

iPipeline blog

Have we forgotten how to sell protection?

There was a time when people used to come to your house and talk about insurance. There was a time when the powers that be made insurance compulsory. Indeed, there was a time when Winston Churchill wanted to write the word 'insure' on every front door in the land.

We used to go to the people – but now we expect the people to come to us. We add new options, place some adverts, cut the price a bit more, add new options, repeat to fade...

But in a world which makes increasing demands on clients' time and money, expecting people to come to us, unprompted, is optimistic to say the least.

We are competing for our clients' time, attention and financial resources and, despite what we might think, protection is not always at the top of their to do lists.

But this shouldn't be an insurmountable barrier.

Going to the dentist is not a favourite activity for most people, yet most of us go regularly as we know it will be good for our health in the long-term. Dentists know of people's reluctance and take steps to overcome it. On a recent check-up, I was booked in for my next appointment as I was leaving.

Similarly, my optician will send me a text to remind me that I am overdue an eye test, while insurance companies automatically get in touch in advance of the renewal dates for car, household or travel insurance.

If I log on to my bank account online, I am frequently informed of other products and services they hope I might be interested in.

All these businesses are taking steps to engage with me and at least keep in touch and remind me they are there.

You might say this is an unfair comparison, as I made the effort to contact all these businesses initially and it is in the initial contact where the protection industry has a problem.

The old-fashioned approach of going door to door has been consigned to history, but the protection industry has so far failed to come up with a modern equivalent to replace it and actively promote the benefits of protecting your income.

But there are several obvious areas that the industry can target.

We have a growing generation of renters who need income protection, but are we talking to them? Are we striking deals with letting agents and developing simple, low-cost plans aimed at renters?

There are now almost 5 million people in the UK classed as self-employed. When entrepreneurs set up new businesses they register with Companies House, but are we using that for lead generation?

When people leave their employer they will typically leave their group life scheme too – are we getting in touch with them to replace their cover?

I know what we are doing... We're adding more and more products, with more and more options, trying to be more and more clever. But from a consumer point of view we're just busy creating more noise with choice overload. Sometimes in life, less is more.

The key protection triggers aren't just about babies and mortgages anymore; and selling protection isn't about products. There are a lot of ways we, as an industry, can improve the way we engage with people to make them aware of what protection can do for them and how it meets their needs.

It's not easy but there are some positive signs that collectively we are awaking from years of slumber. Firms such as St. James's Place and Openwork are making things happen.

In Openwork's case, introducing personal risk reports and a refocussing on making protection the bedrock of financial advice has seen the company increase protection sales by 400% between the end of 2014 and the end of 2015.

Mortgage network Stonebridge is another example of a company that has managed to significantly boost its level of protection sales in recent years, with protection sales up by 50% in 2016.

Both networks say better technology is helping to streamline the application process and increase their conversion rates and there are further signs that the industry is beginning to embrace technology to improve the level of take up.

Last month, Legal & General confirmed it is looking at using an automated robo-advice service for protection, while last year software provider eValue launched a white-labelled robo-advice service for advisers which covers protection sales.

It is not just these companies that are showing it is possible to reverse the recent trend of slowing protection sales.

The latest Swiss Re Global Insurance Review shows that total protection sales in the UK were up by almost 4% in the first half of 2016 but there is a lot that can still be done. And boosting protection sales is not a zero-sum game. Increasing sales at one company should not involve cannibalising sales from another.

According to the Association of British Insurance, of the 26 million households in the UK almost 5.5 million have whole of life cover, with nearly another 1 million term and income protection policies in place. This leaves upwards of 19 million without cover in place.

While we don't go door to door anymore, as an industry we need to get back in the habit of actively talking to existing and potential customers to make them aware.

Whether this is by using technology to make initial contact and to streamline the application process or re-establishing protection as the cornerstone of sound financial planning, this is not just good business but it is in consumers' interests to make sure as many people as possible are protected from financial hardship.

As some telecoms company or other used to say "It's good to talk".

We're no longer on people's doorsteps. But the technology and systems are available to bring the industry into the 21st Century and we should use them.

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