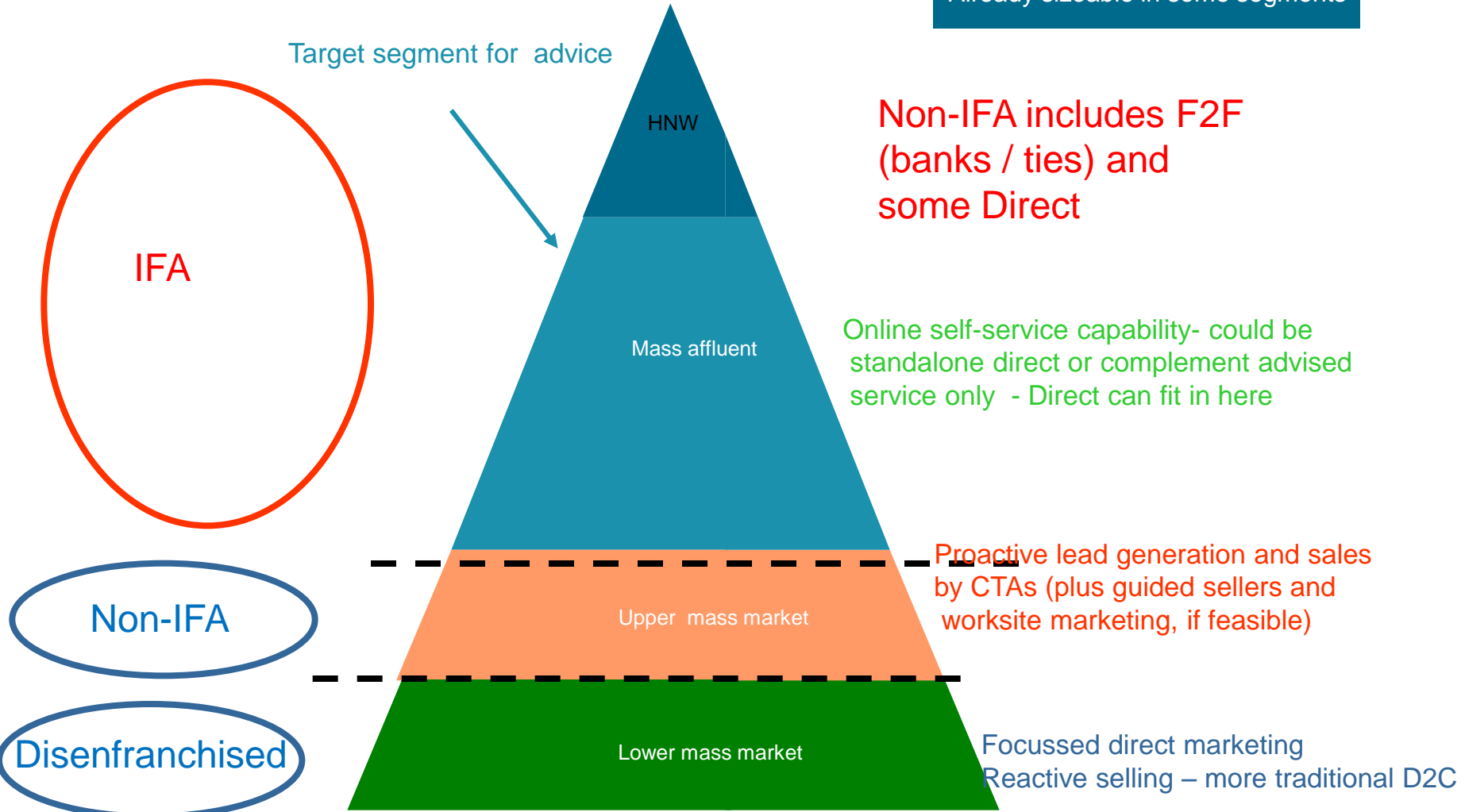☐ Few barriers to sale

☐ Quick and Easy

DEPENDS ON THE DISTRIBUTION CHANNEL

The Customer Pyramid:

The Current Market

Self-service expected to grow following RDR as some customers become more aware of cost of advice and seek lower-cost access. Already sizeable in some segments

Target segment for advice

HNW

Mass affluent

Upper mass market

Lower mass market

IFA

Non-IFA

Disenfranchised

Non-IFA includes F2F (banks / ties) and some Direct

Online self-service capability- could be standalone direct or complement advised service only - Direct can fit in here

Proactive lead generation and sales by CTAs (plus guided sellers and worksite marketing, if feasible)

Focussed direct marketing
Reactive selling – more traditional D2C

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Are our customers changing?

