

 Institute and Faculty of Actuaries

“Expanding the Reach of Protection”

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SCOR Global Life –

“Expanding the Reach of Protection”



Expanding the Reach of Protection

1	Let's set the scene...
2	Key Point 1: So how are we doing...we are all conforming!
3	Key Point 2: Are customers engaged?
4	Key Point 3: What needs to happen...Be Brave!
5	Key Point 4: Into the future...
6	What is SCOR Global Life doing

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Let's set the scene...Expanding the Reach of Protection

SCOR Expanding the Reach of Protection Global Life

A long time ago.(February 9th) in a galaxy far far away (The Royal Society of Medicine...so not so far really!)...

Expanding the Reach of Protection was a forum for all to discuss **Demand Creation** in our industry...

There were providers-distributors (local and global), technology representatives, external viewers and more, all in the one place at the one time, to ask...

How can we Expand the Reach of Protection...

Seminar Agenda

- **Introduction – Setting the Scene** Roy Chappell (CEO, SCOR Global Life)
- **Key Note Speaker** Tim Harford (Author of 'The Undercover Economist')
- **UK Financial Capability Strategy** Helen White (Head of Financial Capability, Money Advice Service)
- **Distribution – The Art of Selling** Andy Walton (MD, Intrinsic Financial Services)
John Nelmes (Director, Cavendish On-Line)
Mark Jones (Protection Director, Sun Life)
- **Global Distribution Solutions** Richard De Sousa (Global Distribution Solutions, SCOR)
- **The Local Perspective** Jamie Leitch (Head of Strategic Initiatives, SCOR)
- **Panel – How to Grow the Market** Peter Graham (ex MD, Legal & General)
Steve Payne (ex MD, Friends Life)
Ross Ainslie (ex MD, Bright Grey)

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Key Point 1: So how are we doing...we are all conforming!

❑ Are we set up to fail, both as an industry and as people?

The industry...

- We're in such a comfy, stable state: stable returns and low volatility (provider wise)
- Product offerings and performance are materially identical
- Product changes - minor and incremental
- Price changes are modest and predictable
- Volume levels declining, but modestly from year to year
- Technology has not been a disruptor
- Routes to market (generally) slow changing
- Profitability stable, low risk and a modest downside
- Capital requirements high, but pay back is quick - no need for major one-off investments



❑ Have we done ANYTHING???

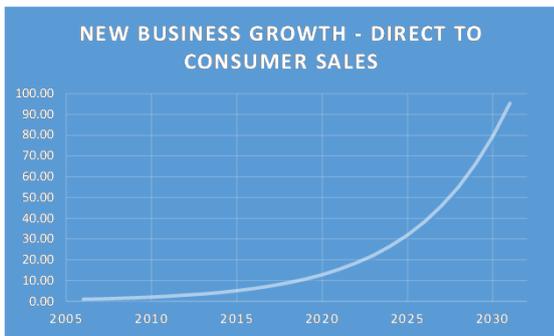
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Here is a slide from a reinsurance conference almost 25 years ago



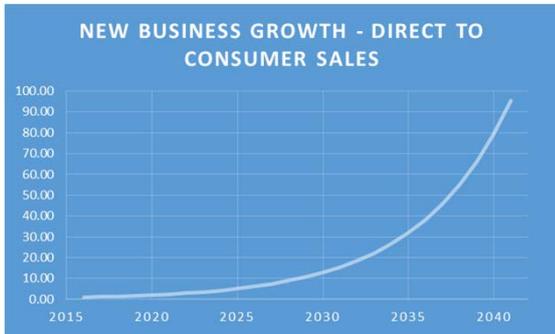
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Here is a slide from a reinsurance conference attended 10 years ago



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Here is a slide from a reinsurance conference attended last year



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What's going on? Why have we not been able to innovate?

□ Are we set up to fail as people...

As Individuals...

- Loss aversion – As humans, we have a programmed behaviour to try and 'make-up' for previous losses
- Are we trying to solve the wrong problem? Our default is to blame the product



- Not talking to them in the right language

DEATH!!! CRITICAL!!! SEVERE!!!

