

# HEALTH & PROTECTION

HOUSE OF LORDS ROUNDTABLE REPORT

January 2026  
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**INDIVIDUAL AND BUSINESS  
PROTECTION INSURANCE:  
LIGHTING THE DARK CORNERS**

# INTRODUCING OUR PANEL



**Stephanie Charman,**  
CEO, Association of Mortgage  
Intermediaries



**Helen Croft,**  
head of life and health underwriting  
UK and Ireland, Scor



**Vicky Churcher,**  
executive director,  
Income Protection Task Force



**Debbie Kennedy,**  
CEO,  
LifeSearch



**Ken Maxwell,**  
director,  
John Lamb Hill Oldridge



**Maria McGarvey,**  
senior underwriter,  
Gen Re



**Roy McLoughlin,**  
board member,  
Protection Distributors Group



# LIGHT AND HEAT IN A JUXTAPOSED MARKET

Health & Protection rounded out a busy 2025 for the market with our Individual and Business Protection Report House of Lords roundtable.

The discussion was as animated as the previous 12 months and foretold some of the likely energy and urgency which are expected to arrive in the coming 12 months.

It is a complex position the sector finds itself in at the turning of the year; there is much hope around as research from Health & Protection and other bodies shows sales recovering and a more positive atmosphere in general.

There are opportunities such as the Keep Britain Working Review which finally have government talking about the benefits of insurance and a recognition of what early intervention can do to benefit policyholders, employers and the nation.

The overhaul of Inheritance Tax has also ignited the whole of life market as those being brought into scope look to cover themselves and their assets appropriately.

However, the Financial Conduct Authority's market study into the distribution of pure protection products looms overhead, particularly with the delay to its interim report and a freshly extended impact timeline reaching long into 2027.

This review is causing many in the sector to think long and hard about current and previous market practices and whether they remain appropriate.

Health & Protection's report and our roundtable panel called for greater transparency from and between insurers and intermediaries in several areas.

Reports of eye-opening sums for marketing budgets and desire for further understanding of premium calculations mean while the regulator may not be addressing these points directly, the industry is keen to do so collectively.

Specific issues such as misrepresentation, whether intentional or accidental, in the growing income protection market also highlight areas that will require cooperation and collaboration to tackle.

It promises to be enlightening time for the market.

**Owain Thomas, editor of Health & Protection**

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# 'THIS IS OUR MOMENT AND WE NEED TO GET ON IT VERY QUICKLY'

Protection sales have recovered but the sector must look to fresh approaches and opportunities such as the Keep Britain Working Review to really make an impact, hears **Abigail Montrose**

**T**he UK protection market has stabilised after a difficult couple of years, but the recovery has mainly been due to retention rather than new business being written.

The strength of the income protection market has been the key factor in new business positivity and this was a key theme at Health & Protection's annual Individual Protection Report Roundtable at the House of Lords.

The panel highlighted concerns of relying on just one or two key sources for new business and discussed some of the missed opportunities and high-profile initiatives the market should be embracing.

## IP RELIANCE ON THE MORTGAGE MARKET

Much of the growth was down to the mortgage market, said Debbie Kennedy, CEO of LifeSearch.

"We've got where we are tied to the fortunes of the mortgage market, but there are still many groups of customers that we're just not getting to," she said.

Stephanie Charman, CEO of the Association of Mortgage Intermediaries (AMI) agreed. She pointed to affordability issues in the last few years for people who came off cheap fixed-rate mortgages and had to move to more expensive deals.

While some of these people will now be able to move to cheaper deals, others will still be on low five-year fixes of say 1.5% and will have to move to more expensive deals soon.

"We have also seen a slower purchase market and slower purchases mean more focus on refinancing and then potentially less budget and less conversations around protection.

"First-time buyer affordability is continuing to be squeezed as well. All of these things happening in the mortgage space will impact on what budget is available from a protection perspective," she said.

## REACHING YOUNGER AUDIENCES

Reaching younger audiences who rent, was seen as a major challenge for the protection industry.

Not only were these people unlikely to seek out protection advice, but they are also less likely to come into contact with an intermediary.

They also may not think protection is for them, pointed out Ken Maxwell, director at specialist protection advisers, John Lamb Hill Oldridge.

