

## Protection Review e-bulletin

### No.8 – August 2010

Welcome to our 8<sup>th</sup> e-bulletin, which includes all the latest Protection Review news and views.

#### **“The view from those with the pen”**

- At the bottom of this email you'll find one of the complete articles from this year's Protection Review book – an interview based piece with eight of the industry's leading reporters about all things protection including what the industry does well, and maybe not so well, when it comes to dealing with the media
- It also includes the protection headlines the journalists would like to see most, including calling for a certain Mr Baigrie to become Prime Minister!

#### **Latest online content – new blogs**

- Karin Lloyd shares some insights she has recently acquired: “The view from the other side”
- Peter Chadborn, Partner at CBK, blogs about guaranteed insurability options
- Roy Chappell comments on the parallels between GroundHog Day and the Protection Industry “GroundBlog Day”
- See <http://www.protectionreview.co.uk/pages/blogs> to read the blogs

*“Those with rose-tinted glasses, and dare I say a vested interest, would always promote the notion that a good adviser should re-broke a policy if this action will present their client with material benefit. True, of course. But lets be honest, it's not beyond the wit of most intermediaries to produce a compliant justification for almost any re-broking transaction.”*

Taken from IFA Peter Chadborn's latest blog

#### **'Panorama 2' conference – hold the dates**

- Annual seminar on Innovation in Underwriting & Claims
- November 9<sup>th</sup>/10<sup>th</sup> 2010
- Wotton House, Dorking

#### **Online access**

- To gain full access to all of our online content please register on our forum page [www.protectionreview.co.uk/forum](http://www.protectionreview.co.uk/forum)
- By registering you will be able to participate in all forum discussions and as well as accessing other content including e-Protection review online

- Where possible please use 'firstname.surname' as the format for your username and contact Joanne Miller at [jolebeau65@hotmail.com](mailto:jolebeau65@hotmail.com) with any questions

All the latest Protection Review news can be found at [www.protectionreview.co.uk](http://www.protectionreview.co.uk)

All the best,  
Kevin, Peter & Andy

## **Protection Review 2010 editors' and reporters' survey:**

### **The view from those with the pen**

Journalism might be described as the art of gathering, writing and reporting news, which can include editing and presentation. The word itself is taken from the French '*journal*' which in turn comes from the Latin *diurnal* or daily. For the eggheads out there the *Acta Diurna*, a handwritten bulletin, was put up daily in the main public square in ancient Rome, and is considered to be the world's first newspaper.

News reporters are under almost constant pressure to be the first to publish their stories, especially in the internet age. While organisations will adhere to their own standards of accuracy, quality, and style, one fact which is often overlooked is that they rarely have much time in which to write their stories, meaning good contacts who are available, knowledgeable and have the ability to say something interesting, will be called upon much more than those who are not.

Most news organisations claim proud traditions of holding high-ranking officials and large institutions accountable to their audience, and rightly so. However, there will always be those who continue to raise questions over the accountability of the press.

When it comes to the protection industry the media can sometimes get a bit of a rough ride. On numerous occasions, typically at industry conferences, round-tables or dinners, I've heard senior representatives from our industry bemoan the fact that journalists never publish good news, that most pieces aren't accurate or balanced enough, and that some journalists just 'don't get it'.

I do not tend to agree with these views, and instead would suggest that most journalists are sometimes only as good as their sources allow. I believe that the majority of journalists I've worked with over the years are hell-bent on presenting an informed, balanced view –

and would actually love to publish more positive news, if only there was some. Genuine news that is, not marketing fluff – there is a significant difference.

Many people who do not deal with the media on a regular basis take the (assumed) view that journalists should be experts in all that they do, which may be a fair point. However, not all trade publications have ‘patches’ i.e. where one journalist almost exclusively covers a specific sector of the market for that publication, while reporters in the consumer space will cover a myriad of topics ranging from car and pet insurance to savings and pensions, with the odd bit of protection in-between. It is therefore not realistically possible for most journalists to ever be experts in every subject, which is why their sources continue to be important.

What I also believe is that the media sometimes gets the brunt of the blame for what is essentially poor communications from our industry such as lazy PR and repeated messages with little or no strategy or ‘hook’. And no case studies either!

