



Viewpoint

The Perception Gap

NOVEMBER 2023

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Research carried out by Opinium Research, 12th – 19th July 2023. 3,000 UK adults, 436 Independent Financial Advisers / Mortgage Advisers and 15 adults in the community group.

The Perception Gap

Welcome to the fourth AMI Viewpoint report on protection within the mortgage industry. It is great to be involved in this project again as AMI Chair, and I firstly wanted to thank everyone that has helped make this report a reality.

We often hear that AMI Viewpoint is seen as a key date in the protection calendar and I am confident that we have delivered another fascinating report packed full of insights and recommendations for the industry.

I believe it is important to look back, to move forward. That's why we've revisited what I view as the 'stand-out' statistic from the first year of the study (2020) – the perception gap between the number of advisers that say they discuss protection versus the number of consumers that recall the conversation. It's positive to see that firms' and their advisers' efforts are starting to pay off, however there's still a long way to go if we are to ensure more people are protected.

Another key highlight for me is the focus on generational opinions and attitudes. I was pleasantly surprised to note how the younger generations view protection as more important than older age groups, especially income protection. We also see younger generations more trusting of claims statistics and adviser motivations. This is positive and perhaps is because insurance related mis-selling, such as PPI, has never been on their radar or is a distant memory. This seems like a real opportunity for the



Andrew Montlake
Chair, Association of
Mortgage Intermediaries

industry. Throughout the report we've drawn out interesting generational differences.

It has been a challenging 12 months for the mortgage sector. From market volatility to the arrival of Consumer Duty, firms and their advisers have had much to contend with. That's why this year we have put even more of a focus on the qualitative part of the study – a community group of 15 adults – as it helps remind us why we do what we do. We've shared their thoughts throughout the report but remember to head to the [AMI website](#) to view a selection of consumer videos in full.

This year's title 'The Perception Gap' is a deliberate play on words. It reflects how over the years the industry has talked a lot about the protection gap – and not got very far in reducing it.

It's time for a re-think from all involved, and I call on advisers, firms, networks and insurance providers to ensure we offer products that are easy to understand, transparent and offer real protection in the new world. This really matters.

“It reflects how over the years the industry has talked a lot about the protection gap – and not got very far in reducing it.”

Report highlights



The percentage of consumers that can recall their mortgage broker/adviser raising protection has increased – 50% versus 36% in 2020.



Advisers are missing out on opportunities - around 1 in 4 (28%) consumers that didn't recall a protection conversation with their mortgage adviser said they would have been interested in a conversation.



One in three (34%) advisers say their firm does not have any online presence when it comes to protection. Just 1 in 10 (13%) advisers create protection related content on social media.



The top three social media platforms used by advisers to create protection related content are Facebook (88%), LinkedIn (59%) and Instagram (59%).



49% of consumers trust insurer claims statistics (vs 44% in 2022). Those that have received financial advice are more likely to trust the statistics (60% of consumers that have received advice more than once say they trust insurer claims statistics, vs 40% that have never received advice).



Consumers are more likely to mistrust insurer claims statistics due to perceptions of the figures themselves (almost half - 46% - think they sound “too good to be true”), rather than lived experiences.



47% of consumers think advisers' main motivation is their commission if they advised them to take protection. (2022: 50%, 2021: 42%, 2020: 52%).



One third (37%) of consumers view price comparison websites as independent or impartial – more than those that view advisers as the same (27%).



1 in 5 consumers (22%) struggle to identify any benefits of using an adviser for protection.



40% of advisers said their firm has seen an increase in protection conversations since the introduction of Consumer Duty.

Generational opinions and attitudes



More young people – 78% Gen Z and 76% of Millennials - think it's important to have protection than older generations (66% of Gen X and 58% of Boomers). **67% of Millennials** think it's important to have IP, compared to 52% of Gen X and 41% of Boomers.



31% of all consumers would prefer to buy protection via a price comparison website, but **younger generations (22% Gen Z and 26% Millennials)** are less likely to prefer this route compared to older generations (33% Gen X and 35% Boomers). Nearly **1 in 4 Gen Z consumers (24%)** said they would prefer face to face, compared to **21% of all adults**.



Younger people are less likely to think brokers' motivation is commission if they suggested protection to them (**37% of Gen Z and 45% of Millennials vs 47% and 51% of Gen X and Boomers respectively**).



Older consumers are the least likely to trust insurer claims stats (**44% and 37% of Gen X and Boomers vs 66% and 65% of Gen Z and Millennials**).



More younger people see the benefits of using an adviser to buy protection insurance as "saving them money" (**26% and 21% of Gen Z and Millennials vs just 11% and 6% of Gen X and Boomers**) and "saving them time" (**24% and 28% of Gen Z and Millennials vs just 19% and 11% of Gen X and Boomers**).



When it comes to buying protection insurance, **younger consumers** are more likely to see financial advisers as being independent/impartial - **38% of both Gen Z and Millennials** vs just 24% and 18% of Gen X and Boomers.

Definitions:

Gen Z

17 to 26 year olds

Millennials

27 to 41 year olds

Gen X

42 to 58 year olds

Boomers

59 to 81 year olds

“What shocked me was the fact the younger generations took up a higher percentage of income protection compared with the older generations - I do think that is down to advisers and the education and knowledge they are spreading through the likes of social media which is a fantastic step in the right direction.”

**Nina Brown, Pam Brown
Mortgages**

“The value of putting income protection in place whilst young is a message we really need to get across to people.”

Jo Miller, Income Protection Task Force

*In this study, protection insurance is defined as income protection, accident, sickness and unemployment protection, critical illness insurance, life insurance, payment protection insurance and mortgage payment protection.

Consumer insights

3,000 participants

50% male / 50% female



Housing

40% own home outright 25% own home with a mortgage

16% rent from a private landlord 6% live rent-free

12% rent from housing association or local authority

Financial advice

58% have received financial advice at least once

Protection

43% hold a protection product*

Community (qualitative study) group

15 Participants

6 female / 9 male

10 Millennial / 5 Gen X

Mortgage advice



Housing

9 have a mortgage

3 rent from a private landlord

2 rent from a housing association

1 live rent-free

Protection

7 have protection insurance

6 have never had protection insurance

1 not sure

1 has protection insurance obtained through advice

Adviser insights

436 participants

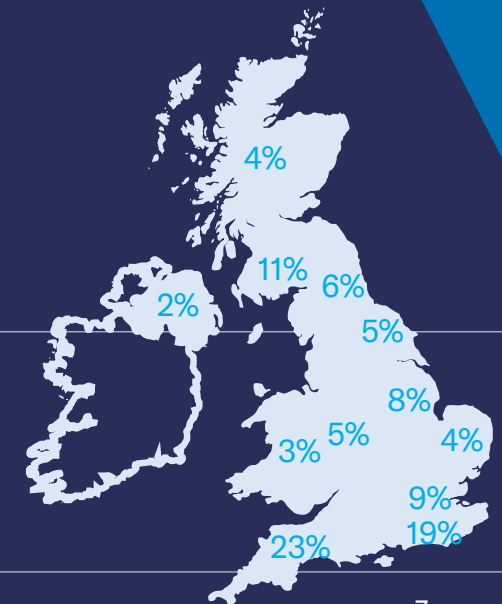
72% male / 26% female

Protection

87% hold protection themselves

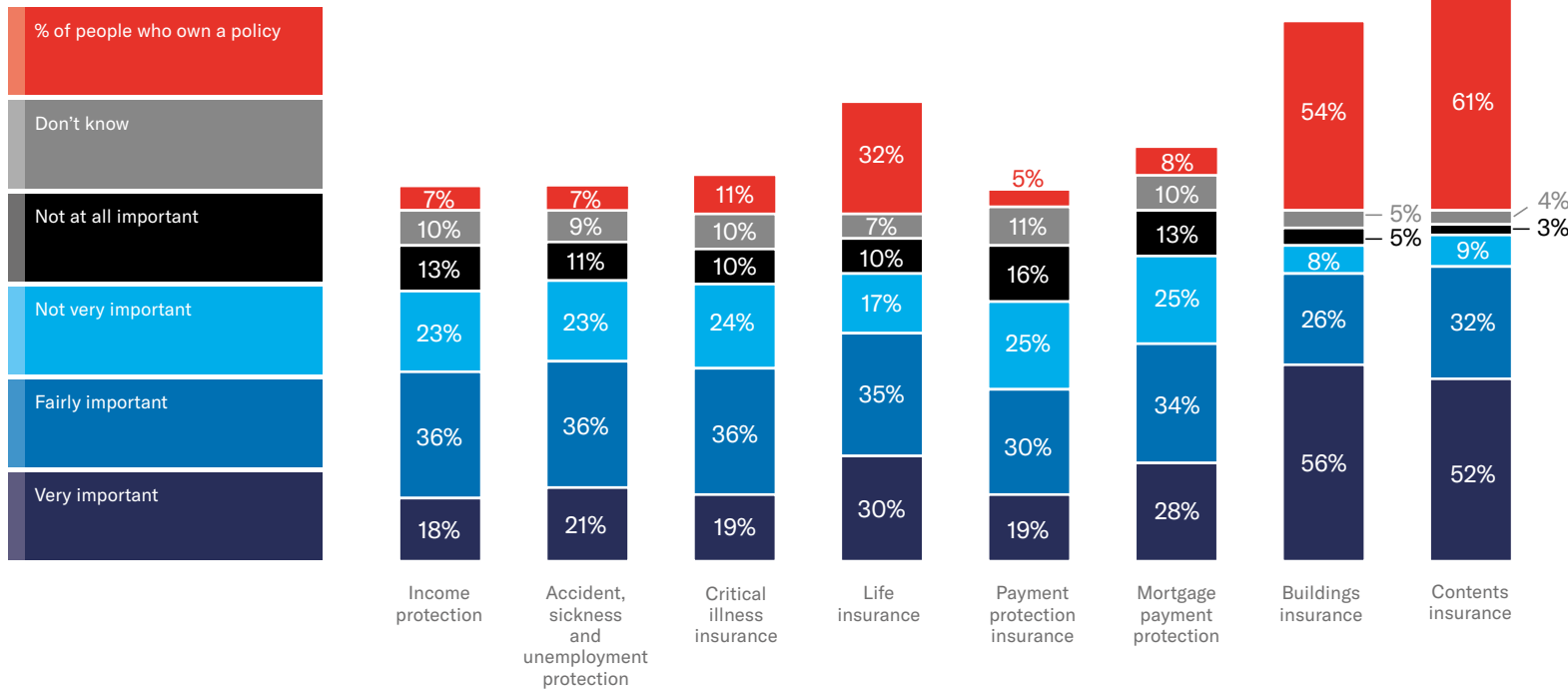
66% advise on protection

Locations



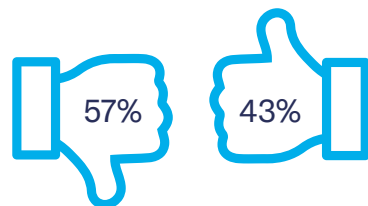
What drives people to take protection insurance?