"Younger working people often feel they are immortal and that they will enjoy good health indefinitely," he said.

"Budgets are tight and the cost of living



Helen Croft



has gone up, so they don't want to spend £50 a month or whatever to take out a protection policy.

"And when they do get round to thinking about protection insurance, they are older and often less healthy so it's going to cost them a lot more to get cover or they may not be able to get cover," he said.

Furthermore, products are not always appropriate for younger people, said Vicky Churcher, executive director of the Income Protection Task Force.

Where insurers have been innovative and created a product that provided the cover needed, they often have found they cannot market it effectively.

"The product is often unaffordable for young people and not suitable for old people by definition; we need a product or a proposition that suits both of those," Churcher said.

"The challenge from an insurer's point of view, is if they innovate and create a new



"Most IFAs won't know that. We need to get these messages out there and ensure advisers know about them. I've talked to some insurers about this and they didn't know about some of the services they offered.

"The Keep Britain Working Review has basically said that early intervention is the solution to getting people back to work. We've got the tools of the trade to do this and we're not talking to people about them," he added.

Helen Croft, head of life and health underwriting UK and Ireland at Scor agreed. She felt people were not taking advantage of these early intervention services and other wellbeing benefits because they often were not aware they had them.

"These are services people will really see value in, so there is definitely an opportunity for advisers here," she said.

Reminding people regularly about what their policies covered was seen as a positive way for advisers to demonstrate the value of protection insurance, thought the panel.

Sending out annual statements to customers and their advisers was seen as a more effective form of engagement by insurers than directing customers to a portal where they could search for information about their policy.

But not all insurers were comfortable with brokers engaging with customers in this way, said Maria McGarvey, senior ►

type of product, it may not be possible to compare it like for like with other products on the portals.

"Compliance teams insist you can only make a direct comparison, so the insurer may not be keen to innovate if they cannot put their product on a portal," she added.

### TAKE ADVANTAGE OF SERVICES

There has been a huge increase in the number of early intervention services offered on protection policies. Products have become more complicated and advisers are now needed more than ever to explain to people what protection and services are covered by their policies, said Roy McLoughlin, board member of the Protection Distributors Group (PDG).

"The PDG has just done a piece of research on early intervention services and we discovered there were 85 of these services available from nine insurers," said McLoughlin.



Ken  
Maxwell



► underwriter at Gen Re.

"We've had conversations with large insurers over the years about annual statements and using these to engage with clients, but there is a real nervousness around going into that space," she said.

### USING SOCIAL MEDIA TO IMPROVE ENGAGEMENT

Social media has an important role to play when it came to improving engagement with younger people, thought the panel.

Platforms such as TikTok are often used by young people for information and help on financial issues.

"For people under the age of 30 their first reference point is likely to be TikTok," said Churcher.

"For them, if you're not on TikTok, you don't exist and therefore are not worth talking to, so we need to engage with them there and not expect them to come to where we are to speak to us."

Despite this, recent research published by AMI showed that 50% of advisers do not use social media at all.

"They're not even using Facebook, which, as my son tells me on a regular basis, is old," said Charman.

"There are a number of reasons for this - it might be compliance reasons or concerns over what sort of content to put out.

"Some advisers, particularly sole traders, might just get up in the morning and think I want to do my job and don't have the time for that, so there's a huge amount as a sector that we can do to help support them," she added.



Maria McGarvey

**"WE HAVE TO MAKE THIS PART OF WHAT WE WANT TO DO. WE HAVE TO ASK HOW CAN WE HELP AND HOW DO WE TAKE THIS FORWARD"**  
HELEN CROFT, SCOR

### THE MAYFIELD REVIEW

The Keep Britain Working Review led by Sir Charlie Mayfield has been seen as mainly directed at the group sector.

But McLoughlin felt the review offered even more of an opportunity for the individual market.

"I'm hearing government talking about a solution that involves us because this is about early intervention services," he said.

"The industry is effectively coming together with government and saying we need to get people back to work. If part of this is about identifying at a very early stage people who have got issues, then I think the solution is insurance based.

"This is our moment and we need to get on it very quickly," he said.

