iPipeline Quarterly

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Table of Contents

Budget Buzzwords & Retirement Resilience

By **Ian Teague**
UK Group Managing Director
iPipeline

The UK economy has faced challenges in recent years, including a global pandemic, high energy prices, and inflation. However, the government's focus on economic growth and reducing inflation is starting to show positive signs for the economy. This is a good opportunity for consumers to plan for the future and improve their financial standing. To do so, consumers need access to accurate information and trustworthy tools. The financial services market can be confusing with its acronyms and hidden meanings, but we should not be too hard on ourselves. The younger generation has embraced the concept of "loud budgeting," which prioritises financial goals and encourages mindful and conscious financial decisions. We should all strive to be more financially astute, both for today and tomorrow.

Securing people's financial futures is our vision and we seek to achieve this by delivering innovative solutions that simplify, transform, and connect the industry.

Protection planning is critical for today and the future, whether Income Protection, Critical Illness, Life or other cover. And we can support you with the market leading solutions in this space.

Retirement planning is also crucial, especially as the population ages. We are part of an ageing society with a growing need for retirement advice, and as our data shows, **interest in annuities** is at its highest in a decade. But, is this advice reaching the masses as it needs to, or are we facing a 'lost' generation destined to struggle in retirement?

It is important to be informed about retirement options but cutting through the jargon can be challenging. Retirement resilience is defined as being prepared, flexible and willing to adapt **(Source: Forbes)**, time and effort well spent.

By simplifying language and empowering effective financial planning, we can help consumers trust the advice process and make a positive difference in their financial lives.

Purposeful portals. Why protection needs simple innovation.

By **Paul Yates**
Product Strategy Director
iPipeline

You know what they say. The oldies are the best. Footballers. Rock stars. Debates. People of a certain generation, perhaps all people, tend to look fondly upon the past. To wish back to how things were. To be nostalgic.

Frankly, it's not a state of mind I've ever really succumbed to. I like old music but find joy in the new. I think football is a better watch today on 5G pitches with lighter balls. I'm sure that politicians have always misled the public.

So, it was interesting to read and digest a **recent piece in the press**, questioning the role of portals (like our own SolutionBuilder) and whether they had in fact stifled innovation within the protection market.

In what was a balanced article, the author and several industry commentators argued for and against the role that portals have played and continue to play in protection market development and growth. The latter is a moot point though, as this market is one which stubbornly refuses to grow quickly.

Full disclosure, I was one of those who contributed to the piece, recounting how the need for portals was born out of the requirement for advisers to evidence recommending the best value cover for their clients, along with a need to be as efficient as possible. Reaching out to every retailer independently is never going to be a scalable way to grow any market, just ask those who now sell through Amazon or Etsy.

These needs have never gone away. Advisers are still - rightly in my view - price sensitive when it comes to protection, driven to achieve the lowest possible financial commitment from their clients to achieve financial security provided by life, by CI, by IP. So much so, in fact that the UK market offers what is widely considered to be the lowest life and protection premiums per mille across the world. Advisers are still focused on becoming more efficient, driven to spend more of their time engaging and advising, not engaged in unwieldy support processes.

So, it's hard to argue that the need for portals has gone away. Indeed, in the midst of a cost-of-living crisis it's natural to argue that finding the most cost-effective cover in the most cost-efficient way for a business has never been more important. Nevertheless, there are some who claim that by their nature, attempting to compare apples with apples, the portal model stifles product innovation and that they force providers to conform with a product template laid by technology and the need to compare apples with apples. The ultimate consequence is purported to be a market of me-too products.

Let's examine that view

The purpose of a portal and indeed the process that its users follow was always designed to deliver simplicity. Even in a market with expert, independent advisers serving customers complexity remains a challenge of both product and process.

Portals consolidate what would be a multiple stage process into one — with advisers able to compare price and now product features too, without leaving a single site. Implicitly, that sounds like a good thing to me, again there are parallels in online retail where consolidated marketplaces allow price and feature based shopping without trawling. It's now part of our expectation.

That doesn't mean that portals provide the single template that all providers should adhere to. On the contrary. But to evolve the portal journey and how products fit within, we need to work together. There are examples of providers who have done just this, unsurprisingly these outside in focused innovations are typically those which succeed.

In addition, I would argue that the simplicity that portals can deliver through comparison and process efficiency, provide a foundation for greater innovation. They give advisers the time and capacity to better understand the market and the products within it. To understand products of all shapes and sizes. But to really enable and to accelerate this innovation, we need to collaborate. We all have a stake in making this market succeed, making this market grow — so let's align behind that and work together.

That means portals and providers working together to shape the products and experiences of tomorrow. That means distributors and providers being aligned on the most efficient way for the advice, recommendation and buying process to be streamlined.

This feels so logical and achievable and we must not get bogged down by the cost to innovate otherwise we will never move forward and will forever continue to debate the future and growth opportunities of protection. Together we can empower innovation.

Divorce after 50: how to protect your client's retirement

By Cecilia Furner DipPFS
Distribution Director,
Retail Annuities
Legal & General

Divorce is never easy, but it can be especially challenging for older couples. Not only are they dealing with the emotional and legal aspects of ending their marriage; they need to consider the financial complexities of dividing their assets too.

According to our research, one in three divorces happen after the age of 50. This means more people retiring as divorcees — and they need to plan accordingly.

