

The Actuarial Profession
making financial sense of the future

Richard Verdin
Sales & Marketing Director
Direct Life & Pension Services Ltd

- What do distributors really want?
- What do consumers really want?
- What I would do if I ran an insurance company?

I hope to answer all 3 questions in answering the 3rd

Out with the old



& in with the new






The Actuarial Profession
making financial sense of the future

**What would I do
if I ran an insurance company?**

- Attack the real opportunities in the income protection market
– apply some fresh thinking
- Change the way policies are applied for
– accept advisers for what they are
- Work with my competitors to improve all new business administration
– be brave...what if?



The Actuarial Profession
making financial sense of the future

Attack the huge opportunities in the income protection market
– apply some fresh thinking

Income protection

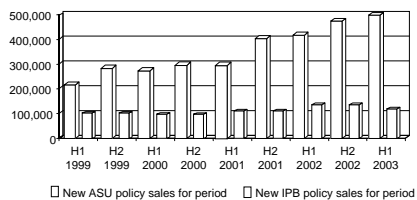
- you are looking in the wrong places for inspiration



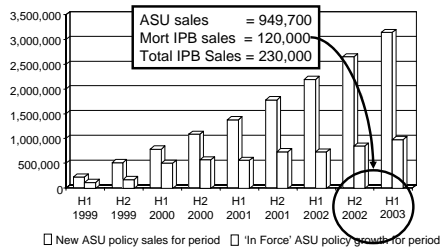
Too focused on IP -v- CI
Is it really CI that is holding back IP?

'Income Protection' sales

Now approaching 1 million sales per annum!



Cumulative ASU sales



The Actuarial Profession
making financial sense of the future

Product - ASU

- 12 months sickness cover
- No underwriting of applications
- 30 days notice of change to premiums
- 90 days notice of withdrawal of cover
- Fails to meet customer needs
- Fails the adviser – wait for the FOS to start ruling!



Financial Ombudsman service spokeswoman Alison Hoyland says:
"What is going to be relevant is that the main features of the contract are pointed out, which also includes exclusions"

The Actuarial Profession
making financial sense of the future

Products

- Focus on the 'mortgage event'
- Look at the popular ASU's
- What's really important?
 - Cover for term of mortgage (or to age 65)
 - Unemployment cover option
 - Simplify occupation classes – fresh thinking
 - Free cover from exchange to completion
 - Guaranteed premiums
- ...Regulation will tilt things in your favour

The Actuarial Profession
making financial sense of the future

- When was the last time you really read an application?
 - Up to 19 pages long
- 45 minutes of sheer confusion
- 25 minutes of sheer embarrassment....
-because the person you asked to guide the customer is typically:
 - Male and middle-aged
 - Mr E's per hour - *focused on earnings*
 - Service perception – *making life easier not harder*
 - No medical/medical terminology training
 - Always short on time
 - Considers you to be 'the problem'

There is a better way

...remove the medical questions from the application form



Insurer/Re Insurer Benefits

- All calls recorded for claims - profit
- Better packages of risk - profit
- Opportunity for better understanding - profit
 - e.g. smoker status & body mass
- Now is the time to invest

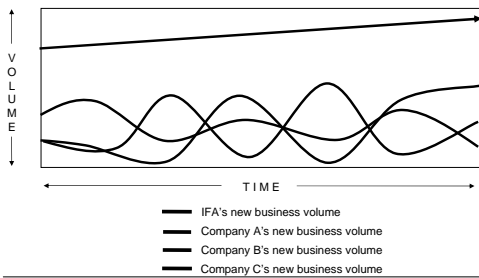
The Actuarial Profession
making financial sense of the future

The Actuarial Profession
making financial sense of the future

Work with my competitors to improve all new business administration

– be brave....what if?

What if?



The Actuarial Profession
making financial sense of the future

To conclude...