The panel felt the government needed to do more to make people aware of the protection gap and the financial risks if they fall ill and are unable to work.

They added the insurance industry could help by providing data and real-life stories which the government could use in its messaging to consumers.

"There were income protection working groups at the ABI which showed how the protection industry can help get people back to work and support the economy," said LifeSearch's Kennedy.

"We need to take a collegiate approach and not wait to be invited into the conversation. We have to make this part of what we want to do. We have to ask how can we help and how do we take this forward." ■



Vicky Churcher

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**T**he Financial Conduct Authority's (FCA) ongoing market study is a hot topic for the protection industry. The far-reaching review, which is looking at a range of factors including commission, fair value and competition among providers, will potentially last a year longer than expected and stretch into the second half of 2027.

The regulator has been busy gathering data from the industry and hopes to publish its delayed interim report along with consumer research it has conducted in early 2026.

With such a powerful microscope over the industry, Health & Protection's Individual Protection Report roundtable at the House of Lords heard a passionate discussion about where the regulator should or should not be acting and what the key results would be.

It also heard some stark financial sums being quoted in market practices which might raise eyebrows at the regulator.

## POSITIVE POSITION

The panel noted that since the process started, the FCA has widened the scope of its review.

LifeSearch CEO Debbie Kennedy was unsurprised by this, as early meetings with the FCA suggested the regulator was still establishing the boundaries of the review and looking to understand the value chain in more depth.

"This is really positive," she said.

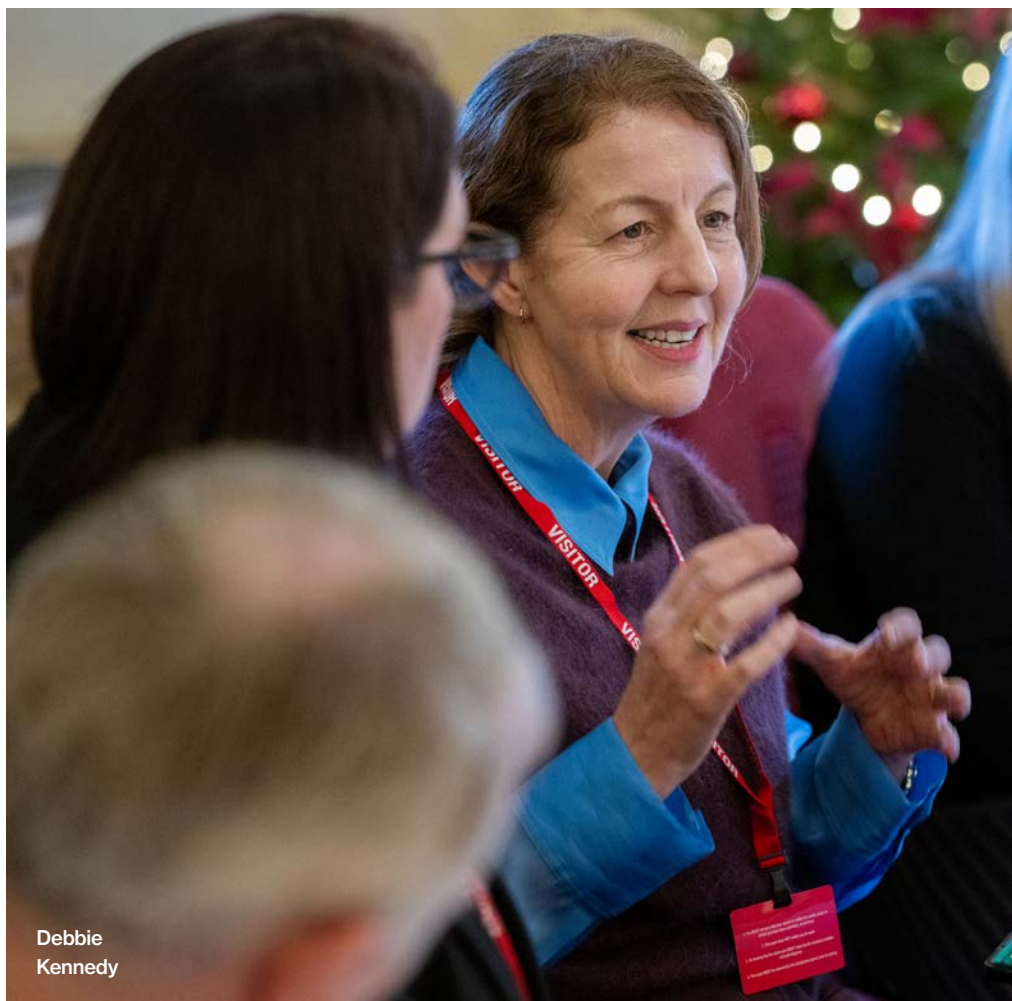
"The FCA was really open to saying 'we're going to have to learn more'. I feel they've spent an awful lot of time listening and trying to understand, but I'm still not quite sure what problem they think they're trying to solve.

