



FINANCE & TECHNOLOGY RESEARCH CENTRE

Adviser Forum

Protection Forum

Executive Summary



**Meeting held on 30 September 2010 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 meeting held on 30th September 2010.
- Slides with  represent the meeting presentation; slides with  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

Direct Life

London & Country

Master Adviser

Product Providers

AEGON

Fortis Life

Scottish Widows

Aviva

Friends Provident

Swiss Re

AXA

Legal and General

Zurich

Exeter Friendly

LV=

Vertex

Royal London Group

F&TRC

Poppy Achilles, Ian McKenna , Kevin Carr & Helen Clark

APOLOGIES

Royal Bank of Scotland

Simply Biz

BUPA Individual Protection

PruProtect

Sesame Bankhall Group

Lifesearch

National Australia Bank

Proactive Insurance

Positive Solutions

Executive summary

<p><i>Business retention processes: achieving good market practice</i></p>	<ul style="list-style-type: none"> • Draft good practices developed by the distributor groups have been positively welcomed by the provider community. • Meeting confirmed the aim of this work is to reduce the amount of business lapsing in the early years of a policy. • F&TRC will revise the current draft good practice statement following robust feedback received at meeting (main document for details) and issue to group and wider group of firms for feedback prior to the next Protection Forum meeting. 	<p><i>Slides</i></p> <p><i>10 - 21</i></p>
<p><i>Harmonising signature collection processes:</i></p>	<ul style="list-style-type: none"> • Signature collection processes has been identified by distributors as being a non-competitive issue. • The focus is around capturing signature <u>after application is submitted.</u> Work undertaken so far has identified advisers having to follow as many as fifteen different ways of working. • Group has extended the scope of the project to also look at how signature for AMRA (access to medical reports) and cases that are subject to revised terms as processes also vary here. 	<p><i>Slides</i></p> <p><i>22 - 28</i></p>

Executive summary

<p><i>Policy re-instatement processes</i></p>	<ul style="list-style-type: none"> • Main frustration for distributors appears to be around understanding what providers need to get the policy re-instated where client wants to retain cover with the existing provider. • One distributor has tried to document different provider approaches to assist their staff understand what actions they need to take when re-instating with different providers though even getting this information has proved difficult. • To assist firms identify processes that could be suitable for harmonisation it was agreed F&TRC would conduct a current statement assessment of provider processes concerning their policy re-instatement. 	<p><i>Slides</i></p> <p><i>29 - 31</i></p>
<p><i>New application tracking</i></p>	<ul style="list-style-type: none"> • One distributor stated that they are looking at how they can implement tracking services that allow their customers to view the progress of their cases online i.e. Via mobile application devices such as the i-Phone in response to pressures on their call centre where apparently 60% of in bound calls are from customers wanting to understand the status of their application. • Tracking services have been built but never deployed though this will change as distributors start to look at restricted advice partners. It is understood that providers seeking a place on such panels will need to have tracking in place or will fail to secure their place. • Meeting concluded this was considered a competitive area so would remain outside of the scope of Protection Forum for now. 	<p><i>Slide 32</i></p>

Objectives

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- Review feedback from providers on draft good practice guidelines concerning business retention systems and address concerns/questions. Plus, agree timeline for signing off good practice guide and process for measuring provider adoption.

Next steps and actions have been identified and agreed.

- Establish with providers feasibility to introducing greater harmonisation to signature processes and what that would entail.

Information not gathered at meeting but will be collected offline

- Discuss issue concerning policy re-instatement processes and agree set of next steps with firms.

Next steps and actions have been identified and agreed.