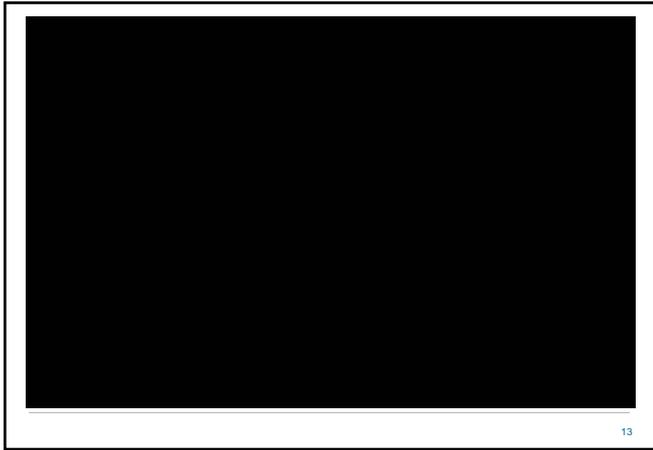
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What's going on? Why have we not been able to innovate?

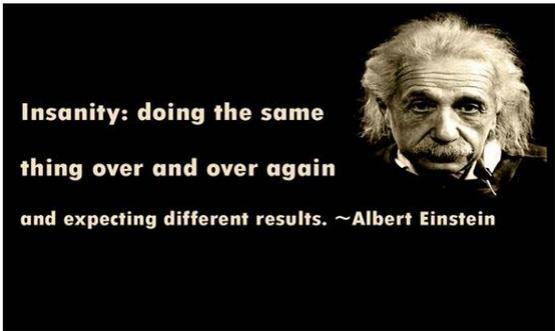
□ Conformity – Are we all just Lemmings here?

- We're all doing the same thing...
- A brief video from 1967 comically shows the behaviour of humans and conformity...

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We have a load of clever people in our industry.....



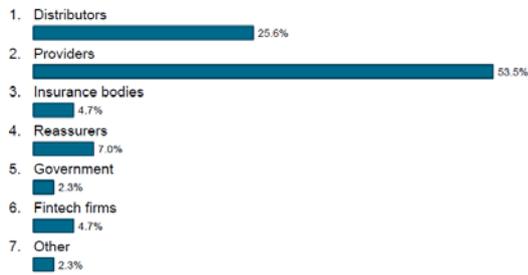
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What's going on? Why have we not been able to innovate?

- ❑ A strong reminder which was highlighted numerous times, was that "Innovation occurs on the front line" ...
... but are we cognisant to this?
... do we actually work with this philosophy and build it into practice?
- ❑ After the presentations and panel discussions of the day, we held a short survey to see what the perceptions were of the attendees.
- ❑ The seminar survey showed a distinct separation between who **we think** are the ones who should innovate, and those who we believe **will actually** innovate.

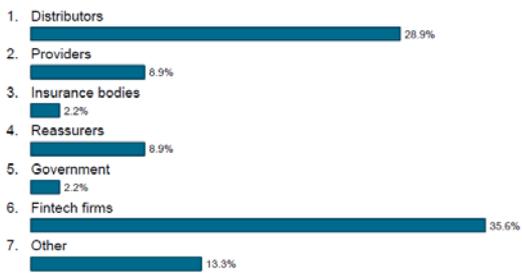
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Who in the distribution chain has greatest responsibility to lead innovation to grow the market?



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Who in the distribution chain, in practice, is more likely to lead innovation to grow the market?



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Key Point 2: Are Customers Engaged?

- Our second key point of the day revolved around the *customer and engagement*. It was here that it became apparent, there were a few different aspects to the question...
 - **Disengagement**
 - Financial Capability Strategy (FCS) from MAS (presented by Helen White) showed that:
 - Only 4 in 10 people could pay an unexpected bill of £300
 - Only 3 in 10 had a specific plan to achieve financial goals
 - Only 3 in 10 had savings equal to three months salary
 - FCS aims to cover the Skills & Knowledge, Attitudes & Motivation, Ease & Accessibility of the public across:
 - Managing money well day to day
 - Preparing for managing life events
 - Dealing with financial difficulties
- enquiries@fincap.org.uk
- No doubt, you all have your war stories of consumer disengagement, but is it all **doom and gloom**?...

