



**A BETTER WAY FOR  
PROTECTION?**

## **A Better Way?**

### **Introduction**

This research was commissioned by TCP LifeSystems from ICM Research. It provides insights into consumer attitudes to taking out life protection and the underwriting issues that arise.

The research aims to find out the feelings of the public towards the current approach, and whether there is a clear consensus for a speedier and less intrusive underwriting process.

We hope you find the results of interest.

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## About TCP LifeSystems

- TCP LifeSystems is the provider of Copernicus SS/G software, a leading edge technology solution for the point of sale and administration of life, pensions and annuity business. Clients include AXA, Storebrand, Scottish Widows and Caledonian. Its point of sale technology supports underwriting decisions at the point of sale together with a full quotes facility for both standard and non-standard lives.
- This research follows up extensive research commissioned by TCP LifeSystems with intermediaries in 2006, the results of which have underpinned development of a new generation self-serve systems. These enable product manufacturers to determine which processes are deployed to intermediaries and which are retained within head office. The extent of this empowerment can be tailored to (i) providers' confidence in their intermediaries and (ii) intermediaries' appetite for taking increased control in the processing of their clients' business. This enables a life office to truly tailor its service for different distribution channels and to firms/subsets within channels.
- TCP LifeSystems are committed to ensuring their software is able to cater for the different ways that manufacturers and distributors want to do business – plus, through its understanding of the market, TCP LifeSystems is able to bring innovative thinking and practical solutions.

## **Methodology**

**Omnibus sampling method:** Telephone. The survey was carried out by ICM Research on 26<sup>th</sup> and 27<sup>th</sup> September 2007.

**Population effectively sampled:** All adults 18+. Sample size: 1002 adults.

**Sampling method:** Within each government region a random sample of telephone numbers was drawn from the entire BT database of telephone numbers.

**Data weighting:** Data was weighted to the UK profile of all adults 18+.

TCP would like to thank ICM Research for its help in compiling the data for this survey.

## **Question 1**

### **Do you have a life policy?**

Overall 55% had life assurance (58% male, 52% female). Unsurprisingly, only 24% of the 18-24 age group had a policy whilst 72% of the 45-54 group had some form of cover.

The highest figure regionally was Scotland where 72% of people surveyed had cover. This dropped (surprisingly) to the lowest figure of 52% in the South-East and Wales and the South-West. In terms of socio-economic groups, 50% of groups D and E had cover, compared to 66% of A and Bs.

### **TCP opinion**

Whilst these figures show significant penetration in most groups, our research supports the findings of Swiss Re and others that there is still a significant protection gap in the UK. Clearly our research doesn't attempt to assess the adequacy of cover where respondents had some cover - but it does show that in most groups 25% to 50% of people have no cover at all.

## Question 2

### Thinking about when you bought your life assurance which of the following words describes the process?

- Easy - 85% overall. No group found it noticeably more difficult. 87% of the 65+ group described it as “easy”.
- Quick - 74% overall. Only 56% of 18-24 year-olds found it quick compared to 83% of 25-34 year-olds. Figures in all areas and age groups suggested that at least 70% in every category thought it quick.
- Intrusive - 16% overall. Again 32% of 18-24 year-olds agree it was intrusive whilst only 10% of 55-64 year-olds thought it was intrusive.
- Complicated - 8% overall. 1% of those aged 65+ thought the process was complicated. This figure rose to 22% among 18-24 year-olds.
- Difficult - 5% overall. 22% of the youngest category (aged 18-24) felt it was difficult yet nobody over age 65 found this to be so. In general, very few people seemed to find the process “difficult”.
- None of those - 2% overall.

## TCP opinion

Some of these views are at odds with findings that we have seen in other research and certainly with the views of leading advisers. Nevertheless, there are heartening signs that the overall process may not be too intimidating for our clients.

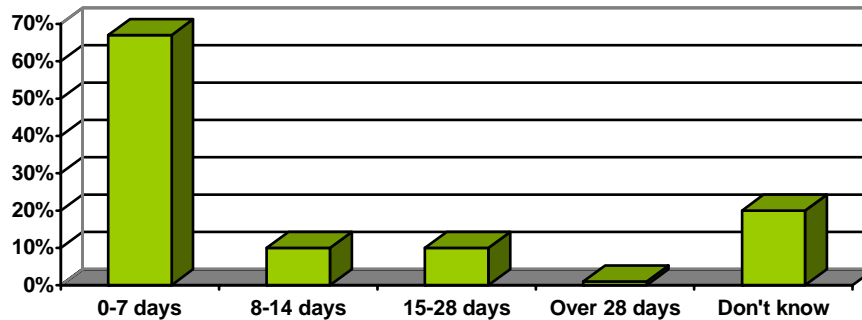
It is particularly noteworthy that among the group aged 55-64, who are perhaps most likely to have been underwritten when they bought their cover, only 10% found the process intrusive.

