



FINANCE & TECHNOLOGY RESEARCH CENTRE

Adviser Forum

Protection Forum

Executive Summary

Meeting held on 16th June 2011 at

The Chartered Institute of Arbitrators (CI Arb), 12 Bloomsbury Square, London, WC1A 2LP

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Competition Act reminder

- The role of this Forum is to facilitate business efficiencies in the personal finance sector for the benefit of Distributors, Product Providers and most importantly Consumers.
- All present are reminded of the requirements of the Competition Act and members' attention is drawn to the guidelines, which are available.
- In essence, all Members shall refrain from any conduct or participation in any activities which could lead to a restriction of competition between the Members or any third party who is a competitor of a Member or Product Provider or which could in any other way lead to an infringement of UK and/or EC rules on competition law.
- Output of the meeting must be complete, we will pause before each new section to agree and summarise the issues covered.
- Role of the chairman is to steer the group clear of conversations that may impinge on The Act.
- If the chairman fails to do this, delegates should point this out in the meeting and if the situation does not change should leave the meeting.

Agenda

- This pack contains the slides presented at the **Protection Forum** meeting held on **16th June 2011**.
- Slides with **purple banner** represent the meeting presentation; slides with **gold banner** represent additional views and conclusions from the meeting. Members' comments, additional text and actions are shown in **purple text**.

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Attendees & apologies

Distributors

LifeSearch		Sesame Bankhall
Master Adviser		Pro-active

Product Providers, Re-Insurers and System Suppliers

AEGON		LV=
Aviva		Pru Protect
Ageas Protect		LV=
Exeter Friendly		Zurich

FTRC

Ian McKenna, Kevin Carr, Antonia Blake, Helen Clark & Nigel Ogram

Apologies

True Potential	London & Country	Simplybiz
SPF	Heath Lambert	Direct Life & Pensions
Royal Bank of Scotland	Friends Life	GenRe

Executive summary

<p>Business retention</p>	<ul style="list-style-type: none"> • A number of providers are making changes and state that the Forum output is a useful driver. • Distributors felt that they have yet to see significant evidence of change. • The meeting recognised the benefits of periodically reviewing progress of business retention practices. F&TRC agreed to re-visit the issue on a regular (6 monthly) basis and to create a quantifiable metric to measure provider's adherence and attribute a score. 	<p>Slides 13 - 15</p>
<p>Policy reinstatement</p>	<ul style="list-style-type: none"> • Distributors confirmed that the disparity of provider approaches was creating a substantial training burden to ensure staff and advisers understood each provider's methods, although they accepted that there will be disparities as providers try to differentiate themselves. • Distributors commented that an overly-complicated reinstatement process could lead to a new application (not necessarily with the same provider), rather than an attempt to re-instate – a simpler process would therefore be beneficial to all parties. <ul style="list-style-type: none"> • Additional drivers for advisers choosing to re-broke is that rates are becoming more closely aligned and that the emergence of comparison websites seems to be driving a willingness amongst consumers to abandon brand loyalty and chase reduced premiums or better service. • A distributor asked whether the survey results could be circulated to advisers. F&TRC agreed to look at how the information could be distributed, ranging from F&TRC secure-hosted, through to providing collateral for distributors' own extranets. • Agreement to pursue to the natural conclusion of a Good Practice statement. 	<p>Slides 16 -27</p>

Executive summary

<p>ECJ ruling</p>	<ul style="list-style-type: none"> • There is a common acceptance that the ECJ ruling is here to stay and may eventually be appended by disability discrimination legislation. However, it is not expected that there will be any restrictions on the use of age as an underwriting factor. • Providers said that they expect to be able to maintain approximately the current degree of accuracy of online quotations once the ECJ ruling came into force, despite the inability to quote based on gender. • Underwriting processes will evolve to enable more accurate questioning to bridge the gap left by the removal of gender-specific underwriting. 	<p>Slides 28 -31</p>
<p>Signature collection Processes</p>	<ul style="list-style-type: none"> • A number of providers stated that if this group proposed a good practice guideline, it would form a compelling case for adoption. Providers also observed that some practices were heavily embedded into other business areas and may be more difficult to change. • Some agreement was reached on base issues, such as the length of time providers should wait to chase for a signature (when required) • There were some slight differences in distributor's individual preferences, (for example, some said they only wanted to be alerted when a signature had been received, other said they only needed to know when it <u>hadn't</u> been received). It was agreed that it would not be realistic for providers to match all distributor's individual requirements, but that a rationalisation would clearly be beneficial. 	<p>Slides 32-35</p>