In this chapter, eight of the industry’s finest reporters switch places and become the spokespeople. I’ve asked their opinions on the challenges our market faces and the messages they receive from the industry. Here’s what they had to say...

### **The last 12 months**

When asked how the protection market has fared over the last year the words stable, robust and resilient featured regularly.

Freelance journalist John Lappin said that market had been:

*“Challenging but relatively robust in an incredibly difficult environment.”*

Madeleine Davies of Health Insurance magazine believes the market has coped well during the recession, but stressed that more could have been done:

*“The market proved fairly resilient during the last year despite anxiety about the impact of the recession. Some providers took the opportunity to launch offerings that directly addressed cash concerns, like Pioneer’s Bills & Things and Groupama’s Cover Break initiative. However, in terms of dramatic changes in the industry landscape there wasn’t a huge amount to report. We still heard about the multi-billion pound protection gap and consumers failing to engage with products like income protection while on the PMI side, the vast majority of people continue to rely on the NHS.”*

Paul Robertson of Cover magazine agrees: *“The last year has shown the stability of this sector over others. Many intermediaries will have been making greater efforts in the protection sphere as other income became more difficult to come by. This seems to have offset any downturn as brokers have left the market, especially in the mortgage protection space. Although the sector noticeably quietened, partly due to timidity on the providers’ part, there were few dramas.”*

Likewise freelance journalist Tony Levene said the market appears to have held up: *“It is better than feared, but worse than hoped for. The market appears to have held up more robustly than I thought given the economic background.”*

David Sawers of Health Insurance magazine says the market’s robustness is encouraging:

*“Overall, the industry has proven to be more robust than many commentators had predicted. It’s encouraging for the sector, for example, that the slump in the mortgage market hasn’t resulted in a complete collapse in sales of critical illness insurance, although it remains to be seen if mortgage brokers will continue to put as much effort into selling protection once the housing market rebounds. Product development has continued, but that alone is clearly not going to be enough to stimulate any significant increase in consumer interest. The full effect of the recession on the group market is still to be seen. Group risk advisers have had their hands full consulting with clients on the impact of equality legislation and imminent pensions reform. There is a risk that employers could scale back on their protection spend as pensions compulsion squeezes budgets. As usual, the protection industry could be the victim of unforeseen circumstances.”*

The Mail on Sunday’s Jeff Prestridge said the market had been difficult: *“It’s been difficult, which is understandable in light of the challenging economic backdrop and the pressure that most household budgets are under. Of course, the industry’s failure to come up with a protection campaign didn’t help matters.”*

Owain Thomas of Cover magazine suggests some providers may have been slow to react:

*“Both sectors have survived the economic troubles largely unscathed and with their reputations intact, which is something that needs to be built on. Some insurers have been a little slow to react to the new demands for cut down products to address new found*

*concerns of many people. The failure of CPIEC is disappointing, but moves to increase industry standards such as a 'quality mark' are positive."*

### **The election result**

Let's face it, our little protection world, which we know to be highly important for many thousands of people every year, was never going to influence the election in any notable way. But might the outcome of the election influence our industry?

Madeleine Davies says the Tories might be nervous about undermining the NHS:

*"Under a Conservative government I would expect there to be slightly more potential for tax breaks for employers that provide for their staff in terms of PMI and protection and perhaps greater cooperation between the public and private sector on risk (as per the Insurance Working Group paper). However, I suspect the Tories will be nervous about being seen to undermine the NHS to any extent (given their past association with things like the patient passport), perhaps more so than Labour which is more trusted to maintain the NHS. "*

Paul Robertson suggests the new political alliance could benefit the insurance sector:

*"I see little political impact on protection and health insurance sectors in the near term. The Government is conflicted by an uneasy political alliance and has a pressing need to address macro problems in the economy while dealing with probable budget cuts, tax increases and public sector layoffs. However, this may serve to wake up the public in terms of understanding that the Government will not properly look after them should illness or unemployment remove them from the wage pool. This can only be to the benefit for insurance."*

While David Sawers isn't convinced: *"Potential policy deadlocks aside, there will be inevitable cuts to public spending and the NHS could suffer as a result. Will this result in an increase in demand for private medical insurance? Probably not. "*

### **What we do well**

Before we look at what we might be able to do better, let us take a quick look at what the media believes our industry is good at.

