


Institute and Faculty of Actuaries

The role of adviser and underwriter in 2025

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05 May 2015



Institute and Faculty of Actuaries

Hello

Peter Chadborn, Director & Adviser 
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Mentorship
 Thought leadership
 Community
 Professional Meetings
 Education
 Working parties
 Volunteering
 Research
 Shaping the future
 Networking
 Professional support
 Enterprise and risk
 Learned society
 Opportunity
 International profile
 Journals
 Support

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Step Back In Time

10 years ago...

- We didn't have smartphones, tablets, '#hashtags' or Facebook!
- Men were men & ladies were ladies – no gender neutrality
- More IFA providers, more tied & appointed representative business, more business through building societies and banks
- Supermarkets started to dip their toes in the water.
- Pension term assurance was still for sale; so was PPI; CI premiums 'guaranteed'.
- Mainly still paper or 'PAC' applications
- How much did protection cost then compared to now? £80,000 decreasing Life/CI over 25 years for a 22 year old N/S female cost £20 a month.



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Everybody's Changing

Logos shown: BARCLAYS, Friends Provident, Woolworths, Alliance Leicester, Standard Life, Clerical Medical, AXA, Eagle Star, Royal Liver, Woolwich, and the Institute and Faculty of Actuaries.

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This is how we do it

- In the UK we still sell about 2 million individual protection policies a year.
- The vast majority of this now goes through underwriting rules engines.
- Most business is still sold via IFAs; though we are seeing an increase of policies sold via aggregators and 'direct to consumer' offerings.
- 'Illness race' – average of 50-something CI definitions, compared to 20-something.
- Full, comprehensive application forms.
- Treating customers fairly, Plain English, misrepresentation & paying more claims – pat on the back?
- Price driven. Remember the £80,000 decreasing Life/CI? With the same provider now it's £10.72. The cheapest like-for-like provider offers the same cover £7.08.

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Our House

Logos shown: AVIVA, Superdry, Facebook, Nationwide, TESCO, ageas, Money Super Market, BEAGLE STREET, Vitality Health Care, and the Institute and Faculty of Actuaries.

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A Day In The Life

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Money

Ignoring existing cover, for now

Mortgage: £200,000 C&I 25 yrs

Family requires £15,000 pa (assuming mortgage repaid) for desired living standard if:

- a) death to either parent, until children financially independent in 20 years time
- b) inability to work or serious illness before retirement age 65

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Getting To Know You

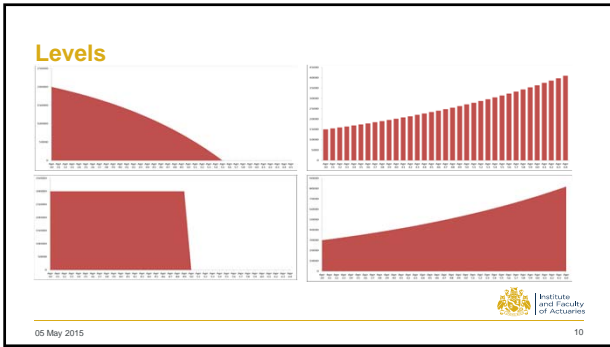
Pre-research underwriting form

Price vs Quality

Quotes

Assess existing cover. Is it fit for purpose?

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Love Don't Live Here Anymore IFA gripes with underwriting

- Online systems 'intelligently' assume client is present at application.
- What suits our advice process, not the Life Office limitations.
- Communication: before my client knows.
- Explanation: why rated? Or at least what influences rating decisions.
- Options: if they cannot have what they applied for, what can they have?

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Why's Everybody Always Pickin' On Me? The 'business prevention unit' has its say

- We can't *always* tell you why your customer has been rated, for good reason
- Oh and, not all your customers get rated!
- Not all your customers have GPRs requested!
- Pre-sales is only an 'indication'
- How often do you multi-app and how come 20% of applications don't get taken up?

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I Fought The Law RDR – 2 years on

Before



After



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I Fought The Law RDR – it doesn't affect you, does it?

- If our behaviours are important to you, then of course it does.
- Efficiency of process
- Manageable outcomes (adviser and client)
- Alignment of remuneration with services provided and why protection is at odds
- All remuneration is harder to justify – greater attention to client service and value
- Selling fewer products / more fee work
- Dynamics of the supply chain have shifted – who owns the client?
- More efficient & more profitable

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When I'm 64 Opportunities & threats



- Will we sell more or less protection than today?
- Will there be more or fewer IFAs?
- Will we buy insurance in the same way?
- Will 'Big Data' still be, erm, big?
- Will customers need the same protection they need now?
- Will legislation hamper what we aspire to?

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We Dream The Same Dream, We Want The Same Thing?
What do we all think 2025 will look like?

Data overload & over-regulation?
NHS
Competitive
Microchips at birth?

Critical illness?
hannover re
Personalised medicine?
amazon Google
Diverse

Flexible
5G & wireless?
Customer service

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Questions **Comments**

Expressions of individual views by members of the Institute and Faculty of Actuaries and its staff are encouraged.
The views expressed in this presentation are those of the presenter.

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