Sum assured have been increasing
- Better quality life?
- Inflation?
- Premium reduction?

Average Sum Assured
Level Death
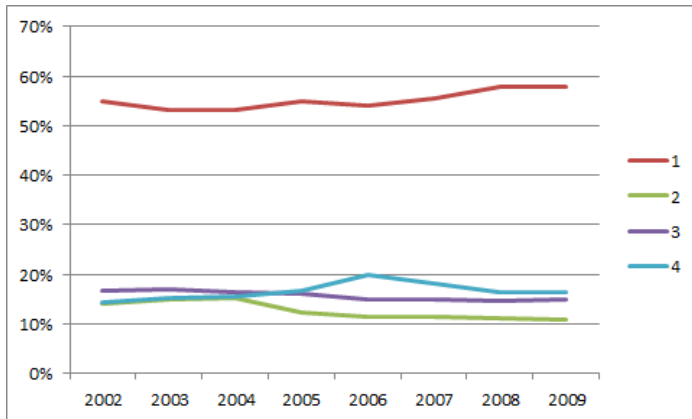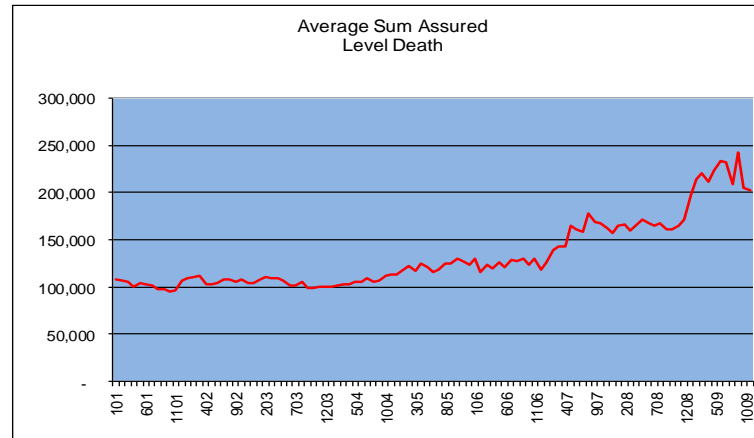
Occ Class Development
- Slight increase in 1
- Surprisingly stable

Are our customers ageing?

It looks like it!

The world is changing

❑ Despite protection not being forced down a fee route, the RDR could lead to a reduction in IFA sales

- IFA as we know it COULD move up market and become HNW
- This has opportunity in terms of developing HNW propositions built on more bespoke relationship management
- Higher premiums / pay more for the service?

❑ How do we access the upper mass market and lower mass affluent?