Key Point 2: Are Customers Engaged?

- **Engagement**
- Google searches for life insurance has doubled in 2 years!



Key Point 2: Are Customers Engaged?

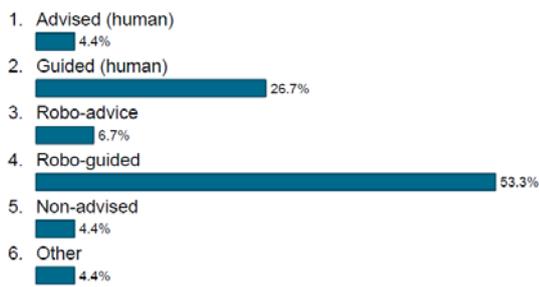
- **Engagement**
- ✗ Don't talk about dying!
- ✗ Don't talk about the products yet!
- ✓ Focus should be around keeping people in their houses
- ✓ Talk about the solutions and outcomes
- Distributor points on using the right language, and customer focused process
 1. Protection Only Appointments
 2. Client Centric Factfind (questionnaire)
 3. Establishing ATR on protection
 4. Creating protection portfolios
 5. Protection declarations / disclaimers
 6. Removed the administration
 7. Dentist philosophy – reappointment

Key Point 2: Are Customers Engaged?

➤ **Engagement**

- ❑ Over 50's is arguably the best success.
 - ✓ It's marketed effectively to the Customer
 - ✓ Simple to understand for the Customer
- ❑ Another survey question to the audience was regarding what they thought the most prominent advice model would be in 10 years time.
- ❑ "Guided Direct", customer is happy to do the research but still needs some sort of hand holding

What will be the largest advice model in 10 years time?



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Key Point 3: What needs to happen...Be Brave!

- ❑ **Effective feedback loop**
 - Front line to back office?
 - Front line feedback to the CEO often gets 'softened'
 - Timely, accurate, devoid of emotion
 - E.g. Taylor Tarp and the musical that nearly never was
 - Are the right metrics being measured?
 - "Spent a lot of money to make their lives slightly worse"
- ❑ You must **learn from your mistakes and quickly!**
 - E.g. of the figure eight man-powered flight
- ❑ **Make peace with losses / mistakes**
 - Deal or no deal
 - It's only a loss of investment if you fail to learn from it!



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Key Point 3: What needs to happen...Be Brave!

- ❑ Should the language and messages change?
- ❑ One size fits all solutions?
 - Products that change throughout a customers lifetime
- ❑ Flexibility over price
- ❑ Protection and Savings combined?

- ❑ **Is someone willing to be brave? Is someone willing to lead?**

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Key Point 4: Into the future...

- Peter Graham
 - Kids today don't even know their email account or phone number! It's all Instagram / Tumblr / Twitter
- Some things are on the horizon that could damage the market
 - Moving towards preferred pricing
 - Making it more expensive for those who already can't afford it
 - Need a balance between selection / societal conscience
- Innovations are likely to come from other industries
 - What if Google start selling Life insurance? They would use 'Life' Insurance or a derivative not 'Protection' insurance!
 - Need to be flexible and adapt to consumer needs

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It feels like the start of a new era for Protection....



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What SGL is doing...The game-plan

- Explore: role of reinsurer, different parties making up market & examples of how SGL UK are interacting with them to expand the reach



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What are SGL UK doing: 1. Engage with the crowd

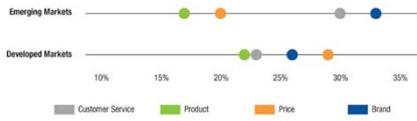
- Lots of great ideas out there: are they ideas from in our protection bubble?
- Trying to understand the end customer more:
 - The Syndicate research forum
 - SCOR Global Distribution Solutions research
- Snippet 1: What would you do if income changed £100pm?

	↑	↓
Save more	24%	11%
Put towards a holiday	18%	18%
Pay off debts	19%	16%
Increase my mortgage/ pay more off it	6%	7%
Spend it on things for the house	10%	14%
Hobbies/ recreation	7%	3%
Socialising/ drinking alcohol	6%	1%
Put towards financial planning: life and health protection insurance	5%	4%

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What are SGL UK doing: 1. Engage with the crowd

- Snippet 2: What are the most important factors in buying protection?