Executive summary

Tele Interviewing	<ul style="list-style-type: none"> • The tele-interviewing survey has been issued to providers for completion and responses are now being collated. • Some distributors suggested that the question set could be further refined, this has been progressed since the meeting. 	Slides 36 - 38
Protection business remuneration	<ul style="list-style-type: none"> • It is clear from F&TRC survey results that true flexibility (i.e. a custom commission shape) is unlikely to happen for a while, and that distributors may have to accept a 'halfway-house' approach of a menu system, such as 25%/50%/75%/100% commission. Although, providers stated that even this represents a significant cost for them to deliver. Similarly, moving to non-indemnity carries costs for providers and distributors in the form of increased administration activity. • Significant changes to protection remuneration would put pressure on provider commission systems that are already substantially revised to meet the needs of adviser charging. It was questioned whether it was practical to address these issues at this time, conversely there is an argument for reviewing remuneration shapes on all products at the same time. 	Slides 39 - 43
Protection Forum Conference	<ul style="list-style-type: none"> • Delegates re-iterated positive reasons for a Protection Forum conference, with several constructive ideas for content and structure. • Post meeting: F&TRC are exploring in more detail the possibility of an event in January 2012 under the title Protection Innovation Forum. 	Slides 44-45

Objectives

Objectives

- | | |
|---|---|
| • Policy Re-instatement – Review current practices diagram and key points for the Good Practice guide | ✓ |
| • EU gender ruling – agree next steps following the feedback from providers | ✓ |
| • Signature collection process – review draft Good Practice Guide | ✓ |
| • Benchmarking business retention – confirm that this report meets the quarterly requirements | ✓ |
| • Remuneration for protection business – Is there an appetite to take this forward? | ✓ |

Actions

Date of meeting	No.	Task	Resource name	Deadline	Status
02/12/10	86	F&TRC to conduct a current state assessment of product Provider adherence to good practice guide on business retention and to bring back findings to March 2011 Protection Forum meeting.	F&TRC Helen	18/02/11	Completed Please see slides in the presentation
10/03/11	P20	Legal & General to provide a high level summary of issues they encounter with BACS.	Legal & General	1 st April	Received and completed
10/03/11	P21	Ian McKenna to contact Paul Smee at BACS to discuss the issues raised by Providers regarding receiving direct debit mandate instructions from Advisers on behalf of Clients,	F&TRC Ian	13 th May	Complete Feedback to be discussed at meeting on 16 th June
10/03/11	P22	Insurers payment period practices F&TRC to contact Insurers to ascertain their practice around payment periods, what time periods are allowed and if cover is in force whilst the plan is in place. Information will be collated and shared with the Distributors	F&TRC	22 nd Sept	Feedback on payment plan periods received from 2 companies as at the meeting date.
10/03/11	P23 Link P22	Policy Re-instatement good practice guide F&TRC to use the feedback created by Advisers and the meeting to create a first draft of a good practice document on the subject of policy re-instatement for firms to review and comment upon prior to the next Protection Forum meeting. This should include a mapping of current processes as well as suggested good practices to streamline existing practices (the latter will also include the treatment of commission claw backs).	F&TRC Helen	22 nd Sept	Good practice document draft underway – some outstanding issues to discuss at the next Forum meeting to agree for this paper.
10/03/11	P24	Product Providers and Re-Insurers to each provide an update on the ECJ Ruling and the key issues they believe need to be discussed with the Distributor community at the next meeting. That will be held under The Chatham House Rule.	Product Providers and Re-Insurers	16 th June	To be revisited this meeting Complete

