

Intelligent Protection

Trade Launch Press Coverage

MoneyMarketing

LIFEQUOTE FEEDS PROTECTION NEED

By Sam Shaw - 26-Jan-2006

Sam Shaw looks at LifeQuote's system which is offering a tailored approach

Direct Life & Pensions claims its LifeQuote online system Intelligent Protection will tailor quotes for clients' needs rather than just compare prices.

Parent firm Skipton says it will provide clients with more comprehensive protection at better value. The system has been developed for 12 months and tested with 30 protection advisers since last November. It will be introduced in Skipton branches in the first quarter and a training program for staff started last week.

DLP believes the technology could bring a commission bonus for advisers as the choice shown by the system is likely to mean that clients take out more comprehensive cover at higher premiums.

Managing director Michael Ward says: "Commission is generally paid out on a sum multiple of the premium paid out. For instance, if an average customer pays £17 a month, we would estimate that using this system would increase that premium to about £24 a month because the client is seeing the benefits available to them on screen. Therefore, the premium increases because the client is buying better protection and the IFA gets paid more commission as the provider gets more business."

The product suite includes level term assurance, index-linked term assurance, mortgage protection, decreasing term assurance, family income benefit, income protection, payment protection insurance, ASU and critical-illness cover.

The system is compliant with FSA requirements and allows IFAs to save and retrieve data with a full audit trail that can be revised without the need for a new application form.

LifeQuote believes there is an enormous need for more protection, with the gap estimated at around £2.46tn but it warns that a compliance gap is building, with many advisers needing support to meet regulatory requirements since general insurance regulation was introduced.

Product providers and IFAs have broadly welcomed the new system but some advisers feel it may be dumbing down the advice process for clients with more complicated needs, making it more suitable for high-street banks and building societies.

DLP says the system will mean that providers will have to ensure that service levels are maintained and it will be constantly reviewing providers using the software to ensure that they are up to scratch.

The service is launching with a 28-day free trial and will then be free to advisers using LifeQuote's Express Underwriting system. Other advisers can use it for £19.95 a month.

Ward says: "If the providers do not deliver, we lose out. We will be keeping a close eye on service standards."

Scottish Provident head of life and health propositions Sue Wilkinson says: "Holistic protection advice may be daunting to an intermediary who is new to protection or those who have been recommending

very basic protection for mortgage purposes. These advisers may feel that they are at greater regulatory risk.

"This tool allows an intermediary to get the best possible combination of appropriate benefits in record time. It means that they can meet the need of the customer or fit the needs closest to their budget."

CBK principal Peter Chadborn says: "The system is user-friendly, it asks all the right questions and prompts the user to think about and prioritise the client's needs."

"What I particularly like is that although it throws up the cheapest quotes, the user can view alternative quotes to decide whether more comprehensive benefits are available for little extra cost. It will not necessarily appeal to the specialist protection adviser but I can imagine big distributors such as banks and networks using this system."

MoneyMarketing

Section: News, Technology
Author: Ian McKenna

Date: 02-Feb-2006
Source: Money Marketing

One of the key industry issues is consumers getting advice when arranging protection. Money Marketing's No Advice No Protection campaign has made it clear that advice is an essential part of the process.

The scandal over the amounts charged by banks for payment protection insurance is further evidence of the need for consumers to get whole-of-market advice.

In many cases, protection cover is provided at the same time as the consumer is buying another product such as a mortgage which significantly limits the time available for an adviser to talk about suitable plans.

The customer is invariably more interested in talking about their new mortgage, how much they can borrow and the monthly repayments than they are about the cost of insurance. The adviser must give detailed protection advice to a consumer in a very limited time.

Direct Life and Pensions' new service, LifeQuote, could be a valuable tool for advisers. The package comprises an abbreviated protection fact-find linked to a comparative quotation service which can generate a draft suitability letter.

The service is easy to use. Advisers complete a fact-find of basic client details such as name, date of birth, gender, employment status, annual income, etc. In some areas, additional screens pop up to get more detailed information. For dependents, the names and how long they will be dependent for are entered. The monthly expenses screens vary based on housing arrangements. Adviser can click on an icon and enter a default amount for budget figures based on the information already entered.