- Comparisons of UK vs other developed markets v emerging markets:
 - Insightful:
 - Why?
 - What can we learn from other countries?

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What are SGL UK doing: 1. Engage with the crowd

- Trying to engage with and understand new customers:
 - Direct to Consumer: Hello.ie
- A different perspective from pure reassurance
 - Small insight into marketing



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What are SGL UK doing: 1. Engage with the crowd

- Trying to understand the end customer more:



Not just advertising!

Test and learn:

- Product e.g. premium return option
- Process e.g. e-signature
- Behaviours e.g. smoker re-quotes
- Disclosures e.g. hazardous occupations

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What are SGL UK doing: 4. Engage with technology

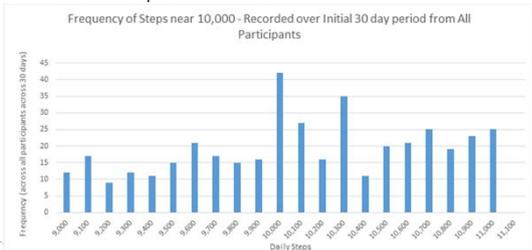
- Wearable Technology
 - Underwriting or Lifestyle vs Life Insurance
- Some early findings: after 2 months of the trial:
 - 72% will continue to wear after trial
 - 19% will wear but only on days when exercising
 - 9% will stop
 - 74% walking more, 33% exercising more (and only 3% exercising less)
 - Little change overall in BMI, pulse, BP (but 2nd reading just after xmas!)
 - Self reporting of 'frequent exercisers'
 - small correlation with steps, greater with 'active minutes': +40%
 - Steps and/or activity
 - significant correlation with pulse rate & BMI, much less so with BP



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What are SGL UK doing: 4. Engage with technology

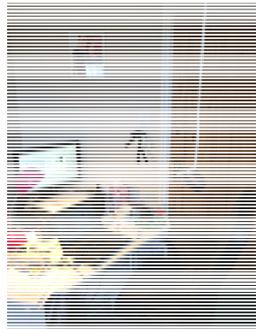
- Some early findings: Far from perfect
 - Significant step variation for same journey day to day
 - Inconsistent Fitbit pulse vs pulse taken: Lawsuit in America
- You can manipulate behaviours:



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What are SGL UK doing: 4. Engage with technology

- Easy to cheat



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What are SGL UK doing: 4. Engage with technology

- Smartphone technology
 - e.g. www.instantbloodpressure.com

Simple

Produce a systolic blood pressure, diastolic blood pressure, and heart rate approximation in under 35 seconds.



Place Finger Over Rear Camera Lens

Press Phone Into Your Chest Over Your Heart (Finger still in place)

Quietly Hold Position for ~ 35 Seconds And See Results

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What are SGL UK doing: 4. Engage with technology

- Smartphone technology
 - Cornell University researchers
 - Check cholesterol and vitamin D using...
 - ..small add on device and a single drop of blood, sweat or saliva



- SAMSUNG patent to use smart phone to measure body fat

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The forwards and their coach will slow it all up.....

- Some truth in the perception / criticism
- Great innovations can be ruined without getting each team on the same page



- Also risks & reasons why things are more complex than they seem.....
 - Communication between all parties is key

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The Summary

- ❑ There is a new and exciting protection era ahead of us
 - With many parties having a role to play
- ❑ Important :
 - **Understand** each other,
 - **Trust** each other, and
 - **Communicate** with each other....
- ❑ SGL UK evolving to meet that challenge
- ❑ An era to give the crowd something to be happy about



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Feedback

- ❑ Surveyed all the delegates after the day
- ❑ Everyone ranked the seminar as either 'Good' or 'Excellent'
- ❑ Over 90% of those that responded said that they planned to do something differently as a result of the seminar
- ❑ Verbatim comments:
 - The session from Ross was an excellent, open and honest summary... Andy was a prime example of sharing what works, which again needs to be shared, used and embraced
 - Great to have external speakers for this topic, really made it a stand out event compared to other Reinsurers
 - Very useful and the best event of its type that I've attended in years.
 - Excellent content / speakers etc.

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Questions

Comments

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