How important do you think it is to have the following insurance products? (3,000 consumers)



“Our mortgage is increasing by £350 per month in November, so it’s difficult to see how we could possibly afford the insurance then.”
George (33) – Birmingham, no protection insurance

Do you have protection insurance?



“They seem a sensible option to cover things should anything drastic go wrong.”
Thomas (41) – Bristol, has protection insurance

Community Group view



Minority

The minority of people have protection insurance in place and do so for financial reassurance should something stop them from working.

Reasons for having protection insurance:

- > For reassurance and peace of mind
- > To protect family financially
- > Work benefit



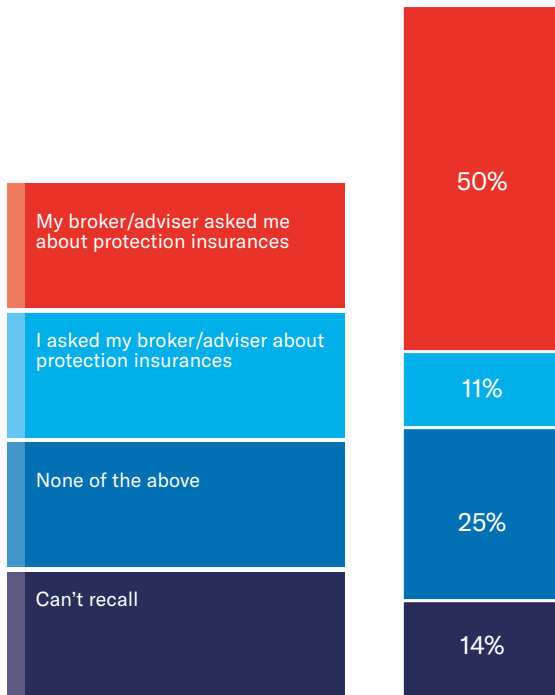
Majority

The majority have no protection in place due to either not feeling it would be relevant or not affording the premium.

Reasons for not having protection insurance:

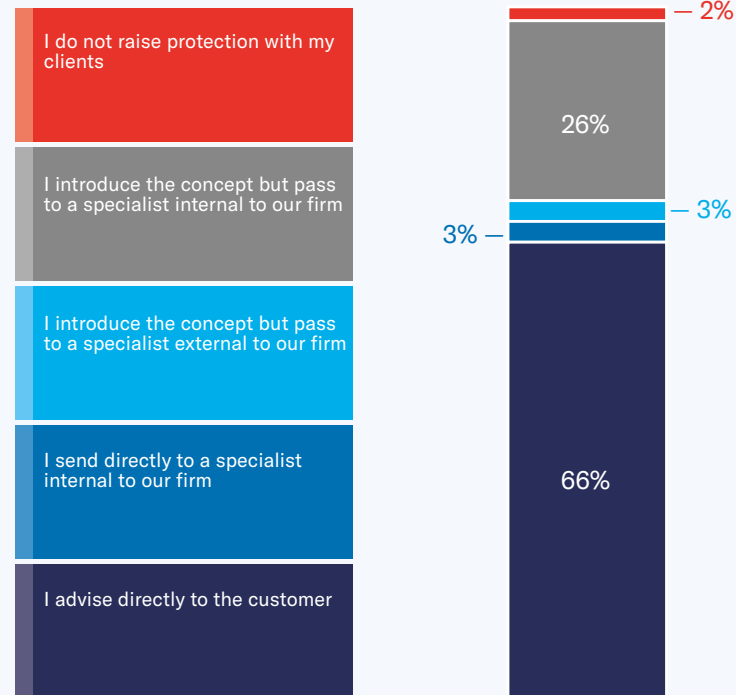
- > Want it but can't afford it
- > Young / no dependents
- > Lack of knowledge & confidence in choosing correct policy / provider

When you were getting your mortgage, which one if either of the following happened? (3,000 consumers)



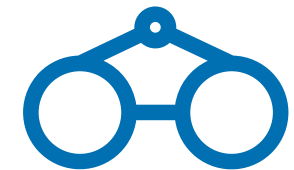
Advisers

Thinking about raising protection with your mortgage clients, which of the following best describes your situation?



Compare

There has been nearly a **4 x increase** in the number of advisers that introduce the concept but pass to a specialist internal to the firm - 26% in 2023 vs 7% in 2022. This may be as a result of Consumer Duty.



Viewpoint

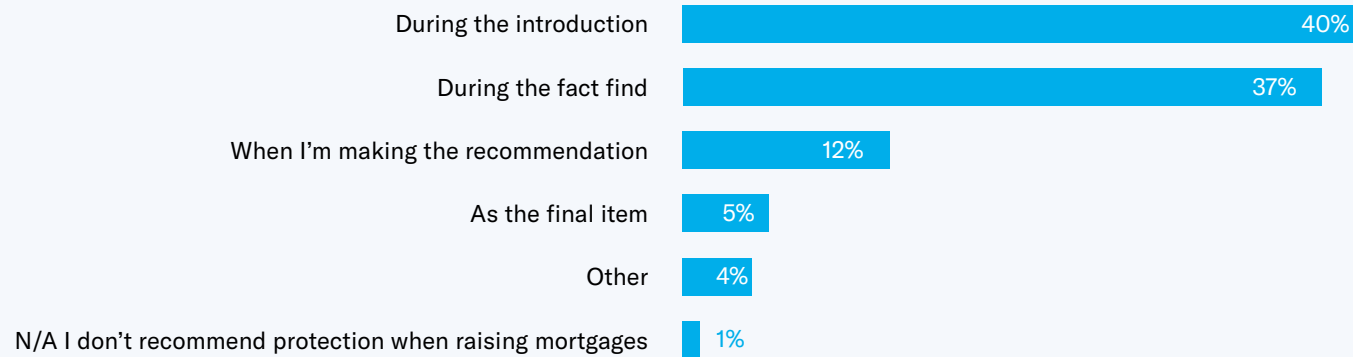
In 2020 we uncovered a significant gap between the number of advisers that said they raise protection with their mortgage clients compared to the number of consumers that recall an adviser initiated conversation (97% vs 36%). This year we've re-visited the question and have seen a positive shift (98% vs 50%)

“The percentage of clients remembering their adviser discussing protection is improving but more needs to be done. We have used stats from previous Viewpoints to make advisers aware not enough clients are recalling these conversations and that the focus on protection needs to happen early in the initial call and revisited throughout the sales process.”

David Riley, The Finance Planning Group

Advisers

The most popular time for mortgage advisers to raise protection is during the introduction.



Viewpoint

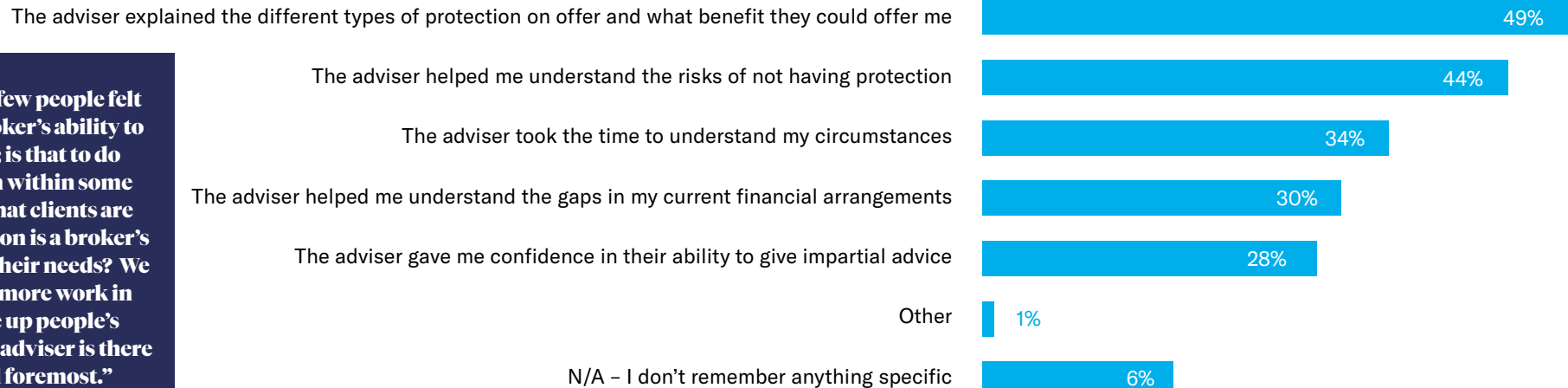


"I mention it as the first appointment but discuss in more detail once the mortgage offer is issued."

"I discuss protection at all points of the sales process."

"When the mortgage offer has been issued and we know what mortgage has been agreed."

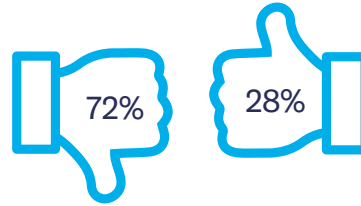
You previously mentioned you recall your mortgage broker/ adviser asking about protection insurances. Which if any of the following do you remember? (3,000 consumers)



"The concern is how few people felt confident in their broker's ability to give impartial advice; is that to do with a lack of breadth within some firms panels, or is it that clients are still feeling commission is a broker's main driver and not their needs? We obviously need to do more work in this area to help drive up people's confidence that their adviser is there to help them first and foremost."

