

Are we search for the Holy Grail when it already exists?

How many times do we here the the phrase, “If only I had more clients I could...” It’s as relevant to financial services as any industry.

However with our busy lives sometimes we can be guilty of trying to find a new customer when there could be products on the market that suit the existing client base and which those customers do not have. I am not talking here about the seemingly obvious products – GI to go with mortgages, etc but of a bit of broader ‘out of the box’ thinking that will allow broker firms to write business for customer’s benefit that they wouldn’t normally get to offer to their clients.

We, at the Paradigm Protection Helpdesk, continue to get many enquiries from firms wanting to place business for clients who for whatever reason are deemed medically ‘impaired lives’. The range of impairments vary quite considerably from high BMI to diabetes, to customers who have suffered a ‘Critical Illness’ in the recent past. Some of the mainstream insurers will consider previous medical conditions on their merits and sometimes offer terms on individual policies – there sometimes is another way – even past some of the Lloyds underwriting firms we have connections with.

In 2016 we started to look at options for these clients including that of Group Risk. The perception in my mind at the time was that ‘Group’ business was for the Mercers and AON’s of this world and not for brokers dealing with small to medium SMEs. How wrong I was in my thinking and I was delighted with the pleasing attitude of providers such as UNUM who were keen to grow their business in this volume-heavy and potentially lucrative market.

We set about developing specific products to suit the market and now offer substantial ‘free cover’ for a minimum of two lives – effectively giving the clients the benefit of life cover with no medical underwriting as long as a scheme is established by the firm.

The actual business experience has been overwhelming and clearly while some clients - who may have found it difficult to get cover at normal terms or worse now have life assurance – there are huge numbers of individuals who are covered as part of a Group arrangement who would not have had the cover previously. Thus upholding the principles of the many paying in for the benefits of the few who may need to claim.

In a similar vein there are examples of illnesses that are non ‘life threatening’ or are controllable by medication that are still difficult to get life cover for but are common afflictions for many - Diabetes Type 2 being one such example. How refreshing it is therefore to see a mainstream income protectin insurer developing a policy for those with Type 2 Diabetes allowing them to place clients on immediate cover with no initial medical underwriting.

Even better they will reduce premiums for clients who are willing to control the illness through leading a more prudent lifestyle. The same insurer will also offer to cover clients with high BMI levels beyond the scope of the mainstream insurers, with the

same incentives to reduce premiums in line with the client becoming healthier via weight loss.

Establishing and developing products in new markets is not easy in financial services and providers who do just that are to be applauded for their innovation. Providing financial solutions to meet customer needs is what the life assurance industry is about and sometimes it is easy to forget those basic principles.

The traditional life offices of the past sold Industrial Branch business to just about cover funeral costs. With the huge rise in the cost of funerals again it is pleasing to see that specialists are re-entering the market to provide cover for the same thing. The plans are designed to 'fix' a price for the funeral at today's costs regardless of what they are likely to be in the future. Given the cost of a basic funeral has gone up by 103% since 2004, far outstripping general inflation, these plans can act as a real valuable investment for clients. Last year 49% of the deceased had either made no financial provision or insufficient provision to cover funeral costs and the average funding shortfall was £2,334. This serves as another example of product innovation available to intermediaries.

So whether it is developing new methods of writing life plans via Group Schemes, looking at impaired life underwriting or helping clients fund their end of life needs, there are opportunities to offer all of these products via distribution groups such as ourselves, using existing clients as the core database and therefore not needing to find the Holy Grail of a totally new set of customers.

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