



FINANCE & TECHNOLOGY RESEARCH CENTRE

Adviser Forum

Protection Forum

Executive Summary



**Meeting held on 11th March 2010 at
Royal Institute of British Architects, 66 Portland Place, London, W1B 1AD**

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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 11th March 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

Attendees	
Fortis Life	Legal and General
BUPA Individual Protection	Lifesearch
LV=	Your Sure
Munich	Proactive Insurance
Munich	Aegon
Zurich	Zurich
Royal London Group	Exeter Friendly
Swiss Re	Pru Protect
SCOR	Sesame
Direct Life	Master Adviser
Royal Bank of Scotland	
FTRC	
Poppy Morgan, Ian McKenna, Kevin Carr & Jess Prasannan	

APOLOGIES		
Friends Provident	Click	AXA Sunlife

Executive summary

<p><i>Business retention system – making a case for improvements</i></p>	<ul style="list-style-type: none">• Distributors believe the businesses reasons for addressing this issue are strong enough e.g.:<ul style="list-style-type: none">• Risk of consumers losing cover reduced.• Profitability for Distributors and Product Providers could be improved.• Distributors want to see Product Providers develop more robust early warning systems that are capable of notifying them in real time of any changes to contracts i.e. Missed premiums.• Example of firms already communicating 100% electronically were cited at the meeting.• A 'Fast Track Group' has been set up in order to identify solutions/good practices to improve this issue.
<p><i>Reducing Paper Handling and increasing electronic communications</i></p>	<ul style="list-style-type: none">• Distributors confirmed that the volume of paper communications received from Product Providers is counter productive.• Some Product Providers have developed the capability to communicate with Distributors electronically e.g. Fortis. Other Product Providers stated that their ability to send greater electronic communications e.g email were impeded by concerns over information security.• Examples of good practices being adopted by other FS firms e.g. Sagicor Underwriting Ltd were cited as a firm who operate an electronic communications process. It was felt lessons could be learnt from such organisations.• To address this issue it was agreed that it would be sensible to tackle it in stages and only look at the types of communications that were causing the greatest issue for Distributors.

Executive summary

<p>Information Security</p>	<ul style="list-style-type: none"> • Identity fraud has been prioritised as a key area for the FSA, the view being that personal data is as valuable as cash therefore should be afforded the same protection. • Email is widely used by Distributor and Product Providers alike for business communications. FSA expect email communications containing client data to be secure. • Product Providers are to be asked to clarify their plans for secure communications with Distributors, F&TRC will aggregate this and transmit to the Distributors.
<p>Achieving greater consistency across signature collection process</p>	<ul style="list-style-type: none"> • Distributors have stated that processes to collect signatures <u>should not</u> be considered a non-competitive area. • The view of the Financial Ombudsman Service is that where an application is being submitted via an intermediary a signature is always required. • As a result Distributors must understand from Product Providers if and when client signatures have been captured. This is not easy given the multiple processes that Providers seem to operate. • The view of Reinsurers at the meeting was that lots of things affect the pricing of reinsurance treaties with Providers, though process was felt to be a very small part of it. • Whilst the meeting acknowledged that it will not be possible to achieve a single "signature deferred" or "signature free" process F&TRC have agreed to put together a couple of straw man models for each process in order to achieve more consistency
<p>Flexible remuneration options & STP Model in the Protection market</p>	<ul style="list-style-type: none"> • Both these areas were cited as important ones, though it was agreed that discussions would be put back until the priority issues identified above have been addressed.

Objectives

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| • Identify a small group of interested Distributors who are prepared to work offline to identify what a good “early warning system” looks like so as to improve business retention levels. | ✓ |
| • Establish at the meeting whether any Product Providers are already communicating with Distributors using electronic means and how such processes work. | ✓ |
| • Obtain commitment from Product Providers to forward details/plans of any secure communication solutions they plan to implement for email when interacting with Distributors. | ✓ |

New actions

Date of meeting	No.	Project	Task	Resource name	Deadline	Comments
11th March 2010	16	Business Retention Systems	F&TRC to document what distributors need from Product Providers to improve current practices concerning business retention, this would need to include the following factors: triggers, timeliness, , information requirements and communication mthods.	Sesame Bankhall Group and Lifesearch	10th June	F&TRC are proposing the following dates and times to host a teleconference call with Sesame Bannkhal Group & Lifesearch to take this forward: Weds 14 April @ 10am-11am Weds 21 April @ 10-11am Distributors are asked to confirm which dates they could make to F&TRC.
11th March 2010	17	Business Retention Systems	F&TRC to document the different approaches being taken by Product Providers to notify Distributor when policies are at risk of lapsing. This should also include documenting Product Providers approaches to re-instating policies as well as current practices in the event of a reduction in sum assured other than within pure multi benefit contract.	F&TRC	10th June	This information will be gathered and collated over the course of April and May and replayed to all parties at the next Protection Forum scheduled for 10th June.
11th March 2010	18	Reducing Paper Handling	F&TRC will create a list of the different communications distributors are likley to receive from Product Providers for new business, servicing and claims.	F&TRC	10th June	
11th March 2010	19	Reducing Paper Handling	Distributors to review F&TRC list of different communication they are likely to receive from product providers and identify those that would most benefit from automation	Distributors	10th June	To be completed after task 18
11th March 2010	20	Information Security	F&TRC to contact Product Providers who were at the meeting on a one to one basis to establish what processes they have or plan to put in place to secure email communications with their distribution partners.	F&TRC	10th June	This information will be replated to all parties at the next protection forum
11th March 2010	21	Wet Signature Process	Whilst the meeting acknowledged that it will not be possible to achieve a single 'signature deferred' or 'signature free' process F&TRC have agreed to put together a couple of straw models for each process in order to achieve more consistency.	F&TRC	10th June	This information will be replayed to all parties at the next protection forum.
11th March 2010	22	ABI 'Total Permanet Disability guidance	F&TRC to liaise with Munich RE prior to next forum to obtain feedback on this issue	F&TRC	10th June	

2010 dates

Protection Forum meeting dates

- 10th June
- 30th September
- 2nd December

Adviser Forum Meeting Calendar 2010

Key	Meeting Type	Who attends
	Investment Forum	Adviser Firms, Product Providers, Platforms, Fund Management Groups
	Corporate Forum	Adviser Firms, Product Providers, Employee/Flexible Benefits Providers
	Protection Forum	Advisers and Product Providers
	E-services Forum	Technology vendors, Product Providers, Platforms

2010

January 10

M	T	W	T	F	S	S
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4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

February 10

M	T	W	T	F	S	S
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March 10

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April 10

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May 10

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June 10

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July 10

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August 10

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September 10

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October 10

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November 10

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December 10

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