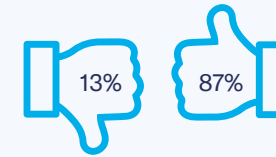
Scott Taylor-Barr, Barnsdale Financial Management

Around a quarter (28%) of the 3,000 consumers surveyed that didn't ask or get asked about protection insurance when getting a mortgage said they would have been interested in a conversation.



Advisers

Do you personally hold any protection products?

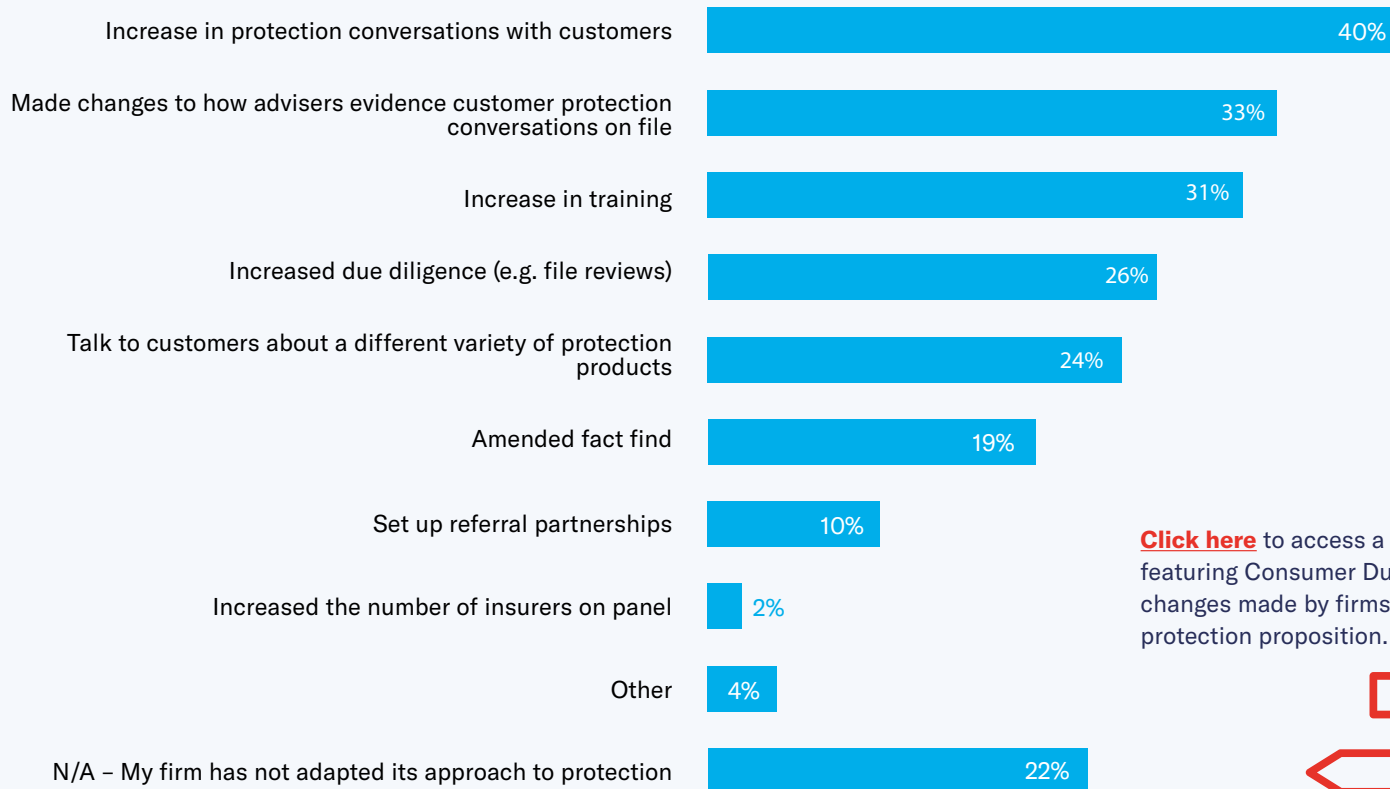


“Consumer Duty provides mortgage advisers with an opportunity to engage their clients about protection. Advisers need to ensure that they are having these conversations.”

Paul Ewing, Mortgage Advice (Staffs)

Advisers

In which, if any, of the following ways has your firm adapted its approach to protection due to Consumer Duty?



[Click here](#) to access a case study featuring Consumer Duty related changes made by firms to their protection proposition.



Missed opportunities

Advisers are missing out on opportunities - around 1 in 4 consumers that didn't recall a protection conversation with their mortgage adviser said they would have been interested in a conversation.



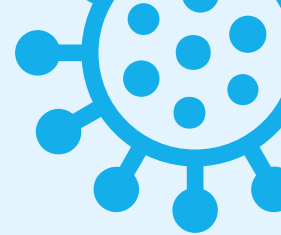
Impact of Consumer Duty

Around 40% of advisers say their firm has seen an increase in protection conversations due to Consumer Duty. However, nearly a quarter (22%) have not recognised any protection related changes made within their firm.



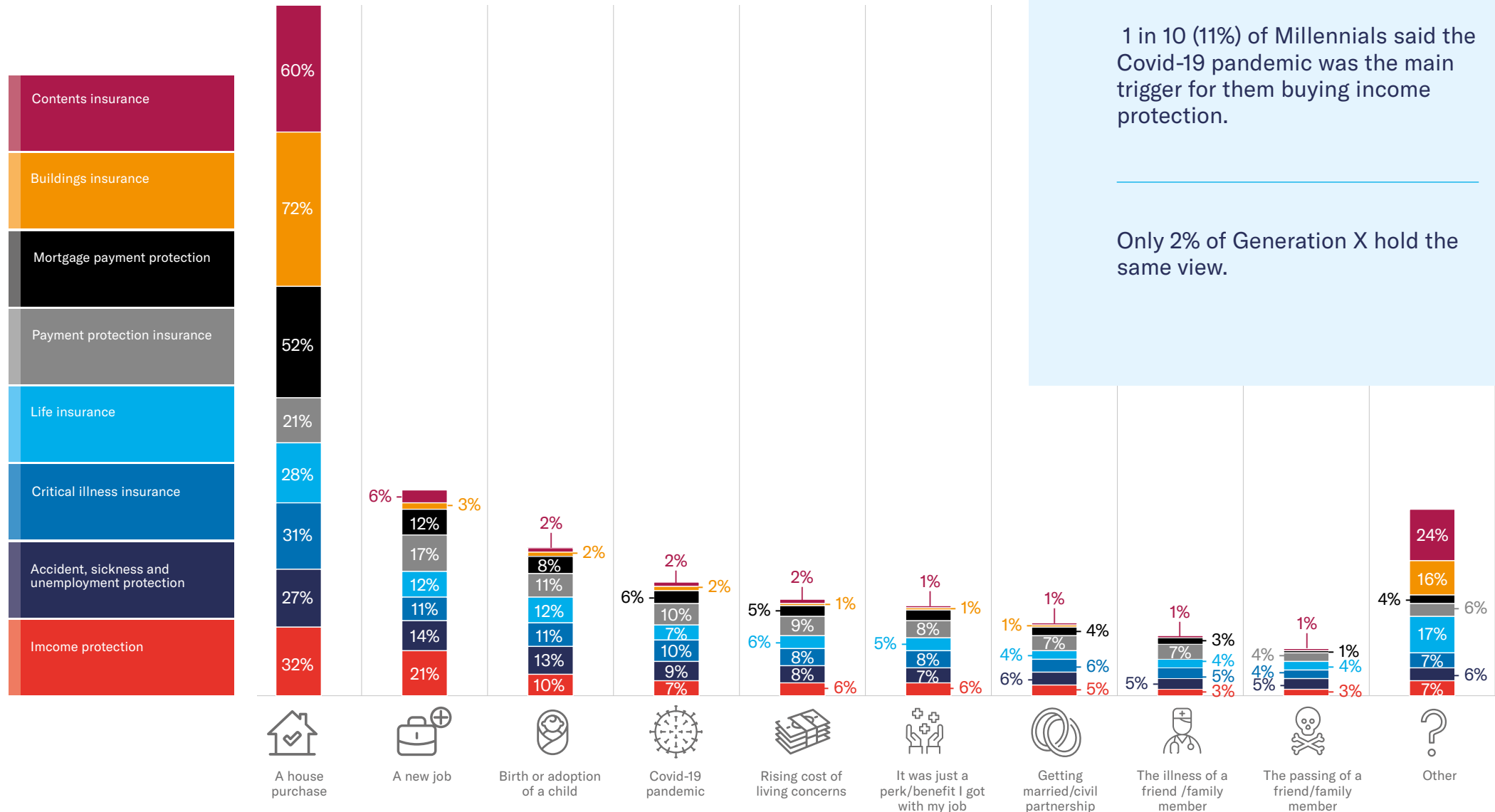
Advisers are policyholders too

87% of advisers personally have protection themselves.



Pandemic pressure

What was the main trigger for you buying the following financial product? (3,000 consumers)



1 in 10 (11%) of Millennials said the Covid-19 pandemic was the main trigger for them buying income protection.

Only 2% of Generation X hold the same view.