DIRECT TO CONSUMER

SOCIAL MEDIA

ONLINE / INTERNET
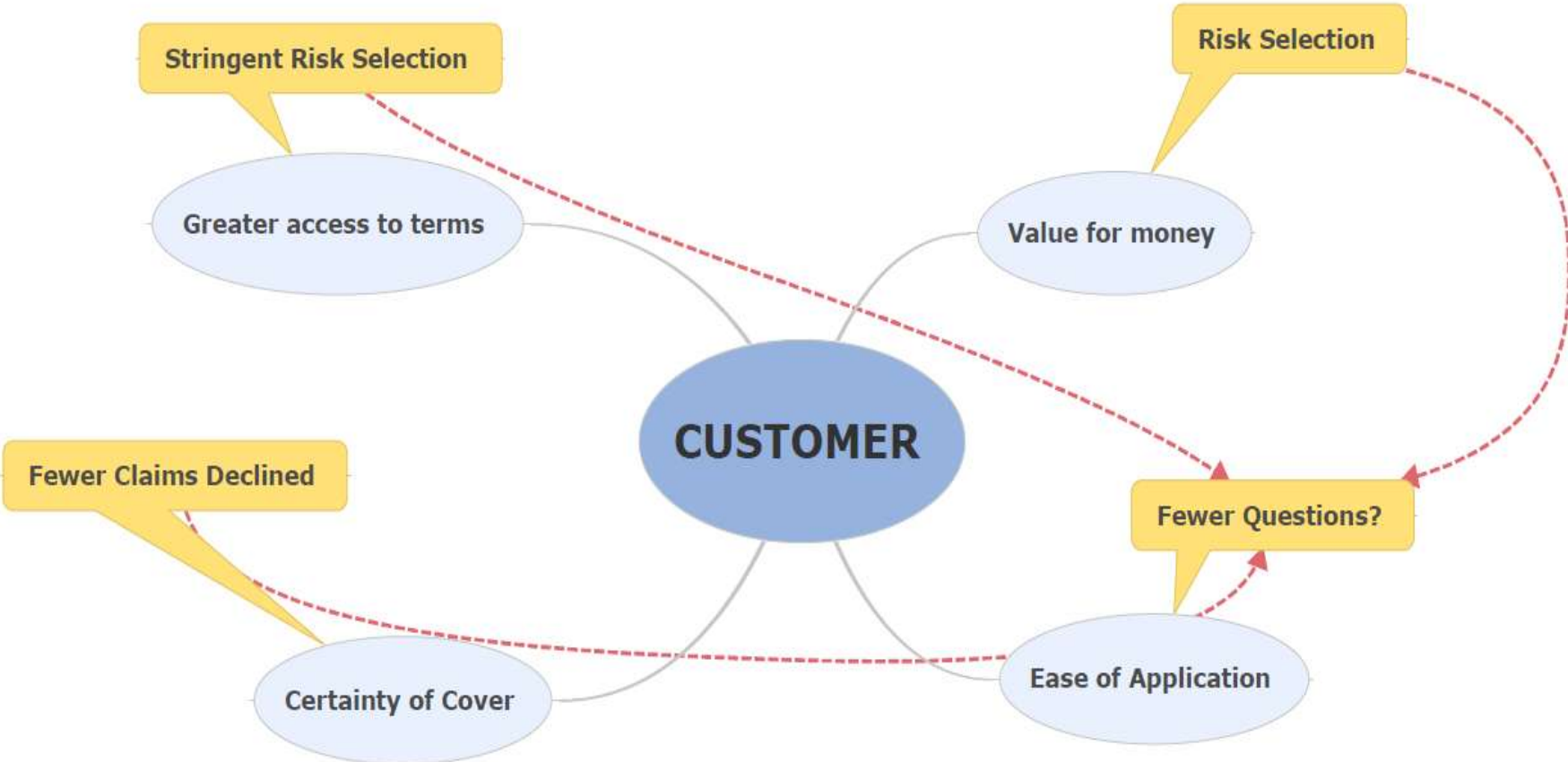
facebook

(Twitter)
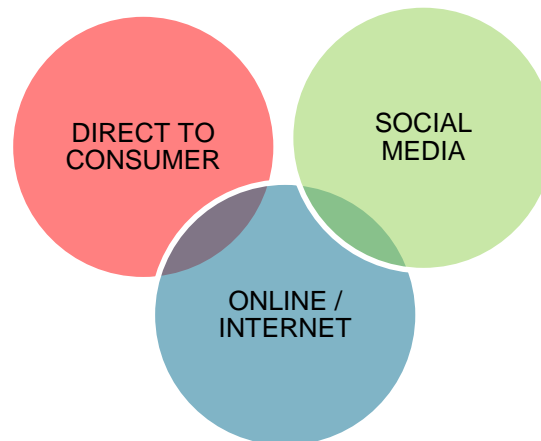
Linked in

- ❑ Future channels
- ❑ Social Networking sites
- ❑ via websites, online video, social networks, mobile devices

moneysupermarket com
a great deal easier

Get a
Pet quote

The conundrum

What can Underwriters & Claims Assessors do to improve sales? New Paradigm!

"Everyone in Underwriting and Claims is in Sales!

Client Need	Action
Quicker acceptance of proposal and claim	Risk of ND on app or claims form How can we work with sales to ensure this is mitigated?
More options for interaction with customer	Need to be clever – think outside the box – iPAD app? Claims portals
Certainty of Cover	Does what it says on the Tin! Claims philosophies to accept more ex-gratia? More involvement in product design
Customer Experience	Does our job end when we hand over a cheque?

What can this mean for sales?