The system maps over 2,700 occupations so insurers' different interpretations are fully catered for. Money Marketing has reported that the Origo occupation definitions need a serious overhaul and it is good to see that LifeQuote has worked around these deficiencies.

After the fact-find information is entered, the system asks the client to prioritise their different protection needs between clearing a mortgage or providing lump sums or ongoing income in the event of long-term illness, etc. Various points can be deselected and declined if the client does not want to provide for a specific circumstance.

A budget for protection is agreed with the client and entered into the system. At no point is the adviser asked to enter a sum assured for any part of the cover as the systems identifies a suitable level of cover based on the information provided.

The comparative quotation engine generates a summary that shows all the cover that can be provided in priority order within the agreed budget. Other cover that can be provided but exceeds the budget is shown separately. Details of the life company providing the cover are shown and alternative companies are illustrated.

The system can also generate a draft suitability text which the user can copy and paste into their word

processing software. Before using the suitability wording, the adviser must agree not to hold LifeQuote responsible for claims that may arise out of the advice.

I can understand entirely why it would do this although I do wonder how fair this is, given that the system locks down the basis of the recommendation.

The system does not automatically link to providers' extranets for submission of applications but advisers can use the express underwriting service provided by LifeQuote which involves a simple two-page application and a call centre underwriting process.

In this case, LifeQuote carries the non-disclosure risk and takes responsibility for organising trust forms.

Mortgage advisers are clearly the main target for the service as they advise on big amounts of protection cases but may not have the time to specialise in this field.

The system includes a 71-page overview and technical summary of the protection market which is detailed but easy to read.

There are four life offices live on the service - Bright Grey, Liverpool Victoria, Scottish Equitable Protect and Scottish Provident.

LifeQuote managing director Mike Ward says this represents the full universe of providers which can offer all the products on the system under a single plan. If a client excludes certain cover and there are additional insurers which offer a suitable product, the software increases the life offices included.

If the adviser is submitting business via LifeQuote, there is some commission sharing but the adviser may think that by passing responsibility for processing to Life-Quote could give them more time to write more business and LifeQuote commission rates are about 140 per cent of Lautro.

There are some obvious things that could be done to pre-populate data to the intelligent protection system from mortgage sourcing tools and adviser client management systems that would make the system even faster but I was creating quotations and suitability letters within a few minutes of using the package.

As the system is based on multiple product plans, the adviser could place the cover cheaper by disaggregating the individual covers but Ward says that starting with a budget from a client and identifying how much cover can be achieved within that budget may well result in the client getting extra cover they might not have considered.

Ward is also keen to stress that the system will always use lower-cost products such as family income benefit rather than lump-sum cover when protection is needed for only a limited period.

Advisers get a free 28-day trial by visiting lifequote.co.uk. After this period, the service is free to advisers who submit one proposal a month via LifeQuote. Advisers who want to continue to deal direct with providers pay a licence fee of £19.95 a month including VAT.

This package raises the bar in terms of what an adviser can easily achieve using comparative quotation software. It will be fascinating to see how the bigger quotation portals react.

Ian McKenna

News

LifeQuote portal set to 'silence the critics'

26th January 2006

Protection broker LifeQuote has launched a service to address some of the criticisms of protection advice.

Intelligent Protection, an online quote engine, allows advisers to select protection products according to a client's budget and need for specific benefits.

The system, designed to be carried out by the adviser with the client, takes information about the client's dependents, housing, occupation and budget and generates a list of benefits, pulled from various protection product types, that will meet the client's need.

The client is able to prioritise which benefits are most important and Intelligent Protection will compile a combination of policies to meet those needs and will identify where providers are able to offer multiple benefits. The end result is a single quote that can incorporate multiple policies.

Intelligent Protection requests as many as 72 quotes when compiling its quotes, as opposed to all other portals which request one at a time. The system, which differs from existing portals in that it does not ask for a specific policy type up front, will help to improve advice, according to LifeQuote.