There is consistent thread here, which is that the people within this industry are nice, highly ethical and determined to do right by our customers.

Paul Robertson feels the industry strives to improve itself: *“I can honestly say that the vast majority of people in this industry genuinely see social value in what they do, want to improve that value, and are relatively un-cynical. This is not the case in many other financial sectors.”*

Jeff Prestridge says the industry’s ability to be innovative and transparent is welcomed: *“Its willingness to be more transparent (on claims for example) and a great ability to product innovate. Certainly, graduated claims on different types of ‘critical illness’ are a welcome development.”*

Madeline Davies agrees and says consumers have good reason to trust us: *“The industry is staffed by incredibly nice people! Compared to other financial services sectors I think consumers have good reason to trust this industry, particularly in the light of recent ABI initiatives. Given the extent of the deeply embedded challenges that face it (a strong NHS, consumer apathy about protection) I’m impressed by the extent to which it keeps plugging away in its efforts to change consumer attitudes and address the balance of risk between public and private sector.”*

Owain Thomas continues the theme:

*“There is a genuine feeling of wanting to improve the industry both for the good of those involved in it (advisers, providers etc) and clients buying the products. While TCF regulations may play a part in this, it also seems a very real goal to help support clients whether they want to make a claim or protect themselves.”*

Edmund Tirbutt too agrees, although warns that bigger organisations can tarnish the industry’s reputation: *“All the specialist players undoubtedly take a highly ethical approach and genuinely want to pay claims. It’s just a pity that they get damaged by association with bancassurers and other less scrupulous nonspecialist players.”*

**Areas for improvement: communications, PR, marketing, advertising...**

There were a number of questions in this section around what our respondents might change about the industry overnight if they could, how well the industry communicates and markets itself and generally what could be done better.

David Sawers questions the moral high ground our industry sometimes takes:

*“There is far too much self-indulgence and posturing around the supposed moral imperative of the protection industry. Yes, the industry does well in helping people out financially in times of sickness and death. But it’s a long way off from achieving any true sense of financial inclusion. Families on low incomes, for example, have very different priorities to those which many in the protection industry think they have. Banking, savings and credit are all issues that need to be dealt with ahead of protection; in fact the majority of families on low incomes say that when it comes to insurance, home contents is their priority.”*

Jeff Prestridge believes the industry needs more simplicity:

*“Greater simplicity - for example, there are far too many terms and conditions in critical illness policies. Surely, it shouldn't be beyond the industry to streamline the conditions it will pay out under/or not pay out on.”*

When asked what changes you would make to the industry Madeleine Davies was keen to improve consumer marketing: *“The industry could perhaps benefit from more innovative marketing campaigns on the consumer side. The messages are pretty tired and need to be refreshed and brought to life by ordinary people in case studies.”*

Which seems to be a commonly held view. Owain Thomas for example: *“It seems clear that while the general public is often familiar with the brand names, it is not aware of protection and health insurance products available and what those policies can do to support them should the worst happen. Most providers are very pro-active in promoting themselves and the industry to the trade media, but perhaps the industry itself is not as attractive to the public press. Maybe targeting this better or more creatively could improve audience awareness and increase demand.”*

Or Paul Robertson: *“The industry tries very hard to promote its products but within a rather staid mind set. A text heavy advert in a Sunday paper is not the way to engage a new generation of consumers. Protection and health insurance will never be sexy but the industry does not have to play this quite so safe.”*

And Edmund Tirbutt: *“There has been some progress but they are basically barking up the wrong tree. Everyone rabbits on about the need for positive protection stories in the national media but what the nationals really want are good photo opportunities as opposed to good stories. If providers can find the right photogenic case studies they will get the right coverage. But they don’t make enough effort to find them. Press coverage on individual protection is also far too lopsided towards the same three intermediaries, which is*

*unhealthy. More effort should be made to promote other intermediaries. There are loads out there capable of making worthwhile contributions - and I know because I speak to them."*