"I don't think customers are saying this is a terrible industry; I wondered if the review was the result of lobbying by insurers.

"When I was in Australia the same thing happened there - insurers lobbied the regulator and it had to respond. They eventually reduced upfront commissions but this did not result in more sales, and it definitely did not result in insurers becoming more profitable," she added.

Vicky Churcher, executive director of the Income Protection Task Force, thought the decision to review the protection market was just a follow-on from the FCA's review of the general insurance (GI) market.

"My understanding of where this came from is what happened several years ago in the GI space, where there was a lot of



Debbie Kennedy

# LOADED COMMISSION LIKELY TARGET FOR FCA AS REVIEW BRINGS GREATER QUESTIONS OF TRANSPARENCY

**Abigail Montrose** hears how the protection industry is viewing the FCA's latest review of the market and how greater transparency is seen as a good thing





issues," she said.

"They did cap commission and then some of the GI players said, well, what are they doing in protection?"

However, Churcher argued she did not believe much would come from the review, although she accepted loaded commission was likely to be a target.

"I think they're going to say, 'we thought there was lots to see, we were told there was a lot to see, we've had a really good look and there's not a lot here,'" she continued.

"They might cap or scrap loaded commission rates, they might do a few other things, but it's going to be mostly around the edges."

### COMMISSION & LOADED PREMIUMS

This tackling of commission, particularly loaded commission, by the regulator is a complicated matter and was another area where the panel felt content with the current general direction of travel.

"If there are no problems with commission, which I suspect is going to be the case, then that's a good thing," said Roy McLoughlin, board member of the Protection Distributors Group (PDG).

"There might be an argument for a cap, because some commissions are getting a bit crazy. I'd be happy for a Retail Distribution Review (RDR) light on protection which comes full circle to annual statements, because we should be encouraged to keep in touch with our customers better than we do," he said.

The PDG would also be happy for the FCA to review loaded premiums, said McLoughlin.

"The PDG stance on loaded premiums is very simple," he continued.

"We're not against them per se, but we are against them if you don't tell people that you are charging them more and why.

"As an industry we need to be a bit more honest about if we're going to charge A rather than B and I suspect if the FCA suggested that, rather than just getting rid of them, that would be a positive thing," he added.

### CAUTION WHEN MANDATING CONVERSATIONS

Mandating conversations or adviser activities with customers is sometimes seen as a positive for the sector, but this could be overly prescriptive or unnecessary in some regards.

As Association of Mortgage Intermediaries (AMI) CEO Stephanie Charman noted, the FCA often talks about mandating, but she suggested this needed to be applied carefully as it is not possible



to mandate a sale.

Furthermore, she highlighted that some distributors have had good success with being more rigorous in ensuring conversations happened.

"We've seen penetration and conversion rates really increase when you are having that mortgage protection conversation, it's about having that conversation at the right time," she said.

"You can't say one size fits all, one business model fits all, but the sector is already starting to try and improve and have those conversations at the right time and in the right places. I do think there should be some disclaimers.

"AMI's view is, the mortgage illustration talks about general insurance such as home insurance, but it doesn't mention anything about protection and there should be something in there on protection for consumers," she added. ►





Stephanie Charman

## TRANSPARENCY

► Another area highlighted in response to the FCA's review was transparency.

In submissions to the Health & Protection Individual & Business Protection Report, insurers asked for more transparency on marketing budgets for networks as well as their other costs and expenses.

