

Positive Aspects – Money Marketing – July 2009

I am more positive about the future of the Protection industry currently than I can remember being for some time. This surge in optimism is not just a pleasant symptom of my general Summer "joie de vivre" (10 days in the Dordogne beckon...), but is a result of several factors.

One of these factors I'm afraid is not the annual Swiss Re report, or rather the findings therein. As expected, Swiss Re estimate that the Protection Gap in the UK remains at £2.3 trillion (or Cristiano Ronaldo's hair gel budget for the 09/10 season). There were some ups and some downs, but the fact remains that we are not selling Protection to our clients in anything like the requisite quantity to plug this hole.

What has put a smile on my face, however, is the innovation and determination providers and advisers are showing in their efforts to reach new consumers across our industry.

First was the big brand Protection distribution tie-up between Friends Provident and Tesco, which itself came hot on the heels of a partnership between Legal & General and Sainsburys for distribution of over 50s life cover. The supermarkets appear to be one sector coping admirably with the financial doldrums, and tapping into their appetite for diverse product offerings to present to their millions of customers can only help raise the profile of Protection among the general public.

Then, came the suggestion that more lenders in the Mortgage sector are likely to pair up with brokers in order to offer broader levels of advice to their clients – the most high profile coupling to date being that between HSBC and John Charcol. Primarily this tactic is aimed at improving Mortgage advice, but one assumes that Protection penetration will be key to both parties.

Another example of forward thinking comes from several firms' desire to up-skill and re-train advisers. This is especially pertinent for Mortgage Brokers, whose core income stream has been drastically diminished of late, and means that brokers who previously made a good living from procuration payments and fee charging, might now embrace the sale of a rounded Protection offering to clients new and existing.

Of course it is possible to create negative arguments against much of the above – Tesco customers will only be offered products from one provider, without advice for example, and I might myself agree with elements of that criticism.

The really good news however, whichever way you look at it, is that Protection is climbing the agenda of more and more companies as a potential growth area for new business. Advice firms small and large should hitch their wagon to the inevitable surge in public awareness, rather than fear losing clients to the big brands and aggregators.

The Protection Gap tells us that there remains plenty of business to go around, and with a recent Sesame survey finding that 97% of clients are happy with their adviser and would recommend him/her, there is no reason why you too shouldn't share my summer spirit.

By Phil Jeynes, Key Account Manager