Actions

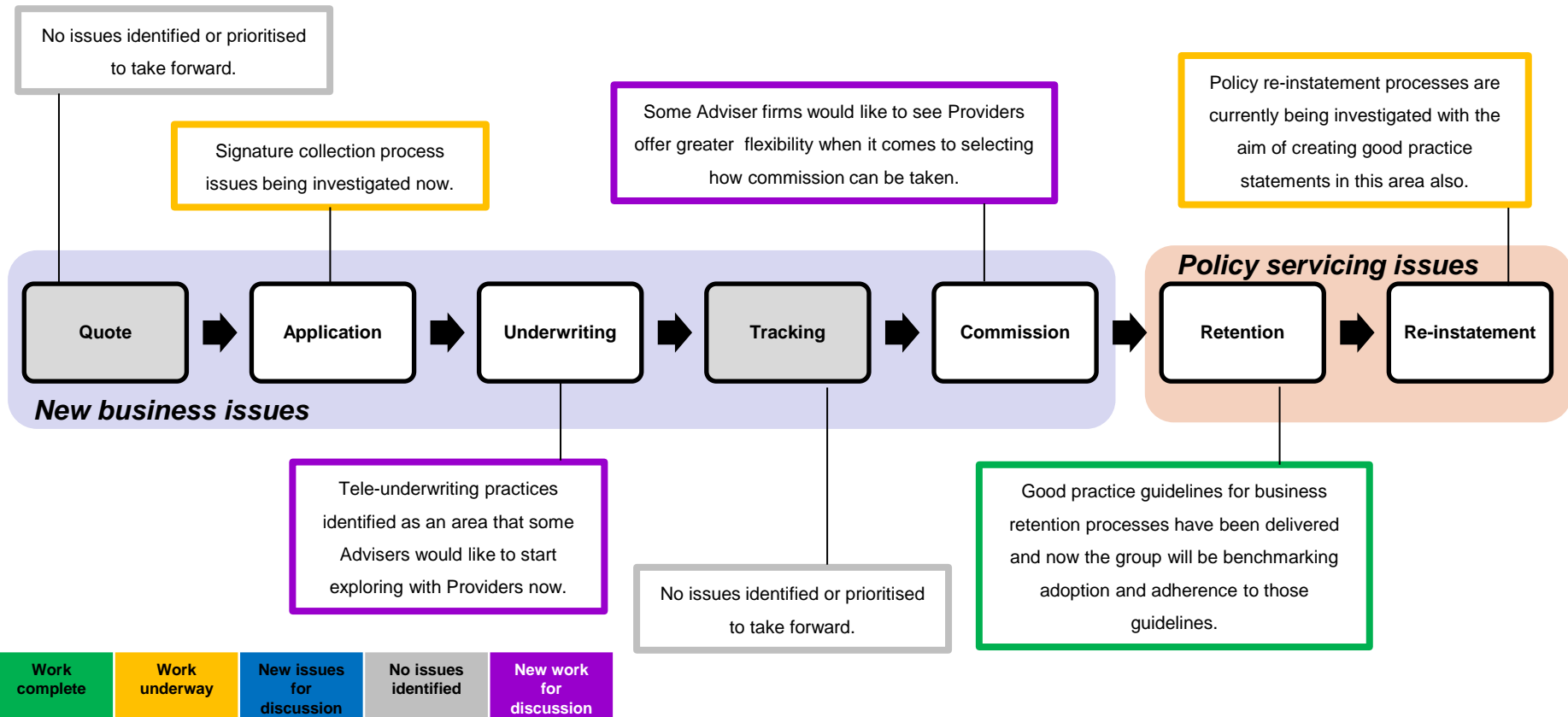
Date of meeting	No.	Task	Resource name	Deadline	Status
10/03/11	P25	Signature mapping F&TRC to further develop the signature mapping document and distribute a revised copy to all parties following the meeting.	F&TRC	1 st April	Completed However, further action being considered
10/03/11	P26	F&TRC to work with Distributors to identify a good practice model for the collection of signatures relating to new business applications, revised terms and AMRA.	F&TRC Nigel	20 th May	Completed
10/03/11	P27	Set up a brief teleconference call to understand what improvements Lifesearch, Master Adviser, DLP and London & Country would like to see to the tele-interviewing process.	F&TRC Nigel	6 th May	Completed
10/03/11	P28	Undertake a current state assessment of Provider approaches to tele-interviewing today. This would seek to understand how Providers deal with situations such as: How do you deal with customers who are not there? How many times do you recall the Client? How many phone numbers do you use? Do you offer the option of daytime and evening calls? How do you deal with volume of calls? What are all the different bits of information you need to capture?	F&TRC Nigel	22 nd Sept	Question set devised and issued to providers- awaiting responses
10/03/11	P29	F&TRC to conduct a current state assessment of how Providers currently support commission flexibility and to bring this information back to the next meeting to support further discussion on the topic.	F&TRC	10 th June	Completed
10/03/11	P30	Protection Innovation Forum F&TRC to investigate resourcing and hosting a Protection Forum Conference and what additional costs that might incur and how that might be funded.	F&TRC Toni	22 nd Sept	Progressing

