

Training Focus
edition 4

TRUST.
RESPECT.
PARTNERSHIP.

Protection Special

A HANDY GUIDE TO MARKET TOPICS, TRAINING, EDUCATION AND INTERESTS

Trusts.
Easier than you
think?

Price is only
half the story
when it comes to
protection

Lasting Powers of
Attorney- what
are they and how
can they help your
client?

2017
training events

For Intermediary Use Only

The importance of protection

We all want to protect what matters most to us; our families, homes, businesses, health and well-being. This said, there is no doubt that difficulties such as divorce, illness and unemployment will affect the majority of us at some point in our lives, ultimately causing distress and leaving us to worry about our finances. With that in mind, it is important to understand how protection sits hand in hand with writing mortgages, giving your client peace of mind should the worst happen.

What would happen if your client lost mental capacity?

One form of protection that should be considered in particular, but is often overlooked, is a Lasting Power of Attorney. This can be set up at any time, regardless of age or health, and if the worst should happen, and your client loses mental capacity, gives their appointed Attorneys the rights to make financial, health and welfare decisions on their behalf. Turn to page 8 to find out more.

What would happen if your client had an accident and had to go to hospital?

In 2016, an average of 64,400 people attended A&E each day in England¹, and with overcrowding of hospitals becoming an increasing problem, more

¹www.parliament.uk/commons-library | intranet.parliament.uk/commons-library

people are turning to private medical insurance. If you do not sell PMI, you can refer it to us, ensuring your client gets the cover they need and earning you 30% of the commission. If you are interested in selling PMI, speak to Amanda. We have a fantastic new PMI sourcing system, making it easier than ever to sell PMI.

A comment we hear regularly from mortgage advisers is that they are inexperienced or don't have time to sell protection. Well this year, we are making our events bigger, better and more accessible than ever, by adding London locations to cater for all of our advisers based in the South. As well as our two protection events in March, we also have two protection workshops in September which will give you the opportunity to chat with our provider partners and find out more. Turn to page 14 to see our 2017 events calendar.

We look forward to seeing you there!



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NATIONAL TRAINING EVENT

Our National Training Event is taking place on **Wednesday 10th May 2017** at the National Motorcycle Museum, Birmingham.

The event will run from 9am to 4pm and there will be a mixture of presentations, drop in workshops and an exhibition hall with 50 provider and lender stands for you to visit. There will also be breakfast on arrival and lunch and refreshments provided throughout the day.

BOOK NOW

To register for this event, simply visit **<https://www.surveymonkey.co.uk/r/maynte>** and complete your details.

We look forward to seeing you all there!

If you are unable to make this event, we have many more exciting events planned for 2017, which are listed on page 14 of this magazine.



Trusts. Easier than you think?

Protection providers often extol the benefits of placing plans in trust. The advantages for clients are widely recognised and numerous – inheritance tax mitigation, avoiding probate delay, controlling claim proceeds, and so the long, familiar list continues.

Yet, dismissed as unnecessary form-filling, or simply viewed as irrelevant in the context of a mortgage sale, less than 5% of our personal protection plans are written in trust.

Ian Smart | Product Architect | Royal London

Many providers are committed to making the trusts process as straightforward as possible for adviser and client alike, by simplifying trust forms wherever possible and producing easy to follow guidance literature. Nevertheless, placing a plan in trust will always involve a little more effort on the part of the adviser than not doing so.

But there is a growing trend for providers to make this process even easier with the use of online trusts. Several providers offer this in slightly different guises but this is generally in the form of a trust request rather than a formal deed. This involves the customer making a declaration to their adviser that they want their policy to be written under trust. The adviser then completes the details of any trustees and/or beneficiaries online and submits the form to the insurance company. Once complete, copies will be sent to the client and their trustees and no signatures are generally required. The main drawback is that this process is only available for new applications and it must be completed before the policy starts in order for the trust to be valid. You're also never quite sure whether the trustees have accepted their appointment and are willing to act when the time comes.

But wouldn't it be good if online trusts could be offered for existing plans as well. Well the truth is they can, as long as an appropriate process is used. Royal London is the first provider to introduce this facility for our most frequently used trusts. Other trusts and the deeds used to amend them will follow in due course to allow you to make the most of the trusts we have available.

The process is a little more involved than a trust request and just like a paper form requires a signature from each of the client, a witness and the trustees in order for a valid deed to be created. But by using electronic signatures, the time taken and effort needed to complete the form can be significantly reduced in comparison to a paper form.

"By using electronic signatures, the time taken and effort needed to complete the form can be significantly reduced in comparison to a paper form"

As long as you have up to date email addresses and mobile numbers for each client and their trustees, the process allows all parties to sign within minutes of each other, even if they are hundreds of miles apart, and removes the risk of the form getting 'lost in the post'. The guided process ensures that essential parts of the form cannot be left uncompleted, and the process also ensures that people cannot sign in the wrong order, both of which are common reasons for paper forms being returned for amendment. We'll even notify you when the form is complete so that you can download a copy of the form for your own records.

This process can be used with new applications as well as policies that are already in force. So, as an adviser, you are in control and can choose when in the sales process you want to introduce the concept of using a

trust. This means that for policies like Relevant Life or Business Protection where it is essential the trust is in place before the policy starts you can do this at the same time as the online application. But for personal or family protection, whilst it may be good practice but there isn't the same need to set the trust up immediately, it can be done at a time that suits both you and the client without disturbing the sales process.

The process is exactly the same irrespective of whether it is a new application or the policy is already in force. It also means that you can revisit any plans sold previously where the client never got round to completing the paper form and add the trust now. Perhaps you have clients coming up for an annual review where their policy wasn't previously written in trust. This new facility allows you to do this quickly and simply.

So the next time you're submitting a new application to Royal London or reviewing the cover one of your client's has with Royal London why not take a look at our new online trust service. If you do, please let us know what you think of it. We are keen to get as much feedback as possible so that we can develop the service in a way that adds value to you and your customers.

This is a Royal London promotion.





Key3 Critical Illness Insurance can protect businesses too

AIG Life explains why the characteristics of Key3 make it arguably the most appropriate type of insurance to support shareholder protection.

Andy Roberts | Technical Sales Manager | AIG Life

Using life insurance as shareholder protection can give the surviving shareholders of a business the funds they need to buy their share of the business from a deceased shareholder's beneficiaries.

But what if a shareholder is forced to retire because of serious ill health? The remaining shareholders will still need money to buy the shares from the retiree, so where will that money come from?

Perhaps the reason critical illness (CI) insurance is not put in place more often is because it could be argued that a comprehensive CI policy may not be appropriate for shareholder protection.

- A payout is only required when a shareholder is forced to retire from the business, and many conditions covered on a traditional CI policy are unlikely to force retirement.
- For the same reason, there is no need for any additional payments because they won't be sufficient to buy out the other shareholders – and they may even cause adverse tax implications if gifted back to the life assured.
- Children's CI cover is also unnecessary on shareholder protection as this is more intended to help parents cover the costs of treatment, taking time off to care for a sick child, adapting the family home etc.

With traditional CI, your business clients pay for several elements of cover they may not need or want - which is an understandable objection.

"With traditional CI, your business clients pay for several elements of cover they may not need or want"

The characteristics of the most recent addition to AIG's product suite – **Key3 Critical Illness Insurance** (available both with and without life cover) - make it arguably the most appropriate type of policy for shareholder protection, and is also cheaper than traditional CI:

- Key3 Critical Illness Insurance covers just the big three critical illnesses - cancer, heart attack and stroke - which accounted for 80% of AIG's adult claims in 2015¹, and which could force retirement.
- There are no additional payments included, nor any Children's CI cover.
- It provides access to the Best Doctors™* second opinion medical service, which can be used at any time by the shareholders and their immediate family.

It even provides access to our Claims Support Fund, which can provide up to £300 for services such as physiotherapy or counselling.

For Key3 Critical Illness Insurance to be effective as shareholder or partner protection, all shareholders

or partners would need to take out individual policies and place them in trust with their co-shareholders or partners named as beneficiaries.

New support materials for you

For an example of how Key3 might help your clients, read Derek Spencer's story at <https://www.aiglife.co.uk/micro-site/the-spencer-family/derek-spencer>, a member of our fictional Spencer family, to understand the impact it had on his family and business.

For further details on how Key3 can be used by a business, take a look at our new sales aid which you can find at <https://www.aiglife.co.uk/intermediaries/products/key3-critical-illness-insurance>, or speak to our Sales team on 0345 600 6829, who will be able to advise how best to structure such an arrangement.

* Best Doctors is a non-contractual benefit and can be withdrawn at any time without notice. Best Doctors and the star-in-cross logo are registered trademarks of Best Doctors, inc. in the United States and other countries. Used with Permission.



¹ Internal AIG Life Claims Statistics 2015



Income protection – why building the bedrock of protection planning doesn't have to be complex

Toney Quinn | Key Account Manager | The Exeter

There are few things in life that are more important than the ability to earn a regular income. For a huge majority of people in the UK, this income will pay for everything they need and want in their lives – from the simple, such as putting food on the family table to the luxury, such as overseas holidays and experiences. Ultimately, it is our ability to earn an income that dictates the ability to deliver these things.

So, it could be a constant surprise to see income protection languishing in 3rd place in a league of just 3 protection products. It doesn't seem to reflect the risk that income protection takes away, it's as if the UK public has got their priorities wrong.

However, it isn't just the public themselves that are to blame – everyone within the protection industry has a part to play. Like all of the best routes to success, it doesn't have to be complex, if we stick to some simple commitments, income protection can soon be the problem child no longer.

Here's my version of a 3-point plan to success:

Engagement and acceptance

Firstly and most difficult to overcome is the need for consumers to accept that they have a responsibility to protect themselves against ill health. This isn't going to happen overnight, and it isn't going to happen without the involvement of a wide range of stakeholders.

We need to find new ways to truly engage consumers, helping them

" We need to find new ways to truly engage consumers"

understand the crucial need to protect their income and importantly, feel good about doing so. This is in my view the single most important challenge affecting our industry today and will be far from easy – but when was anything important easy to achieve?

Adviser priorities

Secondly, advisers themselves need to accept their responsibility in prioritising cover according to risk, rather than ease. There have been many perfectly valid reasons why income protection fell down the pecking order in the past, but many of these objections are no longer applicable.

For example, income protection has long been considered to be the most complex of all protection products – a reputation which has undoubtedly impacted adviser take up and advice. But is this still the case? I'm not so sure.

Rather than added complexity, which has arguably been the case in the CI market, where the ongoing conditions race is hard for advisers to keep up with, income protection has been on steady curve of improvement and simplification.

Affordability and options

Finally and, according to many, the most important factor in determining the long-term success of this product – affordability.

In a climate of austerity and low wage inflation, how affordable cover is to the average person is always going to be a key factor in its success. Again, here there is only really good news to share. Gone are the days when income protection insurers offered essentially one choice – comprehensive long term cover or no cover at all.

Now, advisers are able to advise on income protection in the same way as many other products. For the engaged client, where affordability isn't an issue, cover can still be tailored perfectly; ensuring that if the worst happens an income can be covered for the rest of a working life. However, for a client with a shorter attention span, smaller budget or both; the relatively recent option of short-term claim period plans can ensure a viable income protection plan is achievable at a lower cost.

A closing thought

At The Exeter, we're proud of the income protection plans we offer and the vital, life changing cover they have provided our members over the years.

In our view, income protection should be the bedrock of financial advice. With less and less holding this crucial product back, can you take the opportunity to make this happen?



Introducing Mutual Benefits for all British Friendly members

British Friendly has launched a new discretionary programme of practical lifestyle benefits for all members which also complements their Income Protection.

Alan Waddington | National Account Manager | British Friendly

We have recently launched Mutual Benefits, a new programme for all our members, including existing ones. Mutual Benefits offer a range of practical lifestyle benefits designed to complement their Income Protection policy.

Mutual Benefits has been designed in line with the core principles of mutuality which are paying claims and returning value to members. We think this offering will also help your clients realise the value of your recommendation to British Friendly and ensure greater loyalty.

The programme will be reviewed on an annual basis to ensure the benefits deliver maximum value to members. We chose to launch the programme on the 14th of February because our members are at the heart of all we do.

Mutual Benefits will underpin our proposition with benefits grouped under four pillars to help members navigate the programme - Mutual Rewards, Mutual Wellbeing, Mutual Support and Mutual Partners.

Benefits include savings on day to day spending, health tools, tips to improve wellbeing, health services such as virtual GP, a 2nd opinion service for health-related issues and the ability to create a free Will online.

Mutual Support

We have partnered with Square Health to give members access to a range of healthcare services including GP consultations, physiotherapy, counselling and 2nd opinion services. Members will receive an annual allocation of Health Support Points to use on the services of their choice.

We have also teamed up with specialist charities such as Carers UK to provide members with access to helplines and useful resources in our Support Hub to help them deal with life-altering events.

Mutual Support also houses our discretionary benefits including our Care Assistance Benefit and 6-month Death Benefit which we launched last year.

Mutual Rewards

Mutual rewards is designed to help members save money on day to day spending as well as rewarding them for the time they've been a member. We have partnered with SVM, a world leading distributor of discount cards and e-vouchers to give members access to savings of around £250 a year on their high street shopping.

Through Mutual Rewards, members will also be automatically entered into our prize draw each quarter to win prizes worth up to £1,000.

Mutual Wellbeing

Through Mutual Wellbeing, members will have access to helpful links and tips to help them live a healthier more balanced lifestyle. We have also partnered with Lose It! a simple and easy application that helps members track their diet and activities through a website, mobile application and wearable devices. We also offer bespoke British Friendly challenges with prize incentives to help motivate members to stay active and healthy.

Mutual Partners

We have partnered with Legal for Life, an online legal service provider designed to help our members create one free Will online. This service

provides a step-by-step guide to creating a Will which can be reviewed and finalised by a team of qualified lawyers.

Mutual Benefits is accessed via members.britishfriendly.com but most of the services are also available to members who are unable to access the internet or e-mail in order to be as inclusive as possible.

Most insurance policies only come to life when something bad happens, but with Mutual Benefits our members receive a range of additional benefits that can be used anytime not just when they're sick or injured and cannot work.

We hope you agree that this is a modern and practical benefits programme which is useful to all new and existing members.

For more information and terms and conditions visit our website advisers. britishfriendly.com.

If you wish to arrange a training session or want more information about how Mutual Benefits may be relevant to your clients, please contact a member of our sales team below.

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BRITISH FRIENDLY
It feels good to be covered

Lasting Powers of Attorney- what are they and how can they help your client?

James Moore | Estate Planning Consultant | The Right Will

Incapacity is becoming more and more prominent within the media lately, as numbers of those suffering continue to soar; for example every three minutes a person in the United Kingdom will develop dementia. Once incapacity strikes, it is too late to be able to manage their affairs without being legally appointed as a deputy by the court of protection. The Right Will encourage all clients to set up Lasting Powers of Attorney (LPA) as soon as possible.

LPAs are powerful documents which allow a person to appoint a trusted Attorney(s) to be able to maintain their affairs through two types; Property and Financial or Health and Welfare. Once registered the client's attorneys can use the LPA as soon as it is needed rather than having to go through the lengthy process of applying to the court of protection to become their deputy.

It is commonly known that all of us need to create a Will at some point in our lives to protect and control our assets upon death, regardless of whether or not we all 'get around to it'. Whilst this is generally accepted as something that needs to be done, LPAs don't get the same coverage and are often overlooked despite the growing demand in today's society. In fact, two-fifths of the population are not even aware of what they are, let alone their significant purpose.

According to This is Money, 85% of the UK adult population do not have LPAs, with Dementia UK forecasting that the number of people with dementia in the UK will rise above the one million mark in the next ten years. We feel that once clients are educated on the

"According to This is Money, 85% of the UK population do not have LPAs"

existence, importance and, bluntly the severe ramifications of not having registered LPAs, then they will feel inclined to have these in place, with the peace of mind that, should they lose mental capacity, they have appointed a trusted person(s) to look after them and their assets.

Late last year, we provided a presentation at The Right Mortgage National Event and briefly touched upon a couple of common misconceptions- one being that many feel incapacity only strikes the elderly. Consider the high-profile accident of Formula One Legend Michael Schumacher and his subsequent loss of capacity.

The type of LPA that most clients will take particular interest in is the one that deals with Property and Financial affairs. Here, the appointed Attorney(s) can cover decisions such as buying and selling property, managing investments, receiving and using benefits or even simply collecting money from bank accounts.

Another common misconception is that you don't need an LPA if you have a joint account. Banks will freeze these accounts unless a valid LPA or deputyship is provided.

Creating a Health and Welfare LPA allows the client to appoint their Attorney(s) to make decisions such as where they should live - whether it be a care home or elsewhere, they can refuse or consent to life sustaining treatment and also deal with day to day issues such as diet, dress and daily routine. So choosing an Attorney you can trust to understand what you would have wanted is absolutely vital.

Cases that are reported in the National Media are relatively few and far between - The Court of Protection respects anonymity. Recently however, forty-three year old serving Police Officer, Paul Briggs was left in a two-year coma following a tragic road collision. With no Health and Welfare LPA, his wife was left to apply to the Courts for permission to turn off his life support, causing distress that could have been avoided with proper advice.

At The Right Will and Estate Planning we provide an efficient process where we help you to advise your clients on who they should appoint as their Attorneys, and exactly what their roles will entail. Setting up Lasting Powers of Attorney is a vital part of holistic financial planning ensuring that your clients are still able to make decisions even when one of them has lost capacity.



Guiding your clients-Who's Who?



Certificate provider

Certificate Provider – Someone the Donor chooses who can confirm the Donor understands their LPA and has not been put under pressure to make it.



Donor

The person making the LPA.



Sole Attorney

The person to act on the donors behalf.

Replacement Attorneys Acting

Jointly & Severally



Replacement Attorney No. 1



Replacement Attorney No. 2

The people to act on behalf of the donor if the main attorney is unable to (ie lost capacity or died)

Contact



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Bespoke Advice

Ben Allen | Compliance Director | The Right Mortgage and Protection Network

Ask anyone who has ever had the privilege and they will tell you that a bespoke fitted suit is the best suit that you will ever wear. The same can be said of a bicycle.

Last spring I spent a few hours in the company of a Bicycle Fitting Expert, Jon, from Swift Cycles in Spitalfields. Besides being a genuinely 'nice guy' Jon helped me to realise that buying a bike wasn't just about walking into the shop and purchasing the most heavily discounted bike in my price range. Sure from time to time that works, but generally, he explained, riders who do that end up with an ill fitted bike that affects performance and comfort. By extension that means less time in the saddle and a less enjoyable riding experience.

Being fitted for a new bike was actually quite a pleasant experience, but one thing that became apparent was that there are so many variables, more than I had imagined. I was grateful that Jon had the necessary skills and experience to help me understand exactly what I needed. Better still, I really appreciated his infectious enthusiasm about the whole bicycle fitting process.

Skills, Experience & Professionalism

As with Swift Cycles, at the Right Mortgage we too have a wealth of skills and experience amongst our advisers; in fact I would go as far as to say that we have some of the industry's most knowledgeable individuals; but how good are we at demonstrating

our immense knowledge? That is where professionalism comes in.

Professionalism can be defined as:

- Working to defined standards and principles
- Working within a defined regulatory framework
- Adhering to a code of practice

These are all things that our advisers will do every day, however, in addition, it also includes developing the necessary qualities, skills, competence and, perhaps most importantly, behaviours.

Professionalism is therefore about more than just knowledge, it is about applying knowledge. Think of it this way: Jon has the most encyclopaedic knowledge of all things 'Bicycle', but if he wasn't able to convey that knowledge in a clear, friendly manner, it would be of absolutely no benefit whatsoever to his customers. The fact that Jon has fine-tuned his behaviours in such a way as to convey his knowledge effectively means that Jon enthuses his customers and gets them to engage with him; effectively Jon transcends the role of 'Salesman' and becomes an 'Adviser'.

So in order to progress oneself from the position of being a sales person to that of being an adviser requires an adjustment in behaviours; it requires development.

What about the subject of providing protection advice; how far along the Salesman to Adviser metamorphosis are you?


Protection Advice

In 1999, when I first started giving protection advice, we were instructed by HSBC that we must quote based on 10 x annual salary for life cover and 5 x for critical illness. Hardly what you would call a bespoke offering.

Fast forward 18 years and the industry is a very different place; technology abounds and we are now able to calculate precisely what level of cover a client might need. The question is, do we?

The regulator is very clear on advice and recommendations; ICOBS 5 explains in detail what is involved in identifying client needs and advising. Below is an excerpt that encapsulates their guidelines on suitability.

Suitability guidance for protection policies

ICOBS 5.3.2
 31/03/2013

(1) In taking reasonable care to ensure the suitability of advice on a *payment protection contract* or a *pure protection contract* a *firm* should:

- (a) establish the *customer's* demands and needs. It should do this using information readily available and accessible to the *firm* and by obtaining further relevant information from the *customer*, including details of existing insurance cover; it need not consider alternatives to policies nor *customer* needs that are not relevant to the type of policy in which the *customer* is interested;
- (b) take reasonable care to ensure that a *policy* is suitable for the *customer's* demands and needs, taking into account its level of cover and cost, and relevant exclusions, excesses, limitations and conditions; and
- (c) inform the *customer* of any demands and needs that are not met.

(2) This *guidance* does not apply to *payment protection contracts* or *pure protection contracts* included in a *packaged bank account*.



The FCA is keen to ensure that clients receive advice based upon their own needs and demands, but, that the advice and subsequently the product sold is relevant.

Practically speaking bespoke advice needs to consider:

- How the sum assured was arrived at (and then detail this in the Suitability Letter)?
- What product(s) is/are the most appropriate?
- What term is necessary (consider also split terms)?
- Which provider offers the most appropriate product for the best cost?
- Whether your recommendations are actually affordable?
- What existing cover is held and whether it continues to be relevant to the client?
- What specific needs the client may have?
- What additional benefits may be necessary?

Do your recommendations take all of these points into consideration?

Do you really reflect on the level of cover that is appropriate? Do you consider what the client is trying to achieve and how you can help them to do this? Do you tell the client about other factors that they may not be aware of that could affect them?

This isn't meant as an attack on current standards of advice, rather the purpose is to get advisers thinking about the unique position they hold of both educating and advising clients. Do a good job initially and you will have a client for life.

The Future

As advisers, it is important to continue to refine your knowledge and understanding of the products available (of which there are plenty). But even more importantly, it is incumbent upon you to understand your client's needs.

The range of bicycles available to the modern day cyclist is vast, there are bikes for every kind of circumstance, whether that be a bike that folds in half and can go on a train, a bike

that can jump across a ravine, or a bike that can travel at upwards of 100kph downhill! There is a bike for all circumstances.

The same can be said of the protection products that an adviser has access to – there is a product for most client circumstances; however, just as you wouldn't ride the Tour de France on your Brompton and expect success, so too you wouldn't sell life cover with a terminal illness benefit as a 'cost effective' solution to a client concerned about cover in the event of a heart attack.

Yes, clients both expect and need bespoke advice; the sort that is tailored to meet their unique needs and circumstances and they need an experienced, enthusiastic and diligent adviser to help them.

Why not take the opportunity in 2017 to hone your knowledge of the products available to you and then review each of your client's own needs and demands; in so doing, you will not just be selling insurance, but you will be providing bespoke advice.

"What about the subject of providing protection advice; how far along the Salesman to Adviser metamorphosis are you?"





Price is only half the story when it comes to protection

It's often difficult for clients to look past the premium and see that you're offering a solution that's tailored to their individual needs. As an adviser it's imperative you demonstrate the value of a well-structured, bespoke protection plan.

Most of your clients are probably financially savvy enough to realise that major life events like marriage, buying a house, and the birth of children will change their financial needs and responsibilities. But just how much do they know about protection?

Mark Godding | National Account Manager | Aegon



For financial advisers only – not approved for use with client

Tailoring a protection plan to fit specific needs

All of your clients will have heard about life insurance - but do they realise it can be tailored to meet their circumstances and budgets?

For example, if they're married, many will assume they need a joint-life policy. But do they realise this generally only pays out after the first person dies, leaving the other spouse without cover? This could be a problem if the surviving spouse still has dependant children or outstanding debt.

But if both partners take single-life policies, they can effectively double their cover. You know this won't cost double the premium - but do they?

If working to a tight budget, they might not know that decreasing cover is available - helping to minimise

their outlay while still ensuring their mortgage debt's covered. They could also cost-effectively protect their family's income with family income benefit which provides a monthly payout rather than a lump sum – and can also include critical illness cover.

Designing a protection plan instead of buying protection policies

Speaking to clients about protection plans, rather than policies, can help them think about protection as a menu-based insurance that provides the level of cover they need, in a way that best suits their overall circumstances and budgets.

Our menu-based approach lets you access the various types of cover available, enabling you to conveniently structure something that's unique to them; while your clients can take

advantage of the multi-benefit discounts available. Our underwriting approach is designed to deliver the best outcome for your client – in 2015 we were able to offer terms to 96% of clients, and were named Underwriter of the Year at the Protection Review awards. We also won Best Service provider at the 2016 Cover Excellence awards.

Price may always be a headline factor in your clients' decisions - the challenge is to get them to understand just how much of the protection story lies beyond the premium. By doing so, you can make sure your clients are better informed and end up with a protection plan that matches their needs and budget. It will also help them see the value they get for the premium they pay and the services you provide.

RTL/375527/10/16



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Has Indexation's time finally come?

Too often overlooked in times of low inflation, Vitality's Justin Taurog argues the time is now right for advisers to talk about Indexation, to safeguard their clients' future protection needs

Justin Taurog | MD Distribution & Sales | VitalityLife

Sterling's struggles against the euro in the last six months or so are finally beginning to be felt at the sharp end. The Consumer Prices Index (CPI) hit 1.2% in November, with most observers tending to agree that this is no short-term blip. In fact, many expect the rate to continue rising throughout 2017, with the likelihood of it reaching 3% by the end of 2017*.

After such an extended period of low inflation, this has led even the most optimistic of inflation-watchers to believe that this rise in CPI could mark a new era of steadily rising prices. Some have even suggested we could actually be reaching a turning point.

For the protection industry, this has some potentially significant implications. On the one hand, it's true that pure mortgage-related cover will be unaffected by the effects of inflation. But mortgage-term protection made up less than 20% of all sales in 2015, according to analysis from Equifax Touchstone**. That means around 80% of all plans could face a sizeable correction in long-term value.

In addition, the industry uses the Retail Prices Index (RPI) as opposed to CPI when considering inflation, as RPI includes housing costs, such as rises in mortgage payments and rents, which CPI does not. With RPI sitting around 1% higher than CPI, this further exaggerates the erosion effect.

This has the potential to throw up some awkward dilemmas for advisers. Take this by no-means exaggerated

" This has the potential to throw up some awkward dilemmas for advisers. "

scenario: if inflation rises to 3% and stays there, £100,000 of cover today will be worth almost half in 20 years' time, when measured at current prices. I'm sure that's not a conversation any adviser will want to be having with their clients in future.

However, it's a conversation that could be easily avoided, simply by speaking to your clients about Indexation – making sure cover grows in line with inflation. Indexation doesn't just benefit clients by protecting them from the eroding effects of inflation. Advisers also benefit, through improved client relationships and increased commission.

Indexation makes even more sense because as clients get older, their mortality and morbidity risk increases. So it becomes harder and harder for them to get protection later in life, due to the need for medical underwriting. Therefore, it provides clients with the cover they need today, as well as the peace of mind that their cover will be protected against inflation to make sure it also meets their needs in future.

At Vitality, we recognise the importance

of protecting policies against inflation. So our Indexation option offers a unique upfront premium discount on indexed policies, which also helps combat the affordability objection and smooth the path to sale.

For added flexibility, our option gives clients the choice to accept or decline their annual Indexation increases. Even if they turn down an annual increase, they may not lose their right to receive Indexation increases in future. When you also consider that yearly salary increases should more than keep pace with annual premium increases due to Indexation, it can make it seem a bit of a no-brainer. All this leads to happier, better-protected clients and improved persistency.

I would go as far to say that, with the inflation outlook more uncertain than it has been for years, indexing protection policies is a commendably responsible choice. Not to mention a mutually rewarding one for advisers and clients, who will probably thank their advisers for it in years to come.

*<https://www.theguardian.com/business/2016/dec/13/why-is-uk-inflation-rising-quickly-blame-brexit-oil-price>

**<http://www.covermagazine.co.uk/cover/news/2451753/protection-sales-strong-in-q4-2015>

VitalityLife

Events



**"Managed to place
a few difficult
mortgage cases
simply by discussing
them with some
of the lenders in
attendance"**

Jim Gillespie
TRM Financial

“

**"I thought the presenters and
their presentations were excellent,
interesting and informative"**

Alan Hanney
The Right Protection

2017 Calendar

MARCH

2 Protection Workshops:
Birmingham (16th) and Newbury
(23rd)
Induction Course (8th)

APRIL

Cluster Meeting: Specialist
lending/Second charge (10th)
Induction Course (5th)

MAY

National Training Event (10th)
The Right Will Training (11th)
Induction Course (17th)

JUNE

Induction Course (21st)

JULY

Sales Opportunities Workshop:
Birmingham (10th) and Newbury
(11th)
Cluster meeting (6th)
Induction Course (12th)

AUGUST

Induction Course (8th)

SEPTEMBER

2 Protection Workshops:
Birmingham (27th) and Newbury
(28th)
Induction Course (7th)

OCTOBER

Cluster Meetings (12th)
Induction Course (5th)

NOVEMBER

National Training Event (15th)
TRW Training event (16th)
Induction Course (7th)

DECEMBER

Induction Course (5th)



"A great day where I got to
meet lots of providers and
companies that I would not
have necessarily looked at"

Mathew Clamp
Quercus Mortgages



"It was very
informative,
professional
and most of all
welcoming"

Jon Gardner
J2M Financial Solutions



Free for all
delegates



Free lunch and
refreshments for all
delegates



The chance to chat
with our lenders and
providers



Earn crucial CPD
hours

As a specialist
PMI network, we are
dedicated to the **PMI**
professional



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