What is the main reason you currently hold protection insurance? (3,000 consumers)



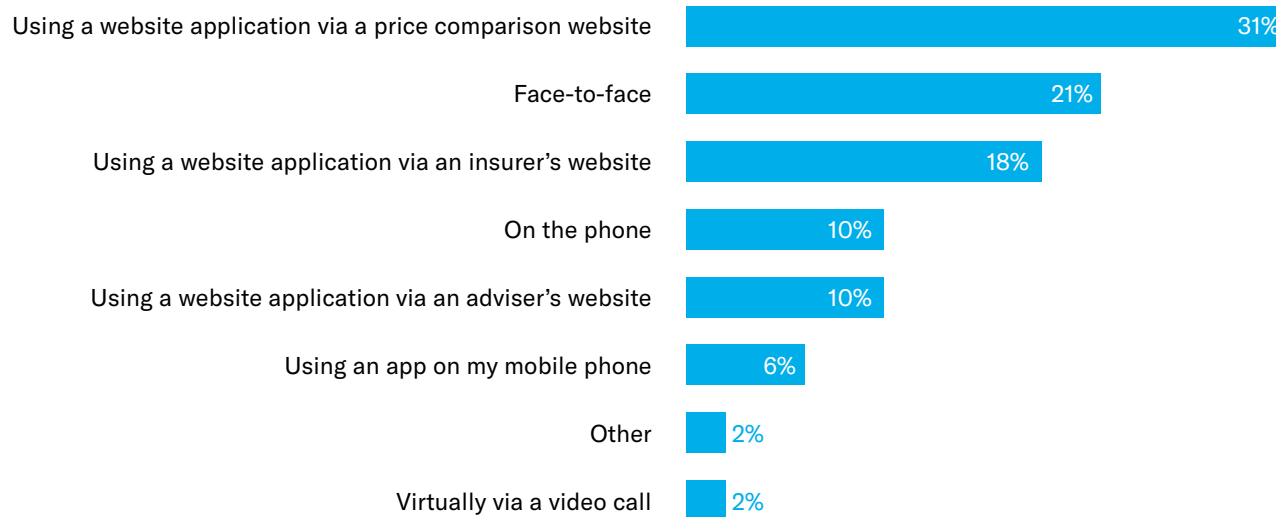
It is interesting that the majority of consumers say they hold protection because it gives **them** peace of mind. AMI encourages the industry to consider their messaging when engaging with consumers.

Peace of mind

A higher proportion of older consumers (Gen X and Boomer) say the main reason they hold protection is because it gives them peace of mind, compared to younger consumers (Gen Z and Millennials).



Which of the following ways would you prefer to buy protection insurance? (3,000 consumers)



Buying habits

31% of consumers would prefer to buy protection via a price comparison website, the most popular answer.

Younger generations (Gen Z and Millennials) are less likely to prefer this route compared to older generations (Gen X and Boomer). Nearly 1 in 4 Gen Z consumers said they would prefer face-to-face, compared to 21% of all adults.

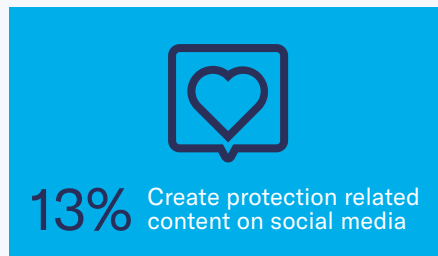


Low social media usage

Around 1 in 10 advisers create protection related content on social media.

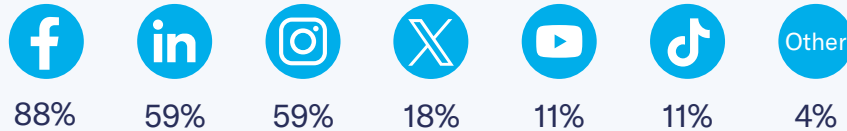
Advisers

Do you personally do any of the following online?

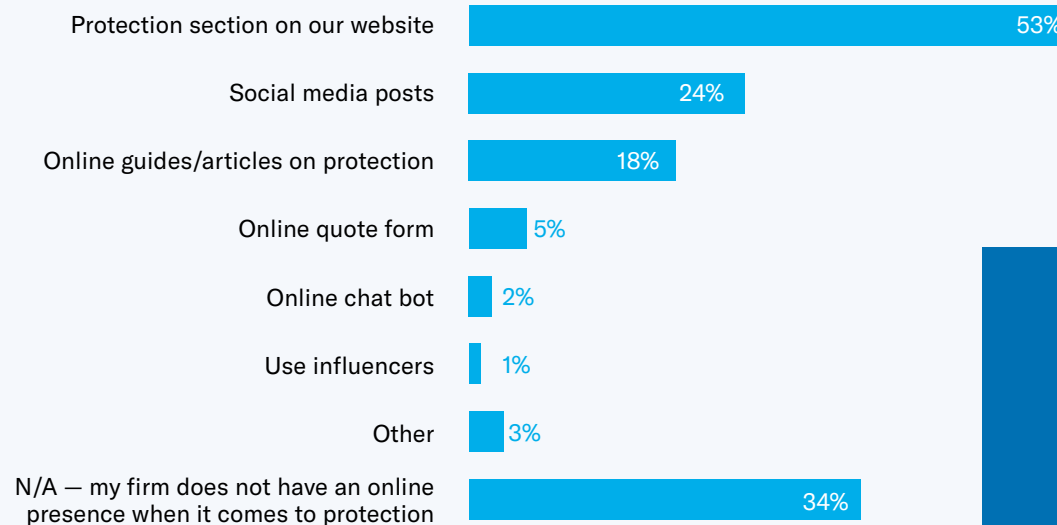


Advisers

Which of the following social media platforms do you use in relation to creating protection content?



Where does your firm have an online presence when it comes to protection?



“We have a big online presence and all of our referrals come from social media and about 20% referrals from client recommendations. Social media has really grown my business over the last few years and I’m proud to have created a safe space for families to talk about insurance.”

Emma Astley, Cover My Bubble



Top three platforms

The top three social media platforms used by advisers to create protection related content are Facebook (88%), LinkedIn (59%) and Instagram (59%).



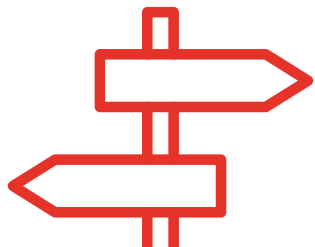
Lack of online visibility

34% of advisers say their firm does not have an online presence about protection while 65% of consumers would prefer to buy protection online in some way.

Viewpoint

Advisers should consider whether their choice of social media platforms are suitable for their customer bases. The most popular social media platforms used by advisers are Facebook and LinkedIn but these may not be where the younger generations are most active.

AMI believes that, at a minimum, a mortgage advice firm should include protection related content on its website. This should help create a clear message to consumers about the importance of protection.

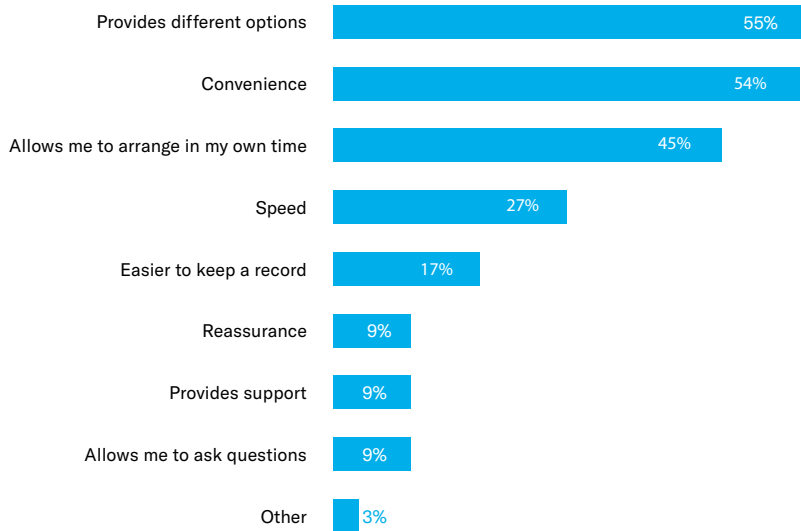


Click here to access a case study about how firms are using social media to raise consumer and adviser awareness about protection.

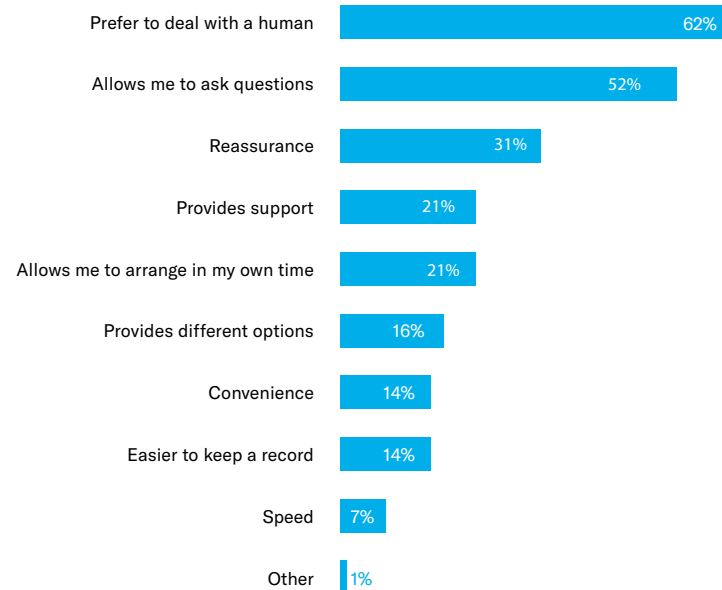
A closer look at consumer buying habits

Exploring why consumers prefer different ways to buy

Using a website application via a price comparison website



Face-to-face



Viewpoint

AMI encourages mortgage advice firms to consider how they articulate the value they provide on protection and how they differentiate themselves to price comparison websites. This could be done by highlighting to customers what the protection advice process involves and the adviser's role.

“Customers want all the information to hand but they want to do it on their terms and in their own time but with the reassurance they are doing the right thing. In order [for the sector] to write more protection, providers need to invest their resource in front end tech through integration. This will enable advisers and customers access to the whole of the market efficiently with portals, understand the products and features through a research tool and plug their details directly in to the provider of choice so they can apply quickly and compliantly.”

Emma Vaughan, SimplyBiz



Digital

Around half of consumers that said they would buy via a digital method (PCW, insurer/adviser website application) prefer to buy this way because of convenience. A similar amount say is because it allows them to arrange the insurance in their own time.



Face to face

Only 16% of consumers that prefer to buy face to face say it is because this route provides different options.



Website application

Only 20% of consumers that would prefer to use a website application via an adviser's website say they prefer this way because it provides support.

Engaging customers online

Legal & General are proud to sponsor this research for the fourth year. We are committed to supporting advisers with customer engagement and increasing protection sales.