New actions

Date of meeting	No.	Task	Resource name	Deadline	Comments
16/06/11	P52 link P53 P22	F&TRC to add cases cancelled to the Measurement of Adherence to Business Retention Good Practice document. F&TRC to add a fourth column to the column chart on page 3 of the Action 086 Measuring Business retention Good Practice document, in respect of cases cancelled from outset.	F&TRC Helen	22 nd Sept	This ties in with Action P22
16/06/11	P53	Distribution of Business Retention Survey findings F&TRC to consider methods of distribution of business retention survey findings.	F&TRC Nigel	22 nd Sept	
16/06/11	P54	Dr Paul Jenkins There was some interest in inviting Dr Paul Jenkins to present at a future forum event.	F&TRC Ian	TBA	
16/06/11	P55	Providers signature collection good practice straw man F&TRC to produce a straw man of what Good Practice looks like for a provider's signature collection process.	F&TRC Nigel	22 Sept	
16/06/11	P56	Consider Providers application tracking good practice guidelines F&TRC to consider looking at providers' application tracking capabilities, with a view to developing Good Practice guidelines.	F&TRC Ian	22 Sept	
16/06/11	P57	Consider Protection Product remuneration in DE F&TRC to add the question of protection product remuneration to the Distribution Evolution study, to canvas distributors on their evolving requirements, to include a survey of which companies distributors intent to deal and whether distributors see protection remuneration in the future as a more stable source.	F&TRC Nigel	22 nd Sept	Complete. Carried across to DE, no further action required by Adviser Forum
16/06/11	P58	Are Providers planning a commission re-structuring for protection products? F&TRC to canvas providers to see whether any have plans to restructure their commission system for protection products.	F&TRC Nigel	22 nd Sept	

Protection Forum – progress to date

- Since March 2010, Protection Forum has been working to address operational issues identified by the Advisers firms that engage in this group.
- Below shows the progress that has been made and the 4 key areas now being addressed:



AOB & 2011 dates

Protection Forum meeting dates for 2011 (in Blue):

- September 22nd
- December 8th

AdviserForum Meeting Calendar 2011

Key	Meeting type	Who attends
	Investment Forum	Adviser Firms, Product Providers, Fund Mgt. Groups
	Workplace Forum	Adviser Firms, EBC's, Benefit Portals and Employee Benefit Providers
	Protection Forum	Distributors, Product Providers, Re-insurers
	E-Services Forum	Technology vendors, Product Providers, Platforms

2011

January 11

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February 11

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March 11

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April 11

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May 11

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June 11

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July 11

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August 11

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September 11

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October 11

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November 11

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December 11

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