As designers of processes and procedures we should think carefully about the expectations that the next generation of life insurance purchasers will have. There is perhaps, a hint in our research that younger people have different views compared with their elders as to what is ‘quick’. These people will have grown up with instant gratification for most things they buy and in our research only 56% of 18-24 year olds were able to describe their experience in buying cover as ‘quick’ compared with an overall result of 74%.

### Question 3

#### How many days did it take you to arrange your life assurance policy?

The results overall were:



Overall 67% say that cover was arranged in 7 days or less and even more astonishing is the finding that 85% of 18-24 year-olds arranged cover in less than 7 days. Women at 59% for a 0-7 day completion, languish behind men (76%) when it comes to getting cover in less than seven days.

#### TCP opinion

We are surprised by these findings since they seem to be at odds with conventional wisdom in the industry. It could be that most of the policies taken out are for quite small amounts or they have actually bought cover like Payment Protection Insurance which can, of course, be arranged very swiftly.

#### **Question 4**

##### **Are you happy to give medical details to the person advising you if this speeds up the process?**

There was an interesting reaction here as 81% overall signified their consent to this practice. This was higher among women at 83% overall, and 87% among women aged 25-34 and 86% among women aged 55-64.

It would have been reasonable to expect all of these groups to have had reservations about advisers becoming involved in the underwriting process but this does not appear to a large extent to be the case.

#### **TCP opinion**

This suggests that advisers collecting medical information is not a deterrent for consumers – in fact, in most groups it's the customers' preference.

We have believed for some time that one of the ways to improve and accelerate the underwriting process is for the adviser to keep control of the application at all stages of the process. This means the adviser can interact much more effectively with the client to get more information and sort out problems at the point of sale. With supporting systems to facilitate this it would be a positive move and would very much improve the customer experience.

## **Question 5**

**To what extent do you agree or disagree with the following statement?  
“Delays in getting life assurance e.g. through underwriting, reduces the likelihood of people buying it”.**

Overall 44% of people agreed with this statement, 23% disagreed. Those most likely to agree were 18-24 year-olds, where 56% agreed and only 13% disagreed. Those in Wales and South-West were most likely to disagree (31% disagree compared to 37% agreeing).

### **TCP opinion**

Almost half of people surveyed believe underwriting delays could prejudice a policy being written if there is a slowdown in the process. While there does not appear to be a feeling that this is the case, the reaction of respondents suggests that the life industry needs to streamline its underwriting process to ensure that completion is not put at risk.

## Question 6

### **Which of the following best describes how you would prefer your application for life assurance to be assessed?**

In this sample, around 56% of people had life cover. Of this group the answers were as follows:

An interview with your adviser. Overall, 38% preferred this option, with 41% of women indicating this was their preferred method of assessment. As many as 44% of 35-44 year olds liked this approach best.

An interview with the life company. Overall 22% preferred this method. There was a slightly higher preference for this approach among those aged 65+ (27%).

The life company seeking the opinion of your doctor. While 27% of people were happy to involve their doctor this figure soared to 46% for the 18-24 age group. Only 19% of those aged 65+ liked this method.

None of these/don't know amounted to 13%.

### **TCP opinion**

The responses were relatively evenly split suggesting that there is no single preferred method for consumers in how their application for life cover is assessed. The proportion willing to trust their adviser suggests that it is realistic to think of involving advisers much more actively in the underwriting process.

In industry research which we did last year it is clear that many distributors like to retain control of the application process in order to deliver a good service to their customers and reduce the amount of time they spend chasing life offices. We think this is a very positive situation and believe that with the right systems support and automated underwriting procedures, advisers are well placed in the value chain to manage the application process and hence diminish delays and underwriting difficulties. We believe this will lead to a revolution in underwriting and a better – quicker – and more efficient process will emerge for customers, distributors and manufacturers.

30<sup>th</sup> November 2007