Tony Levene perhaps sums it up well: *"How well does the industry communicate and market itself to the media? Badly. It's a one story line about the protection gap. This is boring and patronising."*

John Lappin gives us 6 out of 10 overall and says the industry needs: *"Proper clarity of all deals in all distribution - multi-ties, payments per click and all."*

Likewise David Sawers says we need to be more honest across the board:

*"The industry needs to be more honest with consumers, other stakeholders and itself. The idea of the protection gap is outmoded; not everyone needs protection and not everyone wants it. People will – and do – cope when the worst happens. Saying this isn't so simply doesn't wash with consumers or employers."*

*"Greater transparency around claims statistics and clarity around commission would also be welcome. There might be pain in the shortterm, but the broader move towards Freedom of Information and consumer empowerment means it is essential in the long run. The industry can't expect Government and its politicians to be transparent when in many ways it is not."*

Paul Robertson adds: *"They are quite good in the trades, but less so in the case of the mainstream press. The press are obsessed with case studies, rather than actually addressing the issues, but the PR industry panders to this."*

Speaking from personal experience it isn't always easy to place protection stories in the consumer press, especially when pagination is low due to a lack of advertising. I spent five years doing it and placed more than a hundred case studies, but trade audiences often require a different approach to national/consumer publications. Speaking very generally, consumer coverage often depends on four key factors: the story itself, the pagination, the editor's attitude towards protection, and the availability of a good, relevant case study (with a photo). Even then, is an insurance policy which does what it was supposed to do really 'news'?

David Sawers says there is little we can do to change the focus of the mainstream media:

*“I’d be amazed to see the day when the mainstream media shifted its focus to look at the positives of the protection industry – and there is little that anyone can do to change that. Perhaps once viral and online communications are more commonplace this will change; however major news and publishing organisations obviously have a vested interest in maintaining their dominance of the comms space. Getting in between them and the consumer will take some doing – and it’s not the place of the financial services industry to do so.”*

Mark Locke, PR Manager for Aegon says advertising revenues have reduced: *“Of course, we’d all love to see more positive protection stories in the pages of the national weekend PF sections, but the reality is that advertising revenues and pagination have reduced. What this means is that editors are far more likely to prioritise topical, hard news stories – which, let’s face it, there are no shortage of at the moment – over placed case studies which effectively convey the message: ‘X company’s protection plan does what it’s supposed to do and pays out to customer.’ In this environment, I think product providers are doing a relatively good job in getting positive protection messages across in the media. If you compare the tone of coverage a few years ago to the articles that are appearing now, you’ll see a stark contrast from broadly negative case studies of declined claims to much more positive stories of successful payouts.”*

Matt Morris of LifeSearch, who was recently named Protection PR of the Year for the second year running, believes we should be on the front foot when it comes to promoting what we do: *“The industry shouldn’t feel intimidated about telling journalists, particularly consumer journalists, and their readers why the products we sell are so important. The overwhelming majority of protection stories in the press are fair, balanced and positive. Financial journalists want to give their readers the best and most accurate information, not sensationalise, and the industry as a whole should promote the good work we do more often rather than worrying about rocking the boat.”*

### **CPIEC – There is no I in TEAM**

The Consumer Protection Insurance Engagement Campaign (CPIEC), to quote its full title, provided the media with what many journalists like most: good copy – and lots of it. But was Tom Baigrie’s £5m project more important than that? We asked our journalists if they were disappointed by its demise.

Owain Thomas believes there is not enough ambition within the industry, something Protection Review certainly agrees with: *“While it was understandable that there were differing points of view on how best to address the problem, the failure of the project showed that for some there was not enough ambition or desire to work together for the better of the whole industry, which is disappointing considering the increasing success of unadvised competitors.”*

Likewise Paul Robertson blames the industry’s inability to work together: *“We backed CPIEC from the outset and I still believe it was a chance missed by the industry. On the other hand it seems to have spawned a number of less ambitious schemes, not least that the ABI is finally looking at promoting its industry. The inability of providers to work together for a greater good really should change.”*