Michael Ward, managing director of LifeQuote, the business-to-business trading arm of Direct Life & Pensions, said: "Intelligent Protection will help advisers to focus on what is really important to their customers and deliver easy to understand solutions quickly and effectively.

"The system, the rules that drive it and the resulting explanations are designed to make comprehensive protection advice easier to give and easier to understand."

Mr Ward said that the system would help to address criticisms of protection advisers that unsuitable policies were being recommended to providers, or that policies were not being written in trust.

Intelligent Protection will provide demands and needs letters and is linked to Express Underwriting, the LifeQuote system for submitting business.

Nigel Firth, development manager for Skipton Building Society which trialed Intelligent Protection with 12 advisers, said: "I love this kit. The ideal situation, with all outcomes covered, is always shown to the client and you go from there. "We have actually increased the average premium from customers using this. Perhaps the biggest plus is the demand and needs letter, which gives us more time to train advisers and have them in front of clients."

LifeQuote is in discussions with a number of distributors about creating tailored versions of Intelligent Protection and a 28-day free trial is available for advisers by logging on to www.lifequote.co.uk.

In Brief

LifeQuote launches Intelligent Protection

2nd February 2006

LifeQuote has launched its latest software development, Intelligent Protection. The software is designed for advisers to use in consultation with their customers to arrive at a model protection recommendation, which can then be tailored to individual personal circumstances and budgets. LifeQuote has already entered into discussions with a number of other major distributors about creating tailored versions of Intelligent Protection to meet their needs and their agreed panels.

Dedicated to mortgage advisers



News

23 January 2006

Technology

LifeQuote unveils online protection solution

By Paul Bicknell

New broker software to be used in conjunction with clients to create a recommendation for protection products has been launched by LifeQuote.

The web-based software, which went live on 18 January, is the first to enable multi-benefit comparisons between products offered across the whole of the market. Michael Ward, managing director of LifeQuote, said: "The product makes insurance protection much easier to sell and easier to buy. This exciting piece of software is the first of its kind."

Ward explained the company had its own relationship manager who was in dialogue with the Financial Services Authority (FSA). He added: "The regulator knows about the software and we are demonstrating it in the first week of February. It makes the broker's task of proving compliance to the FSA much easier. It also means, coupled with our express underwriting, clients with extra budget can take out extra protection with much greater ease."

Nigel Firth, development manager at Skipton Building Society, said: "We have already begun training our staff in the use of the software and expect to be using it by the end of February. This is a product we are very excited about using and we expect it to break the barriers which have existed in terms of protection business profitability."

Mark Lofthouse, chief executive of Mortgage Brain and the Mortgage Trading Exchange, expressed an interest in integrating the Life Quote software into the Mortgage Brain platform.

He added: "We concentrate on mortgage sourcing and are always keen to improve the ease with which brokers can sell ancillary products. We would definitely be interested in setting up a deal with Life Quote to improve the saleability of protection insurance."



February 2006.

LifeQuote sets up protection search tool aimed at IFAs

Lifequote, the intermediary arm of Direct Life & Pensions, has launched software aimed at helping intermediaries choose which products they should recommend to their clients.

By processing a client's personal data, the Intelligent Protection system allows advisers to see what specific protection options are available.

The intermediary can then, together with the client, pick the options the customer wants.

Although Intelligent Protection could aid intermediaries with their advice process, Lifequote has made a point of clarifying that advisers are still needed.

"The system is there to help the adviser but the adviser still needs to advise," said Mike Ward, managing director of Lifequote.

IFAs have applauded Lifequote's move.

Peter Chadborn, principal of IFA firm CBK, said: "It is very easy to use but not too simple. A client still needs an adviser to guide them in the right direction.

"I like the way it gives you the option to look at all the quotes, as that helps to promote other areas of protection.

"Larger distributors or IFAs who just get a quote from the Exchange will definitely benefit from this invention."

Kevin Carr, head of strategic relations at LifeSearch, said: "It highlights the importance and potential complexity of advice in protection.

"It should help close the protection gap and users should see increased sales of policies such as family income benefit and income protection as a result."

- To access Intelligent Protection visit www.lifequote.co.uk.