

# Driving better customer outcomes

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**In May 2017, the UAE Insurance Authority issued Circular 12, a consultation paper for the UAE life insurance industry, intended to drive a better deal for customers. Friends Provident International supports the direction of travel and Philip Cernik, Chief Marketing Officer for the company explores the innovations customers should expect from the life industry.**

Focusing on customers makes good business sense – just ask Apple or Disney - yet the life insurance industry, has just received the equivalent of its school report from the UAE Insurance Authority, and the message is loud and clear ‘could do better’! Complaints about financial advisers have increased and companies are being instructed to cap commissions paid to advisers, and pay them over a longer period (rather than up front) to align more closely with customers’ long-term interests. But there is so much more that can be done to improve customer outcomes.

In order to develop a thriving industry, advisers and life companies need to decide which customers they wish to attract and develop tailored propositions for them. There is no room for ‘one size fits all’ customer solutions today, and only when we have real insight on our customers’ requirements can we build an offering that truly meets their needs.

In this article I am going to share some of Friends Provident International’s insight and pose a few questions.

We have carried out a substantial amount of research over the past three years with Indian, British, South African, Australian and other expatriate customers in the UAE, and the insight gained has been used to reshape our customer propositions. Insight is robustly gathered intelligence from multiple sources rather than the opinion of individuals, so you can rely on it.

So what did we learn, and what does it mean for customers, advisers and life companies?

Six of the best:

1. Between 50% and 76% of expats are likely to return to their country of origin to retire.
2. Retirement, property purchase and educating their children are the three most important financial goals for expats.
3. Many expats wish to save for less than five years
4. All expats prefer investments from their home country.
5. Most expats either want less than 25 funds to drive the performance of their policy or have no interest in funds at all, just wanting the company to meet their goals for them.
6. Advisers come second to friends and family for advice.

This poses several questions for UAE life companies and advisers

- If we know that customers are going to be returning to countries with high tax liabilities such as the UK, then isn't it appropriate to adjust life products to mitigate these liabilities; and isn't it only fair that customers should be made aware of the tax position of these products in their home country so they can see if they work or not? We have produced a series of guides on the subject of tax and estate planning for expats.
- If we know that retirement is the top goal of expats, isn't it appropriate for insurers to develop specific products and for advisers to promote specific products to meet this goal rather than push 'one size fits all' savings products? We think there is significant room for innovation in this space.
- If expats like to save for less than five years, why are there so few alternatives in the market that reflect this? Shouldn't life companies be developing products that meet the shorter-term tenure and needs of expats?
- If expats prefer investments from their home country, shouldn't providers be linking their products to fund managers from India and other countries whose nationals they are targeting, rather than just linking to the usual Western brands?
- If expats don't want huge investment choice, why do advisers insist on, and life companies continue to offer, such a wide fund choice? Is the adviser value proposition so dependent on a wide and esoteric fund range to 'demystify' the complex world of investments for its customers? The world could be a lot simpler. Are we missing the point that we are all here to help customers meet their objectives?
- If customers are wary of advisers, isn't it incumbent upon advisers to raise their professional standards? We have set up an Adviser Academy to help advisers improve their knowledge of the industry and ultimately the advice they are able to give their customers.

The UAE life insurance industry knows it isn't perfect, but ultimately it still serves an important purpose and is there for customers at the most vulnerable and important moments in life.

The potential consequences of not insuring your life - or saving to meet your life goals - far outweigh the shortcomings of the industry today. Hopefully a combination of improved regulation, industry innovation and rising standards of financial advice will encourage customers to act and take control of their financial future.

All information contained within this article is correct at the time of publication, March 2017.

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