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Just the ticket?

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PruProtect has added cheap Eurostar tickets and cinema discounts to the range of benefits for some policyholders. Is the future for the protection industry going to be money-off vouchers and other sales incentives as a way of combating declining sales?

Morris: I do not see it as the future of protection, as it can seem a bit gimmicky at times, which protection most certainly is not. If Prudential was using these extras to flog a poor product then that would be a problem but PruProtect stacks up on its own and is about as comprehensive as you can get. I see nothing wrong in this instance with offering extras, but undoubtedly others may use it to promote policies that are not value for money, and we have to be wary of that occurring.

Chadborn: From a commercial point of view, it makes sense to do it. From a consumer point of view, I regularly use the vouchers you get from a well known supermarket for family trips out and that sort of thing so the loyalty aspect is becoming more and more popular among consumers.

I do not think an adviser would recommend a company because of those frills but it is a nice extra which would appeal to consumers once they had made the decision to buy.

Lakey: My view is it is a pretty lame way of getting business. A few years back, Axa was advertising to the over 50s, suggesting you get a free alarm clock if you apply. I find that very unsavoury. It is not exactly bribery but it makes an important thing seem slightly less important.

I know the argument will be, if we did not do this, some people would not take it out but I firmly believe that if someone is so irresponsible that thy only way they can take out a product is to get an alarm clock, then the chances are that they will cancel the product.

I can understand that companies are concerned that both term insurance and income protection sales are down but I do not think it is going to work and I would be amazed if there was one person who was prepared to by a PruProtect or a Pruhealth plan just because of the additional benefits.

Would a ban on point of sale payment protection insurance sales, as proposed by the Competition Commission, have a beneficial effect on the protection industry as a whole?

Morris: Yes, it certainly would. The big problem with PPI is that people have these policies pushed on them when taking out loans without any real idea of the alternatives out there.

PPI policies usually only run for 12-24 months and are laced with exclusions. Compared with a product such as income protection, they rarely offer value for money. If consumers knew the full details or had time to think through all the alternatives, far fewer would opt for PPI.

Maybe instead of banning point of sale PPI sales, why not make it compulsory to tell consumers about income protection? Now that really would be treating customers fairly.

Chadborn: I think it would have a positive effect on the industry because the bad reputation that PPI has gained among consumers, consumer bodies and the industry as a whole does have a knock-on effect.

Those of us that are not fans of the product can differentiate between that and other protection products whereas the general public do not. They view it as all the same, so if we can remove anything that has negative connotations for consumers, that can only be positive.

Lakey: Yes and no. It will stop people being pressured or even unknowingly buying the product and that has got to be good. This is how the plans have been sold in the past and it is not the right way to sell a product.

Having said that, it will also mean there are some people for whom the product might have been suitable who now will not buy it and we have to accept that price for doing the job properly.

So, yes, plans that should not have been sold will not be, but plans that should have been sold will not be

either.

Is it disappointing to see the Association of British Insurers opposing any reform of the disclosure rules for insurance law when the vast majority of UK-based insurers seem to support at least some reform of the current rules?

Morris: It is surprising that so many insurers apparently hold a different view to their trade body on this matter as it seems the ABI's response was held in consultation with its members.

A lot of the proposals from the Law Commission are good for the industry but it is also true that parts of it have been addressed in the new non-disclosure guidance released earlier this year.

It is arguable it is better if the industry get its own house in order rather than rely on legislation which cannot easily be adapted or updated in the future.

Chadborn: I think, almost regardless of the issue, it is hard to comprehend that a body which is supposed to representing the majority interest of its members is going against it. This is one of several examples where it is doing that. In the inter-mediary world, the ABI does not add any value to what we do but it puts us in a bad position if it is at odds with its members. It begs the question, who is it speaking for? Who is hoping to benefit by the ABI taking a stance?

Lakey: It is bizarre. I have always assumed that the ABI was there to act as a mouthpiece for the insurers and to reflect their wishes and their opinions and in this instance it is clearly not doing that. It would appear that the ABI is acting outside its remit and considering it knows best.

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