One element of this year's research found that one in three - 34% - of adviser firms have no online presence when it comes to protection and just one in ten - 13% - of advisers produce social media content relating to protection, despite consumers interacting online more and more in their everyday lives. Therefore, as an industry we must recognise how our customers wish to interact and find new ways of engaging with them.

To help you, we have developed animation videos explaining the role of an adviser and the process typically followed when it comes to the customer's mortgage and protection needs. These short videos can be shared on social media, added to your website, or even used within client communications to help explain what you do and plant the seed of protection advice from the onset.

The research also found that 31% of consumers prefer to buy protection via a price comparison website. So, using video content and short animations can be a helpful part of your strategy to demonstrate the value of advice.

In addition, we launched our Legal & General TikTok channel. Targeted at Gen-Z and millennials, the aim is to



Julie Godley

Director, Intermediary Insurance at Legal & General

help empower these generations with financial knowledge in an engaging and entertaining way. You can follow and share the videos with younger clients who are early in their financial journeys and reaching initial key milestones.

Compared to 2020 Viewpoint figures, it was great to see that more consumers recalled a protection conversation instigated by their mortgage adviser. Legal & General will continue supporting advisers in having impactful protection conversations through our workshops, webinars, and research with top advisers.

Most recently we have been doing this through our Just Covered podcast which can be found on YouTube, Spotify and Apple podcast. We have episodes geared towards generating successful referrals and many more on sales skills and bringing protection to life.

We hope this report and our support will enable you to continue to evolve best practice and bridge the perception gap.

“Compared to 2020 Viewpoint figures, it was great to see that more consumers recalled a protection conversation instigated by their mortgage adviser.”

The impact of Consumer Duty

We're delighted to be part of the AMI Viewpoint Research this year.

It's been another year of change and challenges in the industry with the arrival of the Consumer Duty and the cost-of-living crisis putting pressure on clients' finances. Delivering good outcomes for clients alongside the right providers has never been more important.

This year's report indicates the positive impact the Consumer Duty is already having. 40% of advisers said their firm has seen an increase in protection conversations since its introduction and around a quarter (24%) have seen a shift in the range of protection products being discussed. More, robust protection conversations can help reduce foreseeable harm.

31% of advisers have increased training, and 26% have increased due diligence. This is positive, but also highlights the requirements new regulation brings. Providers helping advisers do business easily - freeing up their time to add value for their clients - is crucial if we're to realise the Consumer Duty's full benefit. We'd encourage advisers to ensure they're aware of the support offered by providers.

Combining efficient tools and resources with the right people to support you is one of the ways we make advisers



Carrie Johnson

Customer Life Stage

Director - Protection, Royal
London

lives easier. This year we've made it faster to get indicative underwriting terms for more clients, expanding our Pre-Sale Underwriting Tool to include over 3,600 conditions. You can always pick up the phone to one of our dedicated underwriters to discuss more complex cases that might otherwise take longer to arrange.

The continued impact of the cost-of-living crisis is also reflected in this year's report. When asked what they'd do if they found themselves unable to work for 6 months, 57% of 18- to 34-year-olds said they'd consider using credit cards or loans to cover their finances. This highlights the need for education around the benefits of protection - helping clients understand the value it brings even when finances are stretched.

Offering a holistic protection package with additional benefits is an important way we can help clients see immediate value. We continue to invest in our Helping Hand service with benefits that make a difference - like access to a 24-hour online GP and mental wellbeing service.

We hope you enjoy digesting the report and find opportunities for your business within it.

“This highlights the need for education around the benefits of protection - helping clients understand the value it brings even when finances are stretched.”

Cost of living — a view from our community group (15 participants)

Those hit hardest were already vulnerable prior to the crisis and are now being forced to significantly change their spending habits.



Extreme cost saving to survive



Significant change in spending behaviour

At the other end of the scale, the crisis hasn't changed lifestyle but has made most be a little more cost conscious.



More conscious of how much things cost



No impact at all

Who are they?

Tend to be those who were already vulnerable before the cost-of-living crisis set in. Include low paid workers and those who rely on benefits for everyday expenses. More likely to rent and less likely to have protection insurance.

Impacts of cost-of-living crisis?

Significant impacts including:

- › Rationing household energy and water
- › Worsening physical and mental health
- › Analysis and planning of every expenditure

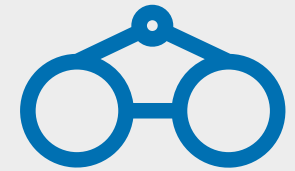
Who are they?

Tend to be those who either have secure, well-paid jobs or those who are young without dependents. More likely to own their property and have protection insurance.

Impacts of cost-of-living crisis?

› Aware of increased costs but no real immediate impact on overall lifestyle

- › Despite this, some are shopping around more to get value and are more cost conscious when spending out
- › There is an awareness and nervousness that the worst is yet to come so most want to get into good habits now



Viewpoint



Polarisation

We see a stark polarisation between those already vulnerable prior to the cost of living crisis and those who haven't changed their lifestyle but have become a little more cost conscious.



Priorities

The tough financial situation has led some to realise the benefit of protection insurance, but not being able to prioritise it, whereas others consider protection policies too important to sacrifice and not part of any plans to cut costs.

The tough financial situation has led some to realise the benefit of protection insurance, but not being able to prioritise it.

Impacts on insurance needs / wants?

- › Cancelling existing insurance policies
- › De-prioritising desired insurance policies in the short term
- › Realising value of protection insurance in the long-term

“We don’t have any life insurance at this point. Having a family, it is something we would quite like, but it’s not something we can extend to at the moment.”
Selina, (37) – London, non-protection owner

“I’ve only ever had phone insurance, but I had to stop that. It was only £5.99 a month but food is more important.”
Jessica, (38) – Sheffield, non-protection owner

“Now I am thinking about critical illness insurance or life insurance as over the last 3-4 years I have seen people struggling with almost everything so that extra protection is something I want to explore.”
Sarmad, (36) – London, non-protection owner

Protection policies are considered too important to sacrifice and not part of any plans to cut costs.

Who are they?

Tend to be those who either have secure, well-paid jobs or those who are young without dependents. More likely to own their property and have protection insurance.

Impacts on insurance needs / wants?

- › Very minor – alterations to travel insurance if not needed
- › Reluctance to give up protection insurance as regard them as crucial

“We have health insurance and life insurance...we’ve had that for a while and will continue to have that.”
Nat, (36) – London, protection owner

“I cannot sacrifice that.”
Onkar, (43) – London, protection owner



57% of 18-34 year olds would consider using credit cards or loans to cover their finances.

How people would cover the financial shortfall if they couldn't work across six months. (2,000 consumers)



“These findings are concerning as they suggest either a lack of awareness of income protection, or a belief that living on credit is a sustainable option in response to an income shock, or both.”

Jo Miller, Income Protection Task Force



- › Being off work for a short time would leave 1 in 6 vulnerable
- › 34% would never ask friends or family for help
- › 36% would never downsize or sell their home

Advisers

What are you doing to help customers keep existing protection policies in force?

“40% of the respondents said they weren't doing anything at present, and more needs to be done to support those advisers to make ongoing communications and reviews easier to facilitate and relevant to both the customer and adviser. To this end, advisers need access to relevant information from insurers, or possibly a new service, that would enable advisers to amalgamate multiple insurer summaries for their clients. Insurers delivering an annual statement of current benefits would be a start. Industry cooperation and a tech solution is needed to ensure this can be delivered efficiently.”

Neil McCarthy, Protection Distributors Group



48%	Conducting regular reviews with customers
40%	NA - I am not doing anything at present
22%	Reminding customers about product flexibility and / or payment deferral options
10%	Writing to customers about their cover / additional benefits available
3%	Other (please specify)



Compare

Retention

There has been a slight rise in the number of advisers that aren't doing anything to help customers keep existing protection policies in force (2022: 37%).

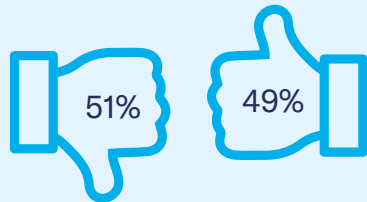


Click here to access a case study about a firm's approach to helping customers retain protection cover during the rising cost of living.

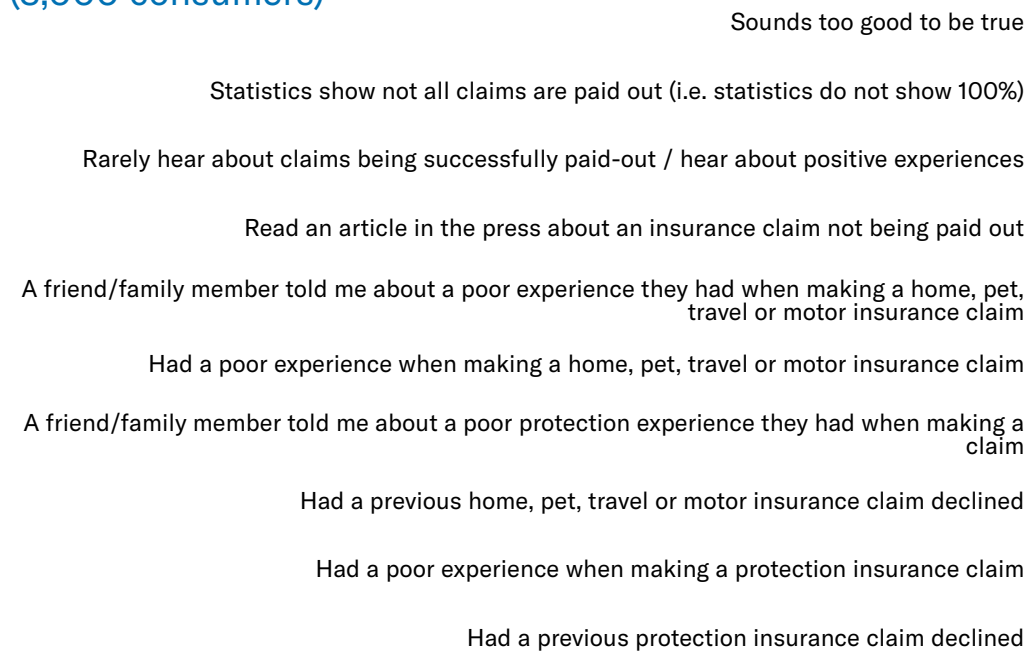
Building trust

Thinking about when insurance companies give claims statistics, to what extent do you trust that these figures are accurate? (3,000 consumers)

NET trust



You said you don't trust insurer claims stats... why is this? (3,000 consumers)



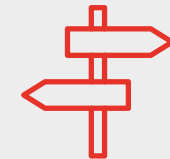
Compare

- In the 2022 report:
- > 44% of all respondents trust the claim figures
 - > Similar to this year, older people over age 55 trust them less - just 35%



Differing levels of trust

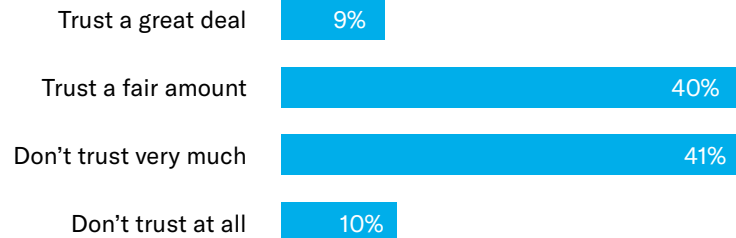
Those that have received financial advice are more likely to trust the statistics (60% of consumers that have received advice more than once say they trust insurer claims statistics, vs 40% that have never received advice).