Separating Assets

For some mortgage-free couples, their home will be their largest and most obvious asset to split during a divorce. But in some cases, one partner may want to stay in the family home. This is where unlocking equity could be beneficial, especially when considering the cost of selling up and buying two new properties.

The next largest asset for couples is pensions. Because pensions are never in joint names, they can be overlooked as an asset to apportion. According to our research, only 11% of divorcees over 50 took pensions into account.

There are several financial solutions couples can consider, depending on their circumstances and preferences. These are some of the common ones.

Equity Release

Your clients could use a lifetime mortgage to unlock some of the value in their home to avoid having to sell up. The lump sum secured against their property could go to their ex-spouse to buy another property or be used to cover the costs of divorce or to supplement their lifestyle.

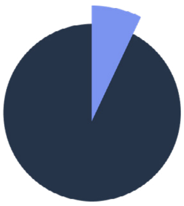
Pension Sharing

This can help achieve a fair and balanced settlement. One of the parties could transfer a percentage of their pension to their ex-spouse or receive a percentage in their own scheme. Depending on your client's age, they could use their pension settlement to purchase a fixed term annuity. This could help to bridge any gaps in income until other sources of income start, such as the state pension or any defined benefit pensions. Pensions are complex and sensitive to changes in financial markets, so your clients should get advice if they're considering this option.

Saving & Investments

These are usually easier to split than property and pensions, as they can be sold or transferred without much hassle. Your clients could divide them equally, or negotiate a different ratio based on the needs and contributions of each party. It's important your clients are aware of any tax implications before making these decisions

The value of advice



Only 7% of divorcing couples sought financial advice.

As an adviser, you can help both parties take a view of their assets before coming to a financial agreement. Thanks to you, clients can compare and evaluate the different options available to them. And you can help them understand the impact these decisions will have on their retirement and financial futures.

Why not catch up on episode 15 of our **Just Covered podcast**? In this episode, hosts Hazel Johnston and Wayne Holcombe delve into divorce after 50, property and pensions.

Source: Legal & General and Opinium Research conducted 2,750 online interviews of UK adults who are divorced. The research was conducted between 20 and 30 November 2023.

The continual search for ~~enlightenment~~ engagement

By Stephanie Hydon
Director, Client Distribution
iPipeline

We're part of a market that isn't shy in talking about its problems. Airing its dirty laundry - often in public. If the protection market was a person, it's likely it would be a person with a huge therapy bill. We like to talk.

The topic of those problems can vary slightly from post to post, article to article, but the same old suspects do occur more frequently than a slice of lime in a G&T.

In the last **edition of iPipeline Quarterly** I speculated on how a future market could tackle what is, as I see it, an efficiency problem. A problem that we've had since our existence began. I still can't believe that in the UK, protection goes back to 1583 — that's even older than **some** legacy platforms.

Efficiency, or lack of it, would be a term that would likely be shared on the market's therapy sofa. We've had opportunities to eradicate a large number of wasteful, or useless processes from the market, but so far, we've failed to take the opportunity. This causes lost time, frustration and ultimately lower growth and profits than many would like - providers, distributors and advisers alike.

So, with this in mind it was interesting to me to read recently that the world's biggest and some would say most efficient retailer, Amazon, has just announced that they are shutting down their UK Insurance store. This caught my eye for a couple of reasons. Firstly, and perhaps most importantly, looking through the lens of my last piece, you would be hard to find a business anywhere in the same efficiency sphere as Amazon, let alone one within the UK protection market. They know how to run the world's largest retail and logistics business, so what they don't know about efficiency isn't worth knowing.

With that in mind, it's a given that they would have approached the insurance market in the UK with the same discipline and laser like focus that they approach retail. How to deliver the best and the slickest customer experience. How to ensure they manage costs effectively to ensure the best value is delivered.

So, it is disappointing to hear of their exit — even from insurance markets adjacent to ours, not least because disruption is the mother of invention. There will be those breathing a sigh of relief, who have perhaps been predicting the forthcoming downfall of all incumbent insurers when big tech decided it wanted a piece of the UK insurance market. That's understandable in a sense.

However, there is another sense of relief that washed over me when I read of the exit. That is perhaps, because Amazon of all companies, experienced at least some of the challenges that other, mere mortal businesses do. That challenge is demand or how to build it.

Demand in any industry is built in two ways. Through what my marketing colleagues might describe as inbound and outbound marketing. Translated, that's how you entice your customers towards you (inbound) and how you promote or push what you do direct to your customers — building leads (outbound).

