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## **Is product design leading the way to help bridge the protection gap?**

Most of us within the protection industry, whether we are in the manufacturing or distribution camp, cannot go a few days without hearing about the 'protection gap'. The numbers in relation to that 'gap' are astronomical and in reality can barely be imagined by most and that's after many attempts have been made, over long periods of time, to try and reduce those 'gaps' that both families and businesses have.

The 'Seven Families' campaign last year, supported by a number of providers and distributors, was one such effort and hopefully it did raise some awareness in putting at least a small dent in a huge problem.

Some believe at the heart of the problem is the process that has to be fulfilled in order to sell protection. While we all know underwriting is a key part of that process many providers have been previously challenged to deliver more simple products to suit certain markets. The theory being that, if the process was simpler, brokers would be more willing to adopt them when discussing linked product sales such as a mortgages, without taking an inordinate amount of time when doing so.

In the dim and distant past when endowment mortgages were in vogue, life cover was integrated into the process usually via a simple three- or four-question set as long as certain basic rules were followed.

So are we soon to return to these days? Is the selling of life assurance to become easier in certain circumstances? If so, will the 'protection gap' start to reduce for once? It appears this could be the case not through just one provider but a number who have been working to support intermediaries in the process.

For example, Royal London has been working with Mortgage Brain to design a more simple process – in essence 'streamlined underwriting' which is an integrated process with The Key, which allows brokers to incorporate the protection conversation and application into the mortgage factfind. This new process aims to make mortgage-related protection easier to sell and easier to buy.

As long as a broker has a core account on the Key, the process can become very simple indeed. In addition to the data input for the mortgage, the client is asked three lifestyle and three medical questions – if they can satisfactorily answer all of them, subject to limits, the client will be offered life cover at standard rating. If the questions cannot be answered satisfactorily – they will revert to the normal underwriting.

Guardian too have been looking for ways to simplify the underwriting process from a client perspective – effectively pre-underwriting clients for higher levels of cover than they apply for and for different levels of cover. This makes it easy to 'upgrade' the plan or to add other benefits at a later date with minimum fuss.

It will be interesting to see how many brokers will embrace this opportunity now the product is available on the open market, but I know from Paradigm's experience in the pilot period, the general concept was well received.

In addition to those two I am aware of other providers who are taking a serious look at their options in these areas to make life easier for the broker and the client, thereby encouraging new sales.

Of course the 'protection gap' also applies to General Insurance (GI) and some providers have been working to simplify processes here too, the Uinsure link with iPipeline's Solution Builder being a good example.

Clearly brokers need to consider a number of criteria when either offering life assurance to their clients as well as selecting the appropriate provider if they decide to do that, but as in many aspects of our daily lives the easier a process is made, the greater the likelihood of its success.

The success of new entrants such as Guardian and those who have been ahead of the curve in new developments should provide a springboard for others to work to significantly reduce the 'protection gap' and drive real positive customer outcomes. It is therefore to be hoped that the industry as a whole will carry on examining the protection sales journey in a careful and considered manner.

**Mike Allison is Head of Protection at Paradigm Mortgage Services**