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### **Is life assurance 'going what it says on the tin'?**

'Doing what it says on the tin', to coin a well-worn phrase, has become just that – a well worn phrase. I am sure that we have all used well-worn phrases without always considering the full context though.

At a recent Paradigm event I had cause to consider just that, as well as give some thought to the presentation being given by a well known Life Assurer who was quite rightly proudly presenting their claims statistics for 2017. The statistics being presented were similar to others I have seen already this year, and all go to help dispel the myths that insurers do not want to pay claims.

All of the statistics were in the mid- to high-nineties in terms of percentages and there were clear examples given on non- disclosure where certain claims were not paid. We were also given examples where claims could have been refuted but not done so – a cause for real positivity in our market place.

The trigger for my thought process however was that almost a third of claims for this particular insurer were made under the headline of terminal illness. It would be impossible to look at each particular circumstance and review what proceeds of the life policy were spent prior to the claimant's death, but it was probably the case that the policy was taken out to leave the family of the deceased enough funds to pay off debts of whatever type. Plus to provide the immediate family with funds to continue living in the way to which they were accustomed prior to the death of the policyholder and to help pay funeral costs

When considering the amount of sum assured to be discussed with clients, should a broker be using these more up-to-date statistics to help calculate what actual level to recommend? If, on the diagnosis of a terminal illness, claims are paid and in some cases used to try to combat the illness, is the policy doing what it was designed to do in the first place?

If, as in many cases, affordability is not a major issue with pure life cases, especially in the young and healthy, should a broker be considering the direct liabilities linked with the reason to take out a life product (a mortgage perhaps) or should a broader calculation model be used?

There is no proper 'Yes' or 'No' answer here, but it does give us food for thought when looking at how to calculate the correct sums' assured and to apply the correct compliance rationale to support the advice.

The point is that the job of a broker is an extremely difficult one in calculating what type of life product to recommend to clients but it should definitely not stop them

doing so and the thousands of recipients of Life/CI and Income Protection would no doubt second that.

The positive news is that according to the most recent Swiss Re Market Report almost two million new term assurance, whole life, critical illness (CI) and income protection policies were sold in 2017 (1,969,842) - an increase of 11.6% on the previous year. Critical illness saw an overall increase of 21.1% (91,883 policies written) - the highest level of growth for CI since 2012 - there was also 2.8% growth for income protection (3,270 policies) and 2% for whole of life (9,041 policies).

According to iPipeline data and described as 'extremely healthy' by the report, there was an uplift of 13.1% for new term assurance sales between 2016 to 2017 - the highest level of growth for term assurance since 2010 - thanks in part to faster underwriting capabilities via technology services.

Paradigm Protect members who have free access to the highly rated iPipeline Solution Builder Product have seen similar double-digit increases in sales volumes. For new individual term sales, by volume, there was significant growth (26.8%) for level term assurance with CI (255,564 policies in total), which according to Swiss Re's technical manager Ron Wheatcroft represents potential as a "new market".

Further good news saw the release of the new Guardian proposition being released to the market later this year - it is positive to see the simplicity of definitions being applied to critical illness conditions of the new Guardian policies – details of the plans and definitions can be found on the Paradigm Protect website and it is good to see they are already receiving plaudits for their simplicity and will hopefully help to grow the market even further in 2018.

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