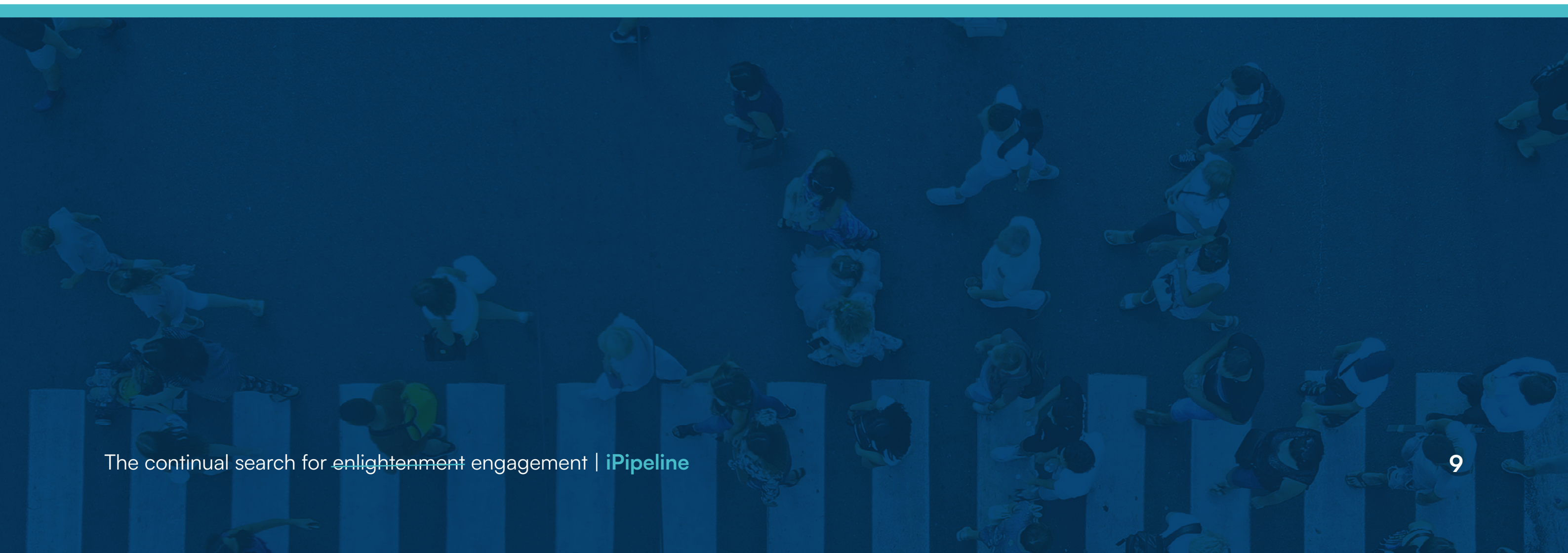
This demand generation or consumer engagement has always been one of the three biggest challenges facing the protection market (remember I covered another, efficiency, in the last edition). Protection is, in truth, never likely to be especially aspirational to consumers. Essentially, by taking out a protection policy, you're making a commitment to spend thousands of pounds on something which shows no tangible benefit. Should everything go to plan, of course. That's a hard sell to all.

It is an especially hard sell to those looking to other areas of financial planning which are probably closer to releasing the endorphins we all crave. Mortgage advice enabling people to buy their forever or just for now home. Wealth management for those looking to turn hard earned income into greater sums for now or later life. Protection can always feel a bit of a chore by comparison.

There are things that can't be changed. The bulk of money invested in protection through policy term is paying down against risk. It's playing the odds and the impact of ill-health and early death. If that doesn't happen, the money invested is never coming back. But providers are increasingly doing more to deliver everyday value and return, over and above a promise, through value added benefits. This huge market development can offer a real shift and a bump in engagement, but it needs to be about more than simply another tick in the box to beat the next insurer.

This has the potential to be a gamechanger in how to stimulate interest — let's recognise that potential. Finally, I've saved the best till last. I always do. Whilst many will tell you that creating engagement in protection needs people - people to probe, people to persuade - it doesn't begin and end there. Technology is now a big part of the kit bag for the best protection advice businesses. This technology is able to use big data to predict, engage, foster transparency and estimate costs in just a few clicks and a few seconds.

Technology powered people is our route to an engaged customer base. Amazon didn't have the people or the experience to engage customers properly. We have that and we now need to invest in technology that enables engagement to deliver it.



"With ever improving technology supporting product providers - is a new battle ground evolving? As adviser and customer demands and expectations of service grow, is the digital experience the new key differentiator?"

By Keith Aylwin
Executive Director
Alpha FMC

Alpha

Digital technology does not stand still. Indeed over the last few years it has felt like it is changing at a pace that we've not seen before, and one that is certainly difficult to keep up with. From online shopping taking a matter of seconds, to deeply insightful health data available on your phone at the touch of a button, we can see examples of companies inside and outside financial services building a great digital experience to recruit new or build existing relationships with their customers. Demands will continue to grow; customers want to be able to perform actions in their own time, with the right data and advisers want to concentrate on what they do best... advising!

Service vs Price

Gone are the days when being the cheapest was enough to win business. Commoditised products still play a key role in the market, and a very large one at that, but increasingly these products are now accompanied by easy to navigate processes, intuitive technology and the increasing ability to resolve your query **at the first time of asking**. This points potentially to a fundamental shift in the market where an easy-to-use digital service delivering good outcomes should be considered with equal importance to the pounds and pence it costs a customer.

What is the winning formula?

First, we need to accept that no one size fits all. And secondly, and probably more importantly, the answers are unlikely to reside exclusively within your organisation. Companies that prioritise the needs of both customers and advisers throughout the insurance journey will emerge as winners, that much is a given. But to truly understand your customer you need to engage with them. The power of research and external views cannot be understated. By understanding their preferences, pain points, and expectations, solutions can be tailored to complement their digital offerings to deliver personalised experiences that resonate with their target audience. Whether it's providing real-time quotes, offering self-service options, facilitating seamless communication channels, or ensuring good outcomes for customers aligned to consumer duty regulations, putting the customer and adviser at the heart of the journey is crucial for building trust and loyalty.