Actions

Date of meeting	No.	Task	Resource name	Deadline	Comments
24-Jun-10	037	Distributors to contact Mike Pritchard @ L&G and request MI demonstrating how many policies have been successfully retained as a result of the L&G business retention process. Distributors are invited to share this information with F&TRC.	F&TRC	10-Sep-10	
24-Jun-10	038	F&TRC will present back analysis revealing the levels of business the distributor firms are saving as a result of L&G's business retention process and will demonstrate to the different distributors how their results compare across their peer group.	F&TRC	10-Sep-10	See comments below.
24-Jun-10	039	F&TRC to arrange a call with distributors to define key attributes of a business retention process that uses email and extranet to alert their firms of policies at risk of lapsing.	Distributors and F&TRC	17-Sep-10	Complete
24-Jun-10	040	F&TRC to canvas reinsurers on what approaches they would be prepared to support when it comes to re-instating policies that have lapsed.	F&TRC and Re-insurers	10-Sep-10	F&TRC have held conversations with a number of providers and re-insurers and the outcome of those discussions will be discussed later today.
24-Jun-10	041	F&TRC to contact Providers separately to confirm if they would allow F&TRC to pass on information relating to their individual business retention processes to the distributors present at the meeting.	F&TRC	02-Jul-10	Complete. Information from a number of providers has been passed to distributors.
24-Jun-10	042	F&TRC to contact distributors and providers to ask for MI on percentage of new protection business that is written on a multi-benefit basis.	F&TRC	17-Sep-10	Distributors will be asked if they can make this information available to F&TRC by 08/10. Information will be aggregated and presented to portals at e-Services Forum on 20/10 to support the case that portals should develop more capability to support these products.
24-Jun-10	043	F&TRC to hold conference call with distributors to look at the three areas highlighted by F&TRC where consistency might be achieved across signature processes and to identify what the preferred approach would be in each of these areas.	Distributors and F&TRC	10-Sep-10	Complete
24-Jun-10	044	F&TRC to send reinsurers notes from distributor call on harmonising signature processes for review and comment	F&TRC and Re-insurers	10-Sep-10	Information sent to all providers for review and comment.
24-Jun-10	045	RGA Re to send over details of the Law commission proposals to F&TRC who will then distribute findings to wider Group	RGA Re	11-Jun-10	Information distributed to firms who attended meeting.
24-Jun-10	046	F&TRC to ask providers what percentage of cases actually come back with a material change and, what percentage of cases are actually lapsed because the declaration does not come back with a signature.	F&TRC	10-Sep-10	F&TRC have asked some providers for this information and will share findings at the meeting.

Feedback to action 038:

Comments made that the level of information some distributors have received from Legal & General concerning lapse rates was helpful and was more than other providers were yet capable of delivering. However, the MI was not able to help distributors identify the scale of commissions saved as a result of the business retention systems implemented by Legal & General. During the June meeting it was felt having this information could help distributors demonstrate to other providers a business case for improving their business retention systems. F&TRC have agreed to confirm with Legal& General the level of information they are capable to making available to the distributors as there is still a need to demonstrate scale of savings to advisers and specifically providers to aid business cases.

New actions

Date of meeting	No.	Task	Resource name	Deadline
30/09/10	61	F&TRC to host a conference call with Kevin Carr, London & County, Friends Provident and LV= to develop statements that demonstrate consumer benefit of developing business retention processes.	F&TRC, Friends Provident, London & County, LV=	05/11/10
30/09/10	62	F&TRC to check what persistency reporting data FSA ask for.	F&TRC	05/11/10
30/09/10	63	F&TRC to confirm which of the data items highlighted on page 17 fall under the data protection act.	F&TRC	05/11/10
30/09/10	64	F&TRC to revise current draft good practice statement on business retention practices and issue to group for feedback prior to the next Protection Forum meeting.	F&TRC	12/11/10
30/09/10	65	F&TRC to conduct current statement of provider business retention process as they operate today. Data will be used to compare how market practices have moved on early Q2 2011.	F&TRC	26/11/10
30/09/10	66	F&TRC to map differing provider processes onto a single page so providers can use the information to demonstrate to their businesses the operational overheads such practices are creating for their key distributor clients.	F&TRC	26/11/10
30/09/10	67	F&TRC will use the information supplied by London & Country to develop a series of questions that will be sent to providers to document their policy re-instatement processes.	F&TRC	26/11/10

AOB & 2011 dates

Protection Forum meeting date for 2010:

- 2nd December – final meeting for 2010

Protection Forum meeting dates for 2011:

- March 10th
- June 16th
- September 22nd
- 8th December

Adviser Forum Meeting Calendar 2011

Key	Meeting type	Who attends
	Investment Forum	Adviser Firms, Product Providers, Fund Mgt. Groups
	Corporate Forum	Adviser Firms, Product Providers, 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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November 11						
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December 11						
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