Feelings about claiming on protection insurance

We asked our community qualitative group to think about a scenario where they have protection insurance and something has happened which they believe should result in their insurance provider paying out.

Participants were asked to select characters on a 'blob tree' that best represent how they feel. [Click here to view the findings](#)



Distrust

Consumers are more likely to mistrust insurer claims statistics due to perceptions of the figures themselves (almost half think they sound "too good to be true"), rather than lived experiences.

Which of these statements gives you greater reassurance that a protection insurance claim would be paid: (3,000 consumers)



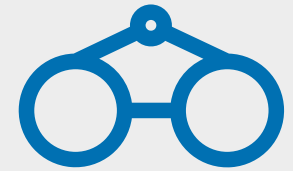
The protection insurance industry paid out £7 billion of claims in 2022



The protection insurance industry paid out 98% of protection claims in 2022



Neither



Viewpoint

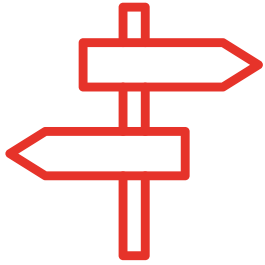
A new approach

Nearly 1 in 3 consumers (30%) found neither the percentage of claims paid or the amount of claims paid reassuring. Is it time for the industry to collectively find another measure to produce greater levels of trust?

“We must do more as an industry to share positive claims stories in the consumer press and with policyholders through regular communications. More insurers need to put positive claims stories, data and customer experiences front and centre on their websites for consumers and advisers to easily see.”

Emma Thomson, Sesame Bankhall Group





[Click here](#) to access a case study about a firm's approach to creating a separate protection only team.

Viewpoint



Where firms are referring to a protection only adviser, it is important to build customer rapport and ensure a 'warm' handover process.

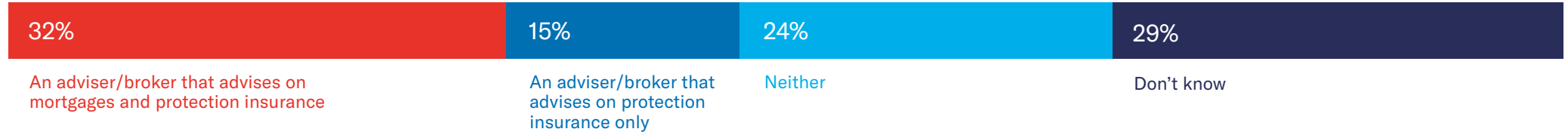


Trust

Around a third of consumers that used a mortgage broker/adviser say they would trust them to advise on protection more than a protection only adviser because of their knowledge. 1 in 5 say it is because of the relationship/existing connection.

Who do you trust most to advise on protection insurance? (296 consumers*)

*Consumers that got a mortgage through a broker/adviser.



Why do you prefer advisers who advise on mortgages and protection? (95 consumers)



"I think mistrust in protection can stem from long held beliefs, and connotations, of insurance people being sales driven - perhaps when it is positioned alongside mortgages it is more palatable."

Angela Davidson, Mortgage Intelligence

"Because they can say whether it's relevant to the specific mortgage."

"They've got wider knowledge of how they both work together."

"All round knowledge."

Shifting mistrust

As part of last year's Viewpoint we launched the Five Point Action Plan, to help propel the industry forward. We called on advisers to consider whether they clearly and confidently articulate to consumers the value of protection advice.

This year, armed with new insights, firms are encouraged to consider whether they are showcasing not only the wider role of advice but the part they play in the protection process. In my view this is key to shifting consumer mistrust around adviser motivations.

This should be a priority area for firms, as nearly a third (31%) of consumers say they would prefer to buy protection via a price comparison website (PCW) and around 1 in 4 (27%) see PCWs as offering more choice and access than advisers.

However, encouragingly, 1 in 5 (21%) of consumers said they would prefer to buy protection face to face – the second most popular answer. We also see that younger generations are more likely to say they would buy face to face than those aged 35 to 54 and more likely than all age groups to buy on the phone.

Is this the start of a perception shift amongst those who grew up in the digital world? It's too early to tell but presents a great opportunity for the advice industry.



Stacy Penn
Senior Policy Adviser,
Association of Mortgage
Intermediaries

One third (37%) of consumers view price comparison sites as independent or impartial – more than those that view advisers as the same (27%). Consumers also view advisers as biased - only 16% see 'they are not biased towards one type of product or insurer' as a benefit of using an adviser for protection advice. We also see the word 'independent' crop up in our qualitative (community group) study as an important 'trust' factor.

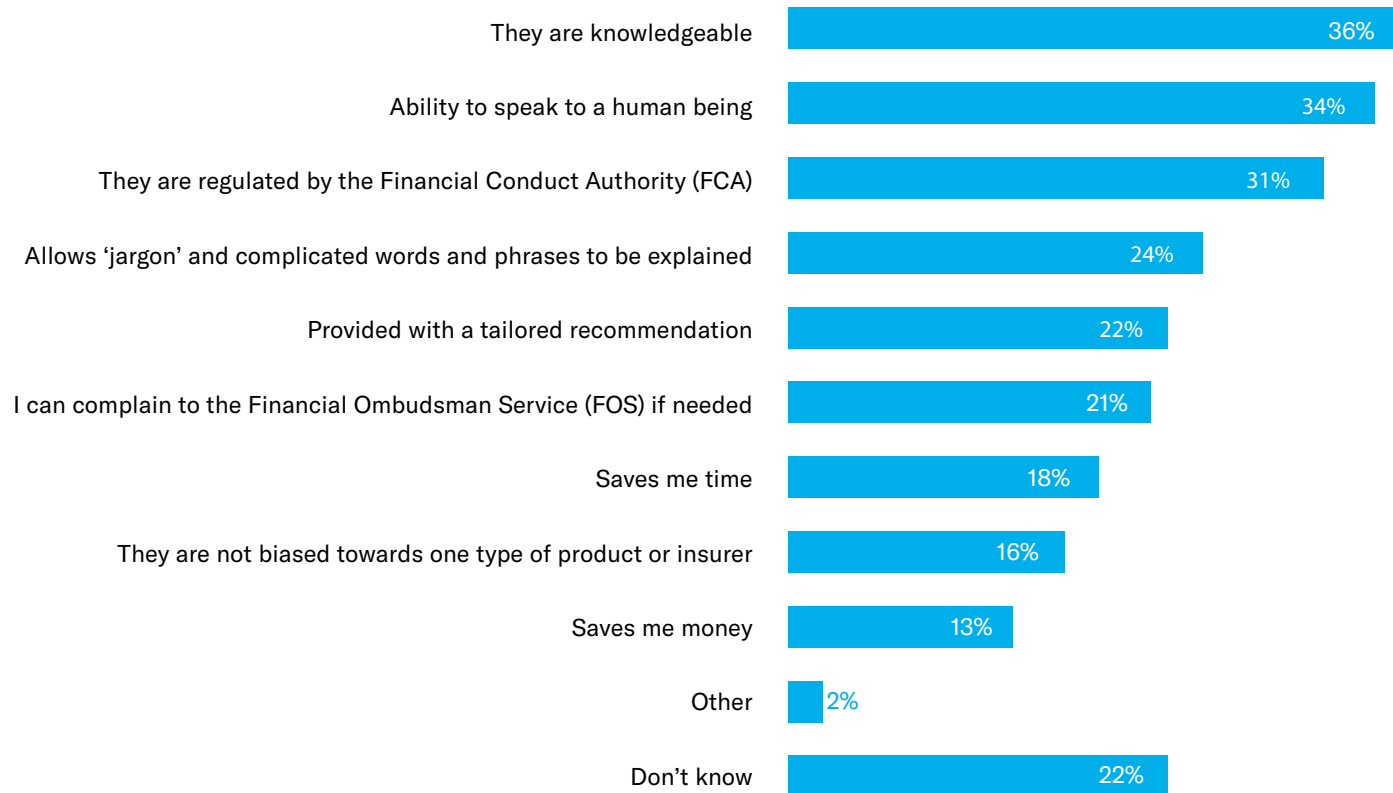
To tackle this, I believe firms with single tied arrangements should consider whether this approach is negatively impacting consumer perceptions. Consumers may be dubious about their adviser's motivations when they know a range of mortgage lenders have been accessed yet only one solution has been offered on protection.

The final statistic that stood out is around 1 in 4 consumers that didn't have a protection conversation with their mortgage adviser said they would have been interested. Let's not deny consumers an important conversation, at a time when they need it most.

“Is this the start of a perception shift amongst those who grew up in the digital world? It's too early to tell but presents a great opportunity for the advice industry.”

