

Chairman's Christmas Message 2017

When I looked back at my Christmas message to you all from last year my first impression was very little has changed!

The Regulatory landscape continues to evolve.

The Insurance Distribution Directive (IDD) is another piece of EU driven legislation spawned from the 2005 Insurance Mediation Directive designed to ensure appropriate levels of protection for insurance customers across the European Union.

At the root of the changes is a clear requirement for firms to improve their efforts to always act in their clients' best interests.

I have responded to the FCA Consultation papers on behalf of all our members as an indication of our intent to influence and contribute to regulation.

FCA will issue its final Policy Statement before the end of the year following which the UK is required to comply with the IDD by 23rd February 2018.

Our website says we are the voice of the health and wellbeing industry. One of our key objectives for 2017 was to improve our regulatory and political lobbying.

Looking back to last year's Summit we were disappointed to hear the Treasury announcement of a third increase in Insurance Premium Tax (IPT) to 12% with effect from June 2017.

Following some extensive parliamentary lobbying we took the decision to launch a government petition against further increases in IPT in the interests of both our members, but more importantly consumers.



Our target and objective was to achieve 100,000 signatories to ensure IPT relative to healthcare spend was debated in Parliament.

Little did we know the snap decision by the Conservative Government to call a general election at short notice would conspire against us. The dissolution of Parliament meant all government petitions were closed with all votes lost.

The advice from political analysts, industry figures and commentators was to suspend any intention to recommence the IPT petition given the likelihood of both a leadership challenge within the Conservative Party and a possible second general election within 12 months.

To compensate we stepped up our parliamentary lobbying alongside some of our corporate member firms and other industry bodies, and were delighted when the Chancellor announced there would be no increase in IPT in his November 2017 Statement.

Recent research by Cebr, commissioned by Bupa, suggests IPT is contributing to thousands of individuals giving up their policies, resulting in nearly 200,000 customers cancelling their cover in the past three years.

Every 1% increase in IPT is leading an estimated 31,000 health insurance customers every year to depend solely on the NHS for all their healthcare.

The report reaffirms what I have said previously that IPT has a greater impact on people who have the most need to keep their health insurance, such as older individuals with riskier health profiles who pay higher premiums.

An opinion poll of 2,000 people found 63% said health insurance allows others to access NHS treatment earlier and 55% view it as important in relieving pressure on the NHS.

We are calling on the Government to commit to stability for IPT in relation to healthcare during this Parliament, however long that might be, by freezing the rate of IPT on healthcare spend.

Furthermore, we are asking the Government to reappraise how health insurance and cash plans are treated in the fiscal system in line with other zero-rated insurance products such as life or critical illness.

We must continue to keep up the pressure.

According to industry analysts LaingBuisson in their latest Health Cover Report the market flatlined in 2016. There are now 4.02m policies covering 10.5% of the UK population and 6.89million lives.

While company-paid PMI and cash plans have remained relatively stable, there has been a significant reduction of consumer purchasers of both, driven in part by the increases in IPT.

The new General Data Protection Rules (GDPR) become a legal requirement on 25th May 2018.

I was delighted to have Garreth Cameron from the Information Commissioners Office speak to us at the recent AMII Health and Wellbeing Summit.

I must confess I have some concerns. Time seems very tight, especially as we are still awaiting clarification of a number of aspects of GDPR that will form part of the new Data Protection Bill, which is still to pass through Parliament and receive Royal Assent.

Success of the new rules will be determined by insurers, intermediaries and clients being able to work to a consistent approach. Clients are aware of the forthcoming changes to data protection regulation and are quite rightly asking for confirmation and clarification from their insurer and intermediary partners, which in many instances is, as yet, not forthcoming. We need confirmation, and we need it soon!

We seem obsessed with client membership certificates and claims reporting. However, we should not lose sight of the equally important considerations in relation to prospecting for new business and cross selling.

I don't know if any of you have heard about this thing called Brexit, but I think the impact of that will start to bite in terms of consumer confidence, staffing and the NHS in 2018.

These will all continue to be factors in 2018.

On behalf of your AMII Executive Team, Michael and I would like to wish you, your colleagues and your families our best wishes for the festive season and a healthy, happy and prosperous 2018.



Stuart Scullion
Executive Chairman