

F&TRC Press Release

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F&TRC Protection Forum announces draft good practice statement for insurers ahead of ECJ Gender ruling implementation and calls for further industry feedback

Leading independent financial services consultancy F&TRC is pleased to announce its latest area of focus in the protection market.

The adviser led group agreed at its most recent meeting in March to build a draft statement of good practice on the subject of gender neutralisation for protection policies, which includes a list of adviser requirements to help ensure their customers are treated fairly throughout the transition.

Last year the ECJ (Court of Justice of the European Union) ruled in the ‘Test-Achats’ case that insurance companies should no longer charge separate rates for insurance for males and females. It is likely to mean higher life insurance rates for females but not necessarily lower rates for males. Insurers have until 21 December 2012 to cease rating by gender.

The draft statement, which is summarised below, is being put out to the industry now for wider adviser consultation ahead of agreeing a final good practice guidance guide later this month. Advisers wishing to provide feedback should visit <http://www.adviserforum.com/> to see the full draft and to register their views.

Adviser members agreed the following areas for providers to consider:

Insurers should:

- Confirm their action plans to advisers no later than the 21st June 2012, allowing six months lead time
- Confirm if the Directive will affect underwriting of new plans and also premium rates and underwriting for, GIOs, plan amendments and re-instatements
- State the date on which they propose to move to gender neutral pricing at the earliest opportunity
- Confirm whether policies need to be on risk or just informed of the start date
- Look to indicate post G-Day premium rates on quotations
- Make it clear that quotes are “*valid for 30 days or until the 21/12/2012, whichever is sooner*”

- Confirm they are working with the major Portals to ensure accurate quote and apply facilities post 21st December 2012
- Be aware that changes to the number of questions asked at the quotation stage could have a significant impact on Adviser firms' new business process
- Ensure adequate staffing resource is planned for run up and specifically the week ending 21/12/2012
- Review their current methods of chasing outstanding information and the frequency of follow ups accordingly

In terms of adviser communication, distributors also prioritised the following three points:

1. Providers' should dedicate an area on their extranets to provide a summary of their intent with regards to how they propose to manage business volumes in the run up to 21/12/2012 (G-Day)
2. Advisers also felt Portals should have a headline warning on their websites showing a countdown to G-Day
3. Sales aids were also considered to be important in assisting advisers communicate the G-Day message to clients. These should be available as; posters, leaflets, emails and letters, etc. in a such a way that they can be easily distributed to consumers at the Adviser's discretion.

Michael Aldridge, Sales Director at London & Country, said: "Gender neutral pricing will make a significant difference to the prospects of the adviser community this year and indeed next, the rewards are there for those that understand it and embrace it, on the flipside the risks of ignoring it are equally substantial and with a raft of legislative changes all converging upon us at once it's not unrealistic to see how it might become overlooked by some.

"To this end any support the Providers can offer to advisers will be very warmly received, support both in terms of literature but also clarity around the impact of gender neutral pricing on their processes and of course prices will not only help demystify things for advisers it will assist them in engaging with their customer base both effectively and early enough to make a difference."

F&TRC Managing Director, Ian McKenna, said: "The issues addressed by our Protection Forum are those raised by distributors. We met last month it soon became clear that the key issue on their minds was making sure the impacts of the ECJ gender ruling are properly managed. We have built a draft list of requirements for insurers to consider and welcome any additional feedback from across the protection industry in the coming weeks."

The advisers who have worked on the project so far include: Master Adviser, LifeSearch, London & Country, Direct Life & Pensions, Vita Financial, Sesame and Spicer Haart.

Advisers should visit <http://www.adviserforum.com/> to see the full draft and to provide feedback.

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Notes to Editors

Protection Forum currently includes the following members: Aviva, Bright Grey, Direct Life & Pensions, Exeter Friendly, Friends Life, Legal & General, LifeSearch, London & Country, LV=, Master Adviser, PruProtect, Royal Bank of Scotland, Simply Biz, True Potential, Zurich.

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About F&TRC

Established in 1995, the Finance & Technology Research Centre (F&TRC) is a specialist consultancy advising a wide range of financial e-commerce and software companies, trade bodies and financial institutions on the use of technology in the personal finance market. Adviser Forum was established as an environment for major adviser and product provider firms to meet and discuss key business issues and identify how to address them co-operatively for the benefit of consumers and the industry. It is a collaborative forum involving major distributors and manufacturers and its objectives are to improve the efficiency of the market for the benefit of consumers and the industry.