Value of advice

Which, if any, of the following are benefits of using an adviser/broker to purchase protection insurance? (3,000 consumers)



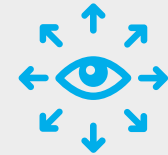
“It’s worth getting the advice of experts, especially when money’s involved.”
George (33) – Birmingham,
no protection insurance

“It appeals, but I really need to do my own research to make sure I’m getting the best advice.”
Selina (37) – London,
no protection insurance

“I don’t have a level of assets that would require significant financial advice.”
A (27) – London,
no protection insurance

“They’re valuable in making sure we’re covered for any eventuality.”
Natasha (36) – London,
has protection insurance

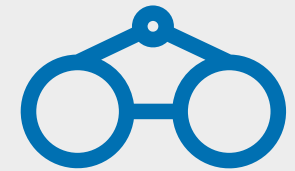
“I’m not married yet and don’t have a family I need to cover for.”
Mark (48) – London,
no protection insurance



Perceptions of advice

Nearly a quarter (22%) of consumers answered ‘don’t know’ – this may be because they are unsure or do not believe there are any benefits.

Only 16% of consumers view advisers as unbiased towards one type of product or insurer.



Viewpoint

AMI encourages firms and their advisers to consider how they articulate the value of protection advice to consumers. The Viewpoint findings may help firms identify which particular benefits resonate the most with consumers and where more work is needed to help bring to life their strengths and the role they play.

Adviser trust — a view from our community group (15 participants)

Many are open to receiving protection insurance advice from a mortgage adviser, but it comes secondary to receiving mortgage advice. However, some aren't at the life stage to distinguish between a financial adviser and a mortgage adviser.

Just one made a natural connection between a mortgage adviser and protection insurance, while others see them separately.



One holds concern that sharing financial information impacts their mortgage application.



“I do think it’s kind of a natural progression if you’re taking out a mortgage. That’s a huge financial commitment and there needs to be a level of protection built into that.”

Andrew (46) – Sheffield, has protection insurance

“I’m really happy to take protection advice from a mortgage adviser, but more preferably from an independent financial adviser.”

Thomas (41) – Bristol, has protection insurance

“I may not be completely open with a mortgage adviser, but I will be if I’m speaking with a financial adviser.”

Sarmad (36) – London, no protection insurance

Those in less stable circumstances rarely distinguish between financial and mortgage advisers. Why? They all rent so aren't at a life stage where the distinction matters.



“I’d definitely want to hear the rationale as to why they would advise that [...] I would just need to make sure they actually have my best interests in mind.”

A (27) – London, no protection insurance

“If I had more disposable income [...], if I had dependents [...], I would like to take out some form of home cover.”

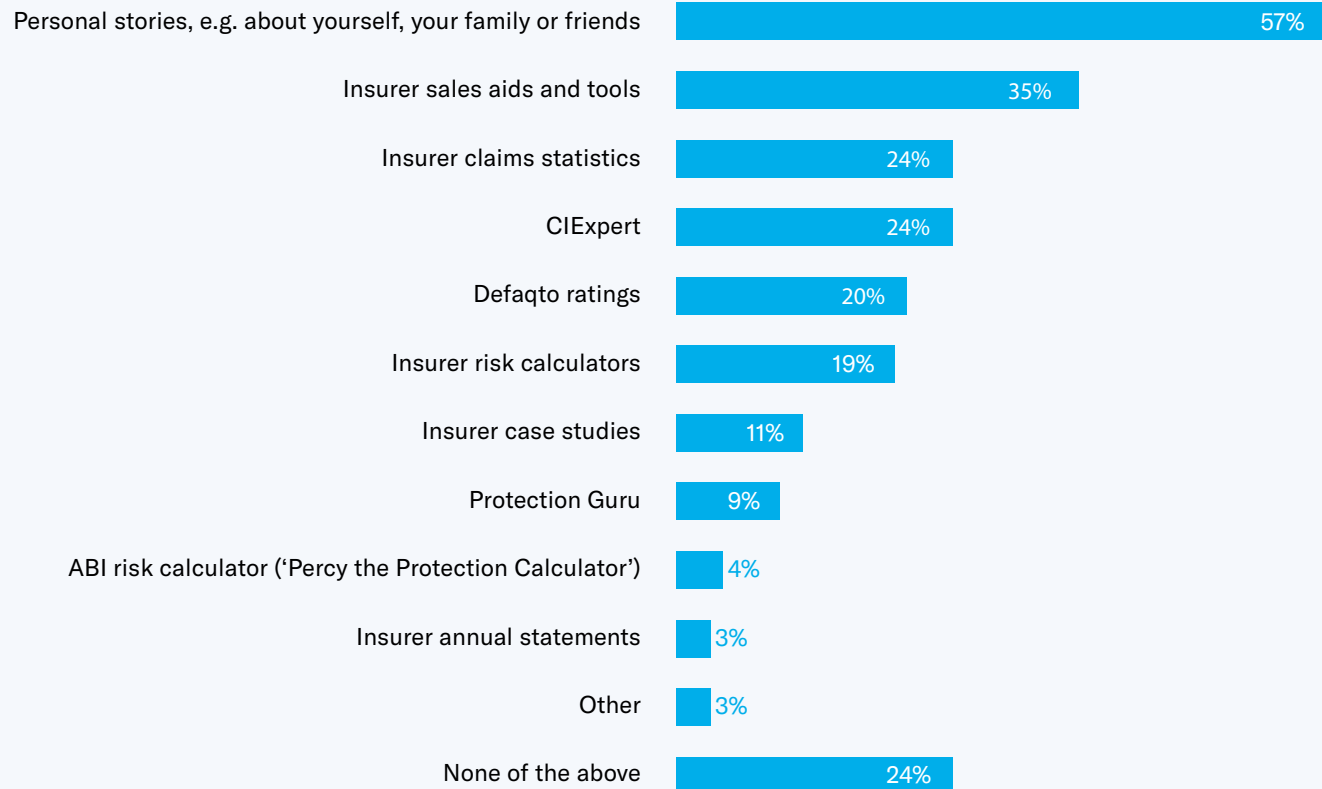
Tim (48) – Brighton, no protection insurance

“If I were in a position where I believe I needed one, then yes of course, it’s something I would be interested in.”

Jessica (38) – Sheffield, no protection insurance

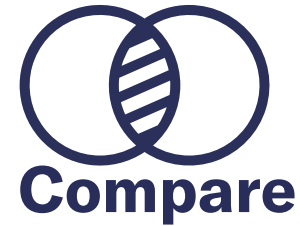
Advisers

Which of the following do you use when advising your clients' protection needs?

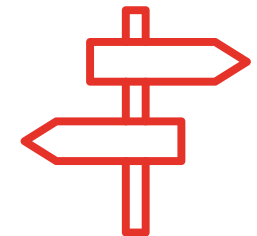


“These statistics underscore the diverse range of resources that advisers have at their disposal to provide the best advice and protection for their clients.”

Toby Corden, London & Country Mortgages



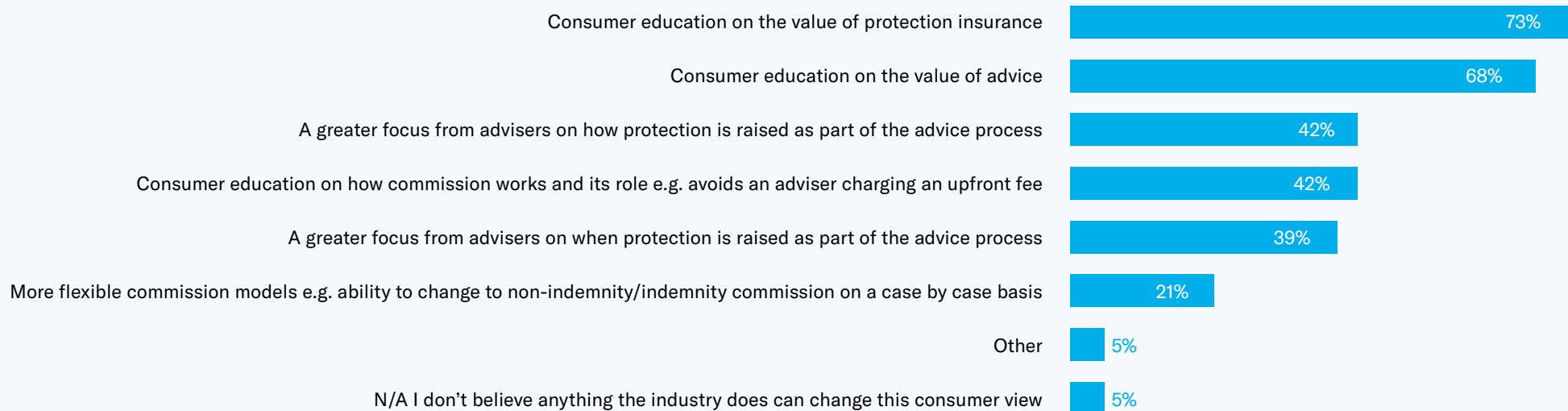
Personal stories are the top answer for the second year running (2022: 67%).



[Click here](#) to access a case study about a firm that uses personal stories when advising on protection.

Advisers

We asked advisers what should be done within the industry to change the consumer view that financial advisers suggest protection insurance to increase their commission. They said:



'Other' views included:

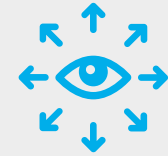
"Ban indemnity commission."

"End the concept of loaded premiums."

"More awareness to clients getting non advised protection online, which usually doesn't actually meet their needs."

"Lenders referencing life cover in their mortgage offer".

"Educate both advisers and customers to see protection as part of the advice process rather than the 'sale' of a product."



Consumer perceptions

One third (37%) of consumers view price comparison sites as independent or impartial – more than those that view advisers as the same (27%).