Evolution of the traditional advice model

Over the coming years I anticipate a continued shift towards technology enabled advice and engagement. Technology is set to play a pivotal role with the emergence of AI and its applications generating much (welcome) debate, ever more sophisticated solutions utilising data and getting the most out of your more traditional systems (policy admin, CRM). Those who lead the way will be at an advantage, perhaps significantly so. Research shows that customers and advisers want more self-service capability, building light-touch, or fully automated, solutions require a continued focus on technology, integrated systems, and a continuous focus on customer desires. The technology is here, the customer demands are here, focus is only going to increase how to fully leverage technology.

What's next?

As we look to the horizon, the journey of digital transformation is far from complete. The next chapter promises even more innovative leaps, driven by both technological advancements and the evolving expectations of advisers and customers. I believe we'll see advancement in the following areas:

- **Service:** Customer expectations around service will become more demanding. With a tech-savvy generation growing up with smart devices, product providers must respond with ever progressing capabilities. Digital channels will dominate the vast majority of traffic and solutions must account for that. That's not to say models will be digital only, but a digital-first approach will take greater prevalence alongside other methods of engagement as they're needed.

- **AI:** The adoption of AI will transform how interactions take place with customers across all channels. From bots which are able to hold a 'proper' conversation with a real person, to augmenting your operations team with a real-time virtual assistant, AI has the ability to drastically transform interaction.

- **Personalisation at Scale:** Advanced analytics and data will drive the personalisation of insurance products to levels previously unattainable. Insurers will be able to offer tailored solutions that meet individual customer needs, enhancing satisfaction and loyalty.

Whatever happens, it promises to be an exciting time!

Are your clients missing out on valuable benefits?

By **Jamie Page**
Head of Protection Distribution
The Exeter

Value added services are by no means a new thing in our industry but finding published data on how your clients are using these services isn't always easy. That's why we're excited to launch our fourth HealthWise report in which we share how your clients with The Exeter are using our free member health and wellbeing app, HealthWise.

2023 has highlighted how much your clients:

4.7 out of 5

Value HealthWise -
rating the services an average score of 4.7 out of 5

131%

Use the services -
year on year usage continues to grow with a 131% increase from 2022 to 2023

60%

Keep returning -
three out of five HealthWise appointments were from repeat users

While it is fantastic to see usage more than double amongst our members, our Health and Financial Fears research shows that almost one in two people with health and protection policies aren't aware of the value-added benefits that come with their cover.[1]

This is perhaps not too surprising. Advisers work hard to ensure their clients not only have the right cover for their needs, but they know what they are buying and why. Understandably, value added services may take a backseat during these conversations.

However, these services can play an important role in supporting your clients.

For example, the most used HealthWise benefit in 2023 was the remote GP service, with the bulk of consultations taking place at 9 in the morning. With the NHS recently publishing that demand for GP appointments reached record levels in November 2023 with 31.9 million appointments delivered across the country[2], there is real value in being able to access a remote GP for yourself or a member of your family from the comfort of your own home.

Make sure your clients don't miss out

With benefits worth up to £2,080 for health and income protection clients and £1,570 for life clients, some of the benefits include:

- **Unlimited remote GP appointments for your clients and their immediate family**
- **Health MOTs for policyholders**
- **Registered dietitian consults**
- **Lifestyle and nutrition consults**
- **Physiotherapy and mental health sessions for health and income protection clients**

And your clients can use HealthWise without needing to claim on their policy. To find out how your clients are using HealthWise, **download our 2023 report now!**

HealthWise is provided by Square Health.

1. **The Exeter's Health and Financial Fears research 2023**
2. **NHS England January 2024**

Critical Thinking: A wake-up call for the protection industry?

By Alan Lakey
Director & Founder
CIExpert

During February CIExpert launched its Critical Thinking 2024 report, conducting research with 5,000 consumers via Opinium, by age demographic and gender, along with the opinions of 300+ advisers. Resulting in the most in-depth piece of research ever carried out regarding critical illness.

The results astounded us. The problem is that those who work within the micro-environment of the protection world understand the products and processes and assume that consumers likewise understand these. The same applies to the industry terminology and the tsunami of acronyms that inhabit our world.

One set of statistics that should scare the innocent adviser relates to how consumers would buy a critical illness plan. The top three answers all involved online searches yet we are all aware that online searches tend to gravitate towards the cheapest price. This strongly suggests online purchasers are mis-buying critical illness plans, possibly they are buying stand-alone plans without knowing that the cost differential between stand-alone and accelerated plans is minimal to nil. Consumers do not realise that the plans offered via aggregator sites are frequently the budget plans and not the comprehensive versions available to advisers.