This was also flagged by attendees.

Churcher thought greater transparency around the costs involved for being included on an adviser network's provider panel would be a good thing, especially as some can potentially reach eye-opening levels.

"I think what the FCA is getting at used to be called brown envelopes," she said.

"This was where networks would say 'if you want to be on our panel, you have to give us say £20,000 a year and we'll do some roundtables and such with you' - and that was very low. One particular network wanted as much as £250,000 a year.

"They're not considering this as part of the commercials, but it is part of the commercials and has to be included for compliance justification.

"What are they doing with that money? Why do they need that money? That's not being said," she added.

Charman thought that if insurers wanted to know this, they could get the information from the networks.

"Insurers can go and have conversations with the networks and service providers and the majority will be really transparent about this and their marketing packages,"

she said.

"They need to as part of their own fair value assessments and their regulatory requirements. There may have been issues in the past, but I think most of the market has moved on considerably and a lot of that transparency is there.

"So do we need the regulator to put that into the rules or as a sector can we just have some conversations about where there are still some of those concerns?" she said.

The panel felt that advisers were already being transparent as they send out

statements and illustrations which include details of how much commission they are getting.

In response to the insurers, LifeSearch's Kennedy thought more transparency from them would be a good thing.

"I would really like to understand what the insurers' premiums go on, how much the margin is, how much they favour healthy lives at the risk of not looking at people that have got disclosures and what their underwriting profit on these cases is," she said.

"And please be open with us on claims because we always say, please tell us when we've had a claim, it's a real issue getting that information back."

## CONSUMER DUTY HAS ALREADY ADDRESSED SOME ISSUES

Overall, the panel noted the Consumer Duty has already looked at many of the areas the current market review is examining, so this is a well-trodden path.

"We've had Consumer Duty which is embedding into businesses where you've already got product governance rules," said AMI's Charman.

"You've also had people looking at fair value and all parts of the chain needing to ensure they've got their fair value assessments done.

"So the sector started to do some of that work at the same time as this market study started and this needs to be reflected and looked at as part of the review as there are areas that we've already improved," she concluded. ■



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# RISING MISREPRESENTATION PUTS IP UNDERWRITING IN THE SPOTLIGHT

Misrepresentation is on the rise in income protection leading to calls for simpler application forms and changes to underwriting, hears **Abigail Montrose**

**T**he income protection (IP) market has been growing. However, worryingly this has been accompanied by an increase in misrepresentation and non-disclosure by customers.

The panel at Health & Protection's Individual Protection Report roundtable at the House of Lords highlighted that this misrepresentation is causing issues in underwriting and claims processes.

For example, they noted there are a range of issues around ex-smoker rates, weight loss medications, mental health and add-on services.

These are adding complexity to the underwriting process said Maria McGarvey, senior underwriter at Gen Re.

"The industry is reacting to the changes; we've heard about them and we've talked about them, but we are data driven and we always look back with data, so we don't necessarily have a good understanding of people's behaviour until it's in the data," she said.

"With weight loss drugs, we know they are here and they are here to stay even with the price hikes, but is usage being disclosed or not? We're a little in the dark about this," she said.

## UNDERWRITING EVOLVES

Helen Croft, head of life and health underwriting UK and Ireland at Scor, pointed out that while underwriters can update risk profiles, this is not the only challenge they are facing.

"If there is something that changes the risk profile, we have to react and adapt to that by putting something into the underwriting process," she said.

"The biggest challenge we've got is the people who are going into manual underwriting and then the conversion of that group."

Stephanie Charman, CEO of the Association of Mortgage Intermediaries,



agreed but thought this could provide more data.

"You get to a point where the data actually shows you that more of those people could move into straight through," she said.

Croft pointed out that as soon as someone drops out of that straight through process, the conversion drops.

"You're losing people out of the funnel straight away," she continued.

"We've got to focus on getting people the insurance they want so that the data shows that straight through processing is the best



way to do that.

"There's an increase in misrepresentation generally as a result of non-disclosure and this is another part of the underwriting dynamic at the moment and everybody's paying for this. So the question is, if that's increasing, how do we get better at identifying it?" she said.

## COMPLICATED APPLