



# How well do you know your clients? Asking the right questions can make a big difference

by Kay Westgarth, Head of Retirement Distribution



In my first few weeks as Aviva's Head of Retirement Distribution, I've been learning about our later life proposition and the importance of it in this market to provide advisers with better outcomes for their customers.

One topic that has been high on our agenda has been the value of enhancing a lifetime mortgage and how customers could benefit from receiving a higher loan amount and/or a lower fixed interest rate, but conversely how infrequently this seems to be used when compared with health and lifestyle condition prevalence data in the UK today.

In light of this, I won't labour on the different customer circumstances that can affect the price, but today I'd like to talk a little about the impact of getting the right health and lifestyle information from a customer. When it is determined that the customer is likely to have a shorter life expectancy than the average by using the health and lifestyle information they have provided to their adviser, some providers offer improved product terms, but to make this assessment the provider must have access to the information.

In 2023 around 30% of Aviva initial borrowing lifetime mortgages were enhanced due to health and lifestyle information, which has increased over the last 18 months, but this seems to coincide with Loan to Value ratios (LTVs) in the sector reducing, which could indicate more advisers are asking the medical questions to gain an higher LTV, but may not be aware customers' medical information could reduce the interest rate on an Aviva lifetime mortgage.



You may be wondering at this point how prevalent having qualifying health and lifestyle conditions is in the UK. Office for National Statistics (ONS) data has shown that “poorer” health starts on average for both genders between age 60 and 65[i]. With the average customer taking a new lump sum lifetime mortgage aged 68 and 7 months, and the average customer taking a new drawdown lifetime mortgage aged 68 years[ii], this could mean a typical lifetime mortgage customer in their late sixties or early seventies is more likely than not to be living with a medical condition and/or disability.

Aviva have 10 simple questions for all potential new customers, and if it is for a couple, either or both lives could qualify; product enhancements are not dependant on the youngest life, nor do customers need more than one condition to qualify. Interestingly however, Aviva data could indicate a level of under disclosure. An example of this would be that in the UK 60% of over 65s have high blood pressure[iii] but only 33% of our applicants have.

After comparing and contrasting UK data with Aviva data, it’s possible that under disclosure could be linked to customer assumptions and mindset relating to health. Challenging customer mindset and misconceptions can be tricky for advisers to navigate, particularly around health and lifestyle information, which can be a sensitive topic to discuss, but what could be the root cause of some of these assumptions?

The first thing that comes to my mind is that, typically with financial services products used throughout our lives, poor health often means more expensive. An accident in a car for car insurance, a previously flooded home for building and contents insurance, or someone who drinks and/or smokes for life insurance. We are conditioned into thinking that a disclosure will have a negative impact on the product we need. When you combine this conditioning with the typically British culture of a “stiff upper lip” and “getting on with it” it is easy to see that advisers may struggle to get a customer to fully disclose all the information needed.

#### **When speaking to customers advisers should consider:**

- Are my questions structured in a way that is **unduly influencing** the customer?
- Are **my own** unconscious biases causing me to make **assumptions**?
- Am I making sure to ask the specific provider questions of **every** customer **all** the time?
- Am I **actively listening** to maximise the opportunity to ask different probing questions?

Operating in this way not only potentially gives the highest chance of success in obtaining the information but can also allow advisers to be more confident in the advice they are giving, resulting in the best possible outcome for the customer.

If you’d like to further explore the impact Health and Lifestyle information could have on your clients, click [here](#) to view our illustrative case studies or get in touch with [erbusinesssupport@aviva.com](mailto:erbusinesssupport@aviva.com).

---

[i] Healthy life expectancy, UK, between 2015 to 2017 and 2018 to 2020, Office for National Statistics.

Contains public sector information licensed under the Open Government Licence v3.0

[ii]Equity Release Council, Market Report Spring 2022.

[iii]NHS Digital, Health Survey for England 2021.