If a financial adviser suggested you get protection insurance, which of the following do you think would be their main motivation? (3,000 consumers)



Imagine you are considering buying protection insurance. Who do you see as independent/impartial? (3,000 consumers)



Who do you think offers more choice and access to protection insurance products? (3,000 consumers)



“I need to see broader access to the market, not just sell me on a product from one provider.”
Selina (37) – London, non-protection holder

“Independent means advice that isn’t guided by commission (for the adviser) or an association with a specific brand which sways the advice offered.”
Andrew (46) – Sheffield, protection holder

We asked our community (qualitative study) group to watch a selection of case study videos produced by:

- › Royal London
- › Legal and General
- › 7Families

Click [here](#) to watch the videos.

We asked participants to explain how watching the videos made them feel and whether it changed their perception of protection. Here's what they had to say...



L&G – Dave's story*

- › Respondents felt sad around the news of Dave's cancer diagnosis, and many felt sad about his young daughter. Parents could connect to this easily.
- › It was a good reminder of the value of protection insurance, and was surprising how quick and easy the pay-out process was.
- › Authenticity was lost after finding out that Dave works for L&G. It would be more impactful if this were a paying customer with no affiliation.
- › Some respondents do not like the general style of sadness to sell and believe there are better ways of showing the value of protection products.

*Whilst Dave worked for L&G, he was a genuine claimant.



Royal London – Sally's advice

- › Most participants commented on how the story felt fictitious and not genuine. Many said it felt scripted and lacked emotion, so they found it harder to connect to this video and story.
- › Despite lacking a connection with the video this did produce the most comments surrounding interest in protection insurance. The information was clear and easy to understand and participants could see the value it brings.
- › It was clear to see the benefits of having a financial adviser. The story shows that they can trust their adviser and that plans can be tailored to their needs.



7Families – It could happen to you

- › Respondents felt this was more genuine and showed interest and compassion to real people and their real-life stories which they could connect with.
- › Respondents reflected on how they could easily find themselves in the same situation and deal with the same financial struggles with protection insurance.
- › Whilst respondents mentioned not always liking this sad style of video, most found the value that having protection insurance can bring and it opened their eyes to what could happen without it.

Case study – AMI recommendations

- › Make sure the benefits and value of financial advisers and protection insurance are clear.
- › Show real life people and their real stories to be authentic.
- › Show the happy ending of success stories.
- › Include a diverse range of people who can benefit from protection insurance and advice.

“The videos made me reassured as to why I choose and use such products, they are so important if you have them in the background to use.”

Tom (41) – Bristol, no protection insurance

“I have been thinking about life insurance and critical illness cover for some time but due to cost of living crisis, I have been ignoring it but the videos really made me think about unexpected life events.”

Sarmad (36) – London, no protection insurance

“The only thing I will consider now is potentially having a dedicated and trusted financial adviser on board to shop the market to find something that suits our needs.”

Selina (37) – London, no protection insurance

“My feelings towards protection insurance have not changed for my own situation, as I could not relate to the people in the videos, who were mostly families with children.”

Kimberly (27) – London, no protection insurance

The 15 participants in our community group were asked for views on an adviser's motivations when suggesting protection insurance.

The perceived motivation is monetary across the board...

'Strive for sales targets'

'Financially incentivised'

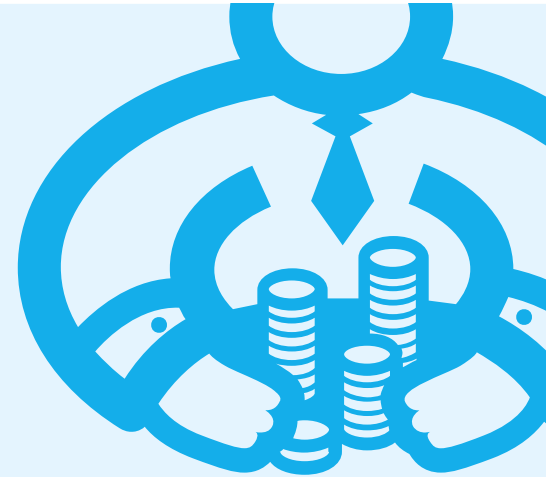
'Concerned on getting commission'

'Serves their end'

'Kickback'

'Are they trying to upsell?'

'Vested self-interest'



...but those who are stable and rooted are more likely to also think financial advisers care beyond commission

“... but I think they’d still be looking out for our best interests”

**Natasha (36) – London,
has protection insurance**

“... but also [making sure that] their customers are secure”

**Onkar (43) – London,
has protection insurance**

“... but then I would consider the benefits and values. I wouldn’t write it off without giving it due care and attention”

**Andrew (46) – Sheffield,
has protection insurance**

Don't ignore our greatest asset

For many people in the protection industry, they've become background noise. Par for the course. BAU. But for consumers, we've never really made the effort. I am of course talking about our greatest asset – that most people (outside of the industry) either don't know about or don't believe: Claim Stats.

One way or another I've probably seen them all, and typically, we pay a far higher proportion of claims than most other insurance sectors. So, why aren't we shouting about it? Why aren't we seeing adverts across broadcast and social channels telling people 98 in every hundred claims for life cover, critical illness and income protection are paid? Why aren't more advisers making this a core part of their conversations?

One industry that is doing exactly this is the pet insurance industry, who regularly advertise on TV the percentage of claims paid. Some people will never trust financial services companies, especially insurers, so I suspect we'll never get to 100% - and there are a lot of perceived barriers – but let's do more because if we keep doing things the same way, consumer perceptions are unlikely to change.

Providers need to continue focusing on transparency – particularly on explaining why claims are declined. Because if something sounds too good to be true, it usually is. We need a collective industry effort to prove the numbers are real. If it works for cats and dogs – it can work for us too.

Adviser views

"Claim stats are basically excellent. But we don't make the most of them."

"On one hand they reassure us that high levels of claims



Kevin Carr
CEO of Protection Review

are being paid, which sets a benchmark. But on the other hand, they have become background noise, and I suspect are largely ignored."

"Providers who bring claims to life, with stories and videos are more likely to get our attention."

"Has publishing these stats shifted the consumer trust dial? Probably not, but that doesn't mean they shouldn't be published."

"Providers do well to publish accurate and digestible claim statistics, but I am sure they could do more, along with annual statements."

Let's push things forward

Three ways to improve how we use claims stats:

1. Evolve the content to include other areas such as average ages, average claim amounts, average time to pay claims, youngest/oldest claim, longest claim & more
2. Bring them to life with real case studies as much as possible
3. Do more than just a press release – advertising, events, consumer campaigns, social media & more



- › 49% of all respondents trust the claim figures (up 5% from last year)
- › 69% of 18-34yr olds trust the figures compared to 37% of those aged 55+
- › Regions are very similar apart from London, where trust is 66%
- › Trust is lower for those who do not have cover (38%) but higher for those that have received financial advice (60%)
- › 46% don't believe claim figures as they are 'too good to be true'
- › 55% say percentages provide greater reassurance that a claim would be paid compared to monetary figures, although 30% say neither gives them comfort

Call to action

We hope you've enjoyed reading this year's report - as always, there's a lot to unpick and digest.

What stood out to me is that, consistent with previous years' findings, around half of consumers say they believe the main reason their financial adviser suggested they take protection was to increase commission payments.

Commission has an important role to play and shouldn't be a 'dirty' word in the eyes of the consumer - as long as a firm is confident that it has robustly assessed whether it is providing fair value under existing regulatory requirements.

However, there's more that needs to be done to help consumers disassociate the word 'commission' with underhand sales tactics. This starts with firms delivering memorable and meaningful protection conversations but also ensuring consumers have a better understanding of the role of the adviser when it comes to protection.

I believe that, where relevant, advisers shouldn't shy away from helping consumers understand that earning commission allows consumers to access protection advice without an upfront cost. We all know this is not a product consumers clamour for; therefore, we need to go the extra mile to explain why it is important, what the benefits are and why we deserve being paid for our expertise.



Robert Sinclair
CEO, Association of
Mortgage Intermediaries

Back for a second year is our 'call to action' - a Five Point Plan. We've refreshed it with what we believe are the key areas for the industry to focus on if we are to shift perceptions. Particularly I would like insurers to think about how much they could change their approach and messaging to deliver a real change to the way our market operates. More of the same is not going to deliver.

AMI Viewpoint is designed to generate discussion and debate. We would love to hear your views on the findings and comments made in the report using #AMIViewpoint on LinkedIn.

Please join us in our journey to fill the perception gap.

In April 2023 AMI held an in-person protection workshop with a selection of mortgage intermediaries, insurers and other industry groups to discuss how we can tackle barriers highlighted in the Viewpoint research. [Click here](#) to view the outputs from this session.

Keep reading to view the 2023 Five Point Action Plan.

“Commission has an important role to play and shouldn't be a 'dirty' word in the eyes of the consumer”

Five point action plan

1 Firms/network principals

Assess whether it is clear to consumers the role your firm plays in the protection advice process and whether there is more that can be done to help consumers understand the value of your good advice.

Challenge the narrative that the first port of call for many consumers is a comparison site, as it's not all about cost/price.

Review your firm's online presence – is it fit for purpose? AMI believes that, at a minimum, firms that advise on protection should ensure their website includes protection related content - this is your 'shop window'.

2 Advisers

Assess the role played in helping to raise consumer awareness of the real benefits of protection for them. Where social media is used, review whether the positioning and messaging of content and choice of platform(s) are relevant to target market(s).

Be the messenger for “good news” stories and promote these.

3 Providers

Review the findings from the qualitative research (community group) case study task and AMI recommendations. Build these considerations into future training and Business Development Manager (BDM) activity in this area.

Ensure adviser tools are accessible and well signposted. Help advisers understand their purpose and how they can be used within day-to-day advising – AMI believes BDMs play an important role in this.

4 AMI

Discuss key Viewpoint findings with the AMI Protection Specialists Group (PSG) and other industry bodies, such as the Protection Distributors Group (PDG), Income Protection Task Force (IPTF) and the Association of British Insurers (ABI). Develop key messages with AMI members.

Host an industry roundtable to discuss ‘what's next?’ with claims statistics.

5 Wider industry

Commit to reviewing the Viewpoint findings, spread the word and consider the role each of us play in helping to fill the perception gap. We need to commit to making a difference.

We want the discussion to continue. Remember to share your views on LinkedIn using #AMIViewpoint.



Association of
Mortgage Intermediaries



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