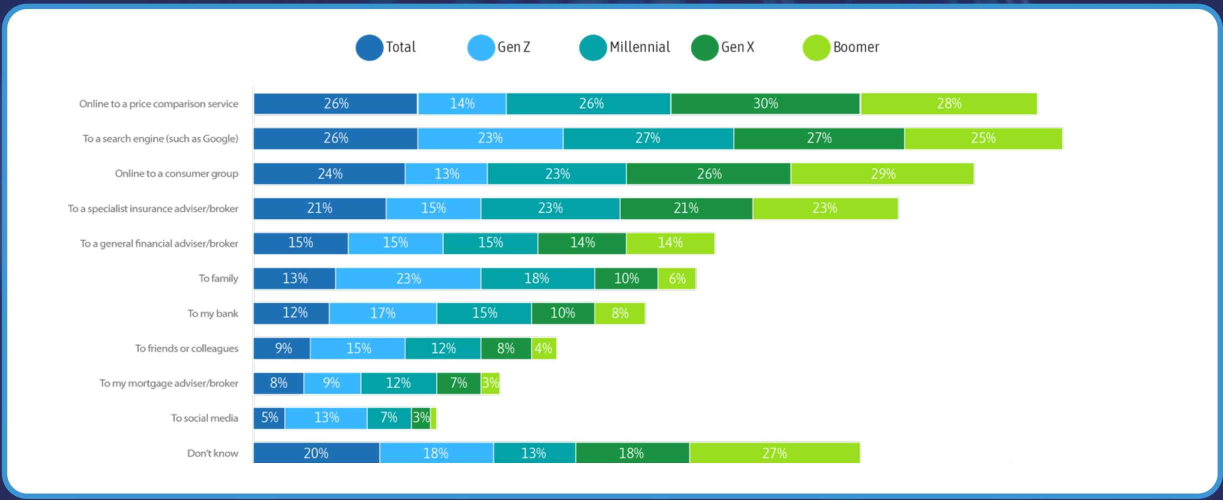
Almost half had never taken advice from a professional in respect of critical illness insurance and when asked why the two main reasons were not wanting to be pressured into a purchase and, more worryingly, that they couldn't afford an adviser.

We asked consumers what would motivate them to take advice and the largest percentage response was "if advice was free." Another answer that received a high percentage of answers was "if advice was cheaper."

These were responses that initially shocked us, but then again the RDR imposed adviser charges for pensions and investments so why should consumers believe that protection advice is any different.

A supplementary question asked whether advisers charged a fee for advice on critical illness plans. Of those who 'knew' nearly 63% thought that fees were charged. Having said that, 71% of those that 'knew' agreed that advisers have access to better quality products than available online. Over 89% of those with an opinion agreed that advisers have access to research tools that are able to identify the best quality products.

If you were considering taking out or reviewing an existing CIC policy, where would you go?



(Chart from Critical Thinking Report 2024)

Knowledge Gaps

Adviser preconceptions about how claim money would be spent also fell far from the truth. Of those consumers who had claimed the two main answers were on meeting private medical treatment and replacing lost income. When consumers were asked how they anticipated spending claim money the highest answer was again covering lost income, with covering everyday expenses a close second. Essentially this is the same answer and highlights a startling lack of awareness of income protection plans.

The matter of added value services provided a vision of the way forward for marketing departments. 27% said that buying a plan was more likely if it provided an annual health check, whilst 23% wanted 24/7 GP access. A further 16% prioritised a second medical opinion.

Other areas of concern were 45% of those with an opinion believing you had to tell the insurer at the outset what you planned to do with any claim proceeds. 38% believe that the purpose of children's cover is to fund any necessary treatment. A startling 81% were unaware that multiple claims could be made via severity or additional payment conditions.

When asked whether they would choose a joint life plan, two single life plans or just to cover the main earner over 64% of those with an opinion opted for the joint life approach.

Who is to blame for this general level of ignorance? Is it consumers or is it us? Are we as an industry guilty of focusing on what we believe consumers want as opposed to what they actually prize? Jeff Prestridge, Group Wealth & Personal finance editor at the Daily Mail and General Trust called the research “a wake-up call to those involved in protection insurance” and he is right. We need to base our marketing and client conversations around those areas that consumers view as important because we all know that perception is more important in decision-making than fact.

Click **here** to register for your copy of the full report.

Industry reaction to Critical Thinking 2024

“Earlier this week I dived through the Critical Thinking Report 2024 produced by CIExpert.

It’s brilliant, packed with really valuable insights and as a stat lover it is perfect! I urge everyone in the protection space to go and download this and have some reflection on the way you talk about CIC to your clients. 85% of advisers state that clients say CIC is too expensive which leads to 4 in 10 people not having it because they deem it too expensive. Are advisers driving this?

According to the stats, 81% of advisers emphasise paying off a mortgage with CIC BUT 67% of consumers want fast payments for medical treatment of early-stage cancers. Cleary a disconnect! With the average mortgage balance in the UK being over £189,000 I am not surprised consumers are deeming it to be too expensive. There is loads more in this report (far too much for one post). Well done to everyone involved with putting this together!”

Tom Hampton
Director
Tom Hampton Recruitment

If you do the right thing...
Keeping Engaged With Your Clients

By **Scott Machin**
Senior Product Manager
iPipeline

As we approach Q2 2024, some businesses will be reviewing their success from Q1, while others will be looking at their sales strategy for the new financial year ahead.

Where will new protection sales come from? How are you keeping engaged with your existing clients to ensure they have the correct protection policies in place for their current circumstances?

There's confusion about the need for annual reviews for clients with transactional products that earn commissions instead of ongoing charges. This applies even when a renewal payment is due annually after the initial indemnity period ends.

The purpose of this renewal premium would seem clear: to encourage and reward advisers for ensuring that their clients' protection plans remain relevant, up-to date and perfectly suited to their circumstances. That raises the question, certainly in my mind, of whether protection can truly be defined as a transactional product.

