

How Standard Life is making its move on the protection market with its online offering

Standard Life has signalled its intention to be a major player in the protection market with the launch of its protection online system and a rate review.

Protection online went live on January 24 and was followed by a significant rate review on January 25 - the first step in a complete reshaping of the group's pricing model, slicing an average 12 per cent off level term insurance rates and 6 per cent off decreasing term insurance in the crucial age range of 28 to 38.

This is a competitive sector and our goal is to reposition Standard Life as a major player in the protection market. With the launch of protection online and our new pricing model, we are now in a position to put a tick in all the boxes required to be a successful provider.

A key part of this repositioning has been the delivery of an adviser-led process which enables intermediaries to do business with Standard Life in the way that suits their operating models. Over the past two years, Standard Life has been quietly building a compelling protection proposition.

There are a number of key requirements for a successful proposition, namely combining market-leading products, competitive pricing, first-rate service and commission.

We benchmarked our capabilities against the market and it became clear that while we had a reputation for service and a top-rated product, we had some ground to make up on price and commission compared with other providers offering online capabilities.

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We talked to advisers about what they wanted to gain an in-depth understanding of their needs. It was obvious that we had to become quicker, cheaper and easier to deal with.

We remapped our process and

broke it down into the various time and cost elements.

Writing business online is more efficient than a paper process and we worked with advisers to develop and test our online offering.

As a result, protection online uses intelligent underwriting, asking only those questions needed to get an underwriting decision.

For example, if a client has asthma, protection online will ask for details such as the frequency of

attacks and any medication used, all with the aim of gathering enough information to pass the client without referral to an underwriter.

Other features include an answer-later facility allowing an

adviser to go right through the process and address outstanding queries at the end, online money-laundering decisions and a set of screens designed to follow the data capture form used by an adviser while in front of clients instead of an application form.

Protection online can make decisions on medical conditions and automatically apply a loading for occupations. If a case fails underwriting, advisers are told immediately why and what Standard Life intends to do next.

For cases which pass, the adviser can print the terms of offer and save an electronic copy for their records.

Standard Life will automatically send the client a confirmation schedule and a declaration notice for them to sign and return.

...a clean online submission should take around 20 minutes to complete, providing a decision there and then for the customer compared with between three and six days currently for paper applications.

This makes it the client's responsibility to confirm that everything in their application is accurate, which eliminates risk for both adviser and provider. This is something that we believe is even more important, given the recent Financial Ombudsman Service ruling. What's so special about this? It fits the way that advisers do business. We estimate that one application submitted on

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savings and encourage use of protection online by offering advisers a commission enhancement of 5 per cent of Lautro rates for an electronic quote and an additional 15 per cent of Lautro rates for online submission.

Another major advantage to advisers is that a clean online submission should take around 20 minutes to complete, providing a decision there and then for the customer compared with between three and six days currently for paper applications.

To reposition Standard Life, we have invested heavily in a number of back-office developments. We have more than doubled the number of underwriters employed and re-engineered how Standard Life deals with paper business. Combined with protection online, these developments will enable Standard Life to service volumes of business efficiently that might have swamped us a year ago.

Service is central to Standard Life's reputation and we do not intend to do anything to jeopardise this. We plan to grow volumes at a level we can support while enhancing our reputation for service.

To do this, we are initially targeting families forming 28-38-year-olds who have more chance of passing through our underwriting engine cleanly, meaning less impact on our

back office.

The products offered through protection online are level term insurance and decreasing term insurance, with optional critical-illness cover and waiver. These are

the key products for mortgages and remortgages and our initial target market accounts for around 40 per cent of all case sales in the market.

Repositioning Standard Life as a major player in the protection market has not been solely about reducing costs for ourselves with protection online. It is to do with growing a profitable market share.

To do that, we have to offer advisers and their clients what they want. It has also meant delivering solutions for advisers, including improved commission, quick decisions and less liability as well as lower prices for their customers.

Standard Life chose and deployed Allfinanz' xpertBridge software solution for its on-line new business and paper application handling capability. For enquiries contact



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