David Sawers has mixed feelings: *“It’s commendable that individuals took time out of their day jobs to try to grow the market for everyone; likewise, those providers that supported the campaign in the early phases should be applauded for their efforts. Reinsurers, perhaps, should have been a bit more forthcoming. However, while raising awareness of protection among consumers is laudable – as is raising awareness of other financial services issues – every part of the industry believes it is the most important. Ask someone in the pensions industry if individuals should make pensions provision and you know what answer you’re going to get. Ask someone in the mortgage industry if an individual should keep on renting or buy a property and you know what answer you’re going to get. The protection industry needs a clearer sense of perspective. There are some individuals in the industry who are clearly passionate about what they do; but then again, they need to assess ‘protection’ in the grander scheme of things. Most IFAs appreciate that everyone can’t have everything – the protection industry needs to accept this too.”*

Edmund Tirbutt suggests it could be more of a personal issue: *“If people could be less interested in themselves and pulled together in trying to address the big picture we would all be much better off.”*

Tony Levene believes educational initiatives are rarely successful: *“These ‘educational’ initiatives never work. The public does not like being told the message that it pushed and it always sounds patronising to talk of a ‘protection gap’ as this has been the line for decades and the world has not caved in.”*

While Madeleine Davies hopes the initial work isn’t wasted:

*“I think it took a lot of effort to get the initiative as far as it did and it seems a shame to waste all of that groundwork. I hope the research will still be put to use by some providers.”*

### **What tips might you give to others?**

Journalists often have a somewhat unique take on the sector on which they report. Without doubt they become knowledgeable and in some cases experts, so I thought I’d ask them about the most interesting and beneficial pieces of wisdom they have picked up over the years.

Jeff Prestridge says we should avoid cheap policies sold without advice: *“Use an adviser - avoid cheap and cheerful policies offered on the internet. There is far too much focus on price and not enough on what different types of protection policies cover/do not cover.”*

Likewise Madeleine Davies was very supportive of the case in favour of independent advice: *“Go to a small IFA that really understands protection and takes pride in genuinely looking out for your best interests.”*

Owain Thomas echoed this view: *“Taking good quality advice in any part of this market is vital. A good IFA can direct you to the right product in a sea of other similar ones that may not be suitable for your situation. Too often price is the dominant deciding point, and whilst cost is nearly always a factor, it doesn’t mean that the cheapest is right as you may not be covered for what you want or need.”*

David Sawers says people should be more aware of what they already have before that do anything else: *“Check what protection you’ve got – if any – from your employer before you buy any off your own bat. And don’t trust an IFA or any other distributor who doesn’t ask you that very question!”*

Tony Levene says customers need to be more realistic: *“Be realistic. Consumers should really look at the whole picture rather than the partial (in both senses of the word) view of the industry.”*

Similarly John Lappin says customers must *“Check the terms of the cover and not just the cost.”*

### **Desirable headlines**

Lastly, we asked our journalists for the headlines they would most like to see in the protection market, which we've kept anonymous to keep everyone guessing!

*"Compulsory minimum protection for all employees passes into law."*

*"Insurance industry uses expertise to provide government with compassionate, one-to-one rehabilitation services for incapacity benefit claimants."*

*"Industry unites and launches a campaign to promote the virtues of protection and health insurance."*

*"Industry moves to flexible products without tricks."*

*"Baigrie voted Prime Minister." (PMQs would never be dull again)*

*"END TO PMI TAX PENALTIES IN SIGHT."*

*"Protection gap closing – but some evil people trying to widen it again."*

*"Advised sales soar as aggregators hit by Ombudsman."*

**The journalists:**

*Jeff Prestridge is the Personal Finance Editor of the Mail on Sunday*

*Madeleine Davies is the Deputy Editor of Health Insurance magazine*

*Tony Levene is a freelance consumer journalist and a regular columnist for Health Insurance magazine*

*Paul Robertson is the Editor of Cover magazine*

*Edmund Tirbutt is a freelance journalist and protection consultant*

*Owain Thomas is the reporter for Cover magazine*

*David Sawers is the Editor of Health Insurance magazine*

*John Lappin is a freelance journalist and Editor of [themoneydebate.co.uk](http://themoneydebate.co.uk)*

The interviews took place in May 2010.