Indeed, many advisers will take this view too. After all, you've spent time and effort building trust and a relationship with those clients, getting to know their personal and financial circumstances, so why would you simply ignore any change in their needs and assume the protection that is right for today will be right for tomorrow?

Most clients would likely presume that the policies they have taken out will always be fit for purpose, not suspecting that they could be inadequate in the case of a change of circumstance and the need to make a claim. This is why they sought the advice from a professional in the first place.

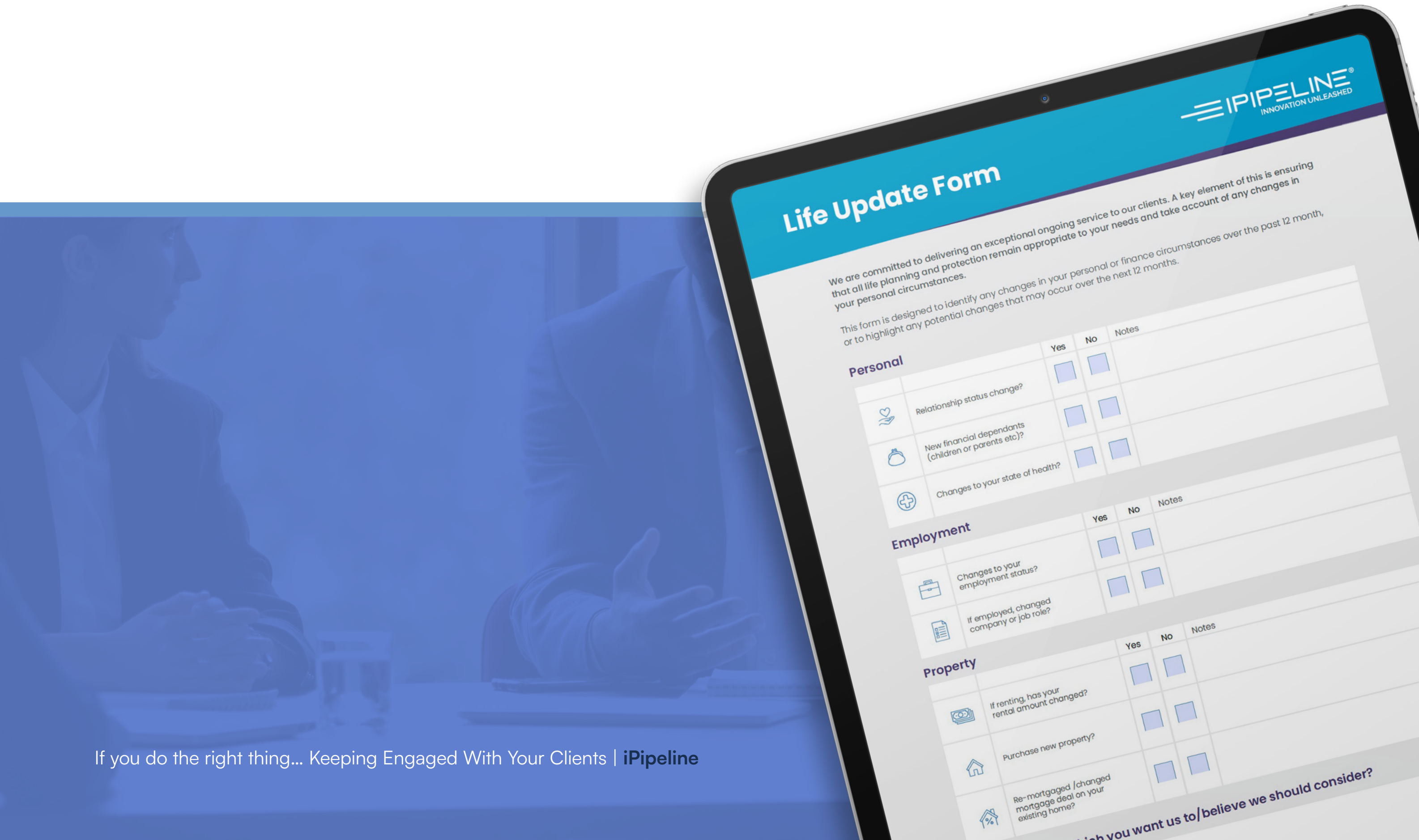
It is also worth factoring in that many firms work on a referral basis, so which adviser am I going to recommend to my friends and family? The person who I have never heard from since buying my policy or the adviser that contacts me each year?

The task of having to contact each of your protection clients each year would require considerable administrative overheads and costs. How can technology be used to create efficiencies?

iPipeline's Life Update Process offers a simple means of issuing a short, easy to answer questionnaire to understand if there are any changes to your clients' circumstances. Allowing you to send them in bulk to your client base and send automated reminders saves you having to manually chase up responses. This results in a collection of warm leads from your existing client bank that definitely need to have a protection conversation.

Wouldn't engaging with your clients be in their best interest while having a major benefit to advisers and providers revenue generation? To quote part of the 1977 Nike manifesto -

"If we do the right thing we'll make money, damn near automatic."



Quarterly Q&A

New for 2024! We'll be talking to key industry peers and influencers to hear their valuable points of view on current and future issues, their challenges, pain points and solutions.

To kick off, we're in conversation with Ian Teague, UK Group Managing Director at iPipeline who talks efficiency, advice processes and data.

By **Ian Teague**
UK Group Managing Director
iPipeline

Ian has been leading iPipeline UK since 2008 and has overseen the development and launch of a number of high profile and high impact initiatives, such as the launch of SolutionBuilder and the iPipeline acquisition of TCP Lifesystems.

Ian has been a fixture within the life, protection and pensions market, dedicating his career to building technology with purpose, helping consumers and advisers access important financial products more quickly, simply and efficiently.

Q1.

Your view on the current market (positive and negative)

I'm tempted to say that the protection market is in a state of flux. Flux which will breed both opportunity and challenge, but the reality is that has been the case for some time now.

With external factors such as the cost-of-living crisis having had such an impact on consumer demand, it's not hard to fathom why this may be the case. However, there are many more factors at play which make protection a hard place to navigate right now.

2023 saw the introduction of Consumer Duty, a game-changing piece of regulation which to many, places the importance of protection at the top of the financial planning priorities list. This has undoubtedly had an impact, which is evidenced by the conversations we've had with distributors and advisers in the last 6 months impacting some of our roadmap too in terms of client engagement opportunities, evidencing of advice and evolution of the underwriting journey.

Q2.

What are the biggest/main challenges we will face as an industry/at iPipeline this year?

There is no doubt that we are expecting more holistic financial advisers and planners to enter or re-enter the protection space as they use the impetus that Consumer Duty has provided to deliver more rounded financial advice.

Yes, we know that their clients are interested in long-term aspirational goals, but that shouldn't be at the expense of the stability that proper protection provides. These advisers will have different needs to others, such as retirement. As non-specialists they enter a market which may include a couple less insurers, but one which has more products, more options and more features to compare. As a minimum, they need to be able to access and assess what the whole of the market has to offer at the touch of a button. So, technology will be a crucial part of their advice kit bag. Technology we know we have a key role to provide.

The challenges don't stop there for new or returning advisers. One of the continual nuances of protection has been the sometimes complex, lengthy underwriting process. Whilst they have been away, advisers may expect that this has been solved, a fair expectation to have. Sadly, this isn't the case. Again, technology has a strong role to play here in streamlining the current process, but importantly not over engineering it — for applicants with nothing or little to disclose.

My advice for advisers new to or re-engaging with protection? Do your research first, and not just in terms of products. Invest in the right tech infrastructure to power your protection advice and you will unearth an area of advice which is not only potentially hugely rewarding financially, but rewarding emotionally too. What could be more important than helping to protect your clients and their families from the health shocks that life throws

Q3.

What are our key opportunities for 2024?

For iPipeline, 2024 is shaping up to be an exciting year full of opportunity. Although there remain some challenges in the protection market, there is huge opportunity too. I've talked about a trend for protection to be taken back under the wing of holistic advisers, putting this crucial form of cover back at what many see as the 'top table'. Whatever your view on where protection should and shouldn't be advised, more people championing what we do with their clients can only be a good thing. Now let's support them with the right process and digitisation.

Past the distribution and advice process, we put our energies into powering providers to enable a true, 21st century service experience enabled through technology. The providers across protection, pensions and savings and investments markets who trust us to provide their platform technology already appreciate the power of an ecosystem that not only enables their excellence, but puts them in control — in real time. This year we will continue to take this message out to providers new and old. There are plenty who appreciate that their technology continues to hold them back, both in terms of innovation and service. We'll be searching them out and showing that there is another way.

Finally, no column on technology would be complete without touching upon the impact of both data and AI. For iPipeline, data will continue to be a focus area and one where we will drive real value to our partners. Our lens over our markets is so wide, from quote to claim, which build a depth and breadth of data which empowers our partners to make the best, most informed decisions on everything from pricing to distribution management.

In terms of AI, the focus and the chatter will remain. Will it or won't it revolutionise the working world, this year or in the next 10? My crystal ball is still a bit misty on that question, but what I do know is the approach we're taking to AI within our markets. We can see some simple and clear use cases where AI can power our existing services and users to even greater productivity, providing even more transparency. For me, in its current phase, AI is evolutionary rather than revolutionary though revolutionary opportunities exist too and I'm sure we'll see some of these in 2024. We will continue to identify areas where AI can take out the 'routine' work, empowering the talented people within our markets to solve the bigger problems. After all, technology and people need to work hand-in-hand for products, for markets and for service to evolve — and as our data and marketing teams will testify, the power of AI is inhibited by one major factor, the quality of the prompt.

FOR ADVISERS ONLY

INTRODUCING

LIFE ESSENTIALS

The new low-cost
life cover that's popping up
all over the portals.

GUARDIAN 1821

LIFE. MADE BETTER.

Overcoming the hurdles to reaching a Gen Z audience

By Claudie Francis
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At the ripe old age of 26 I just fall into 'Generation Z'. For many, that brings with it visions of low-rise jeans and mullets (if you know, you know), but I'm delighted to buck these dubious trends. For me, being a Gen Z'r is more about a sense of pride, rather than a sense of fashion. My generation is passionate and engaged, especially when it comes to politics, climate and finances.

This is now being acknowledged in society. In recent months we have seen a positive shift in messaging to my younger cohort. No longer are we branded as avocado eating, Netflix subscribing, iPhone addicted post-juveniles but in fact, a financially savvy group that just needs a little nudge in the right direction, alongside recognition that some structural changes are required to help us thrive.

Ours is a generation whose coming of age has been marred by a pandemic and a cost-of-living crisis. We have not been afforded the same hedonistic youth; instead, we have grown up in the knowledge that the traditional milestones of adulthood: buying a house, getting married, having children, look very different for us than they did for our parents.

This could quite easily lead to an army of defeated and browbeaten individuals with no motivation to achieve financial security, and yet it seems the opposite is true. Data from IPSOS shows that half of Gen Z aged 23 and under have savings whilst they are also the generation most likely to have a personal pension in place (in part thanks to the government's auto-enrolment policy and a delayed recognition of the death of final salary schemes).

Surely all this adds up to the perfect recipe for a protection customer, so why are we the least protected age group?

Well, the 2023 AMI report puts it perfectly: it's not the protection gap, but the PERCEPTION gap. This term encompasses the real challenge we're facing; it is not that young people aren't financially engaged; they just aren't engaged with protection.

AMI's research continued to outline that when Gen Z know about protection and its benefits, 78% think it's important to have it in place. When you compare that with 58% of boomers… I don't think age is the problem, more access.

So, if those of us 'in the know' are on board, what's stopping the rest of us?

To me it is a trifecta of barriers: traditional trigger points, product and price and awareness.

Trigger points

I won't harp on about this one for too long (as it seems to be a protection tale as old as time), that a key reason why the young don't have a policy in place is that we are less likely to be having the right conversations with the right people at the right time.

We are finding it increasingly impossible to get onto the property ladder and without a mortgage process, we just do not have access to advice in the same way.

Perhaps surprising to some, the AMI report also detailed that the majority of young people would rather source protection through a financial adviser than via an online comparison portal. We seem to be a lot less cynical than our elders; we trust in an adviser's ability to save us money, act impartially and believe the claims stats published by providers.

We just do not have the knowledge on insurance products and with something as complex as personal protection, we will look to an authority figure on the subject to educate us on the best policy for our needs.

My peers that have been through the mortgage process have taken out some form of protection and those who haven't know that they should have something in place but are lost at where to begin with sourcing it.

Product and Price

I am reluctant to say that the problem lies with the products on the market and their cost. We could argue forever around the potential for rental specific products for example, but by and large, the innovation of insurers continues to provide flexibility for a myriad of budgets and requirements, but this will continue to count for nothing for those who don't come into contact with them.

We live in a subscription economy with everything from Netflix to coffee coming out as a monthly fee. Therefore, with Income Protection potentially being as little as £10 per month, what could be the issue?
The problem is that £10 per month seemingly gets you nothing. Peace of mind is a big selling point when you have a mortgage, a spouse and three kids to support but when you're young, single and seemingly invincible — what in fact is there to be worried about?

This is where Value Added Services really come into their own. With access to GP services and Health and Wellbeing benefits, suddenly taking out protection does not seem like the imaginary investment it once was.

Awareness and access

Which leads me on to my last and arguably most important point. Everything I have spoken about in this article can be grouped under this umbrella.

If we knew how and where to source advice, we'd be getting it. If we knew what the products were and why we needed them, we'd probably buy them.

This industry talks a good game around wanting to protect the younger generation and yet when I look outside of our market echo chamber, I'm not sure I see the fruits of this ambition.

Protection feels very much like an 'in' crowd. I had little to no knowledge of personal protection before I entered the industry a few years ago. Of course I have heard the names of the insurers and maybe even recognised the odd logo, but the reality is, they were not marketing to me. Seeing is believing and if the only image of a protection customer shown is that of a certified 'grown up' with a mortgage and children.... I'm likely to scroll on by, for now at least.

It is also rather easy to label us as the 'online generation' and claim social media as the one size fits all solution without deeper research into the multi-faceted industry it is in its own right. A Facebook page and a targeted ad will not cut the mustard, unfortunately. The reality is that young people are online in their droves so if we want to reach them, we need to speak their language. Influencer marketing is now worth over 20 billion dollars globally and yet we seem reluctant as an industry to take a slice of that pie — bar some lead gen through Tom and Polly, using well known faces such as Vinny Jones to promote life insurance (spoiler — Gen Z don't know who Vinny Jones is, I had to look him up).

All in all, the appetite is there for Generation Z to be financially resilient and to protect their life and their income, we just need to talk to them.

News you may have missed

Last year we saw a significant increase in the demand for annuities among advisers with quotes up 60% compared to the previous year. Providers must prioritise ways to tackle legacy technology through investment and innovation to be able to deliver what our customers need — or lose out! Paul Yates anticipates huge change in the pensions and retirement sector this year. Read more **here.**

We're delighted to announce our finalists in this year's COVER Women in Protection and Health Awards.

Our congratulations and good luck to:

Chantel McGill
Educator of the Year

Zoe Mears
Business Development Manager of the Year

We're looking forward to the awards ceremony on 2nd May!

On 19th June, we're taking part once again in Protection Review's ProtectZ conference for the under 30s. The event will build on the conversations and questions from the inaugural event last July. Our attendees, Claudie Francis and Alisa Wallington, are looking forward to sharing their insights and views on working in protection. We look forward to hearing more after the event!

Why not sign up for one of our webinars today? There are many to choose from or you can catch up on a past webinar at a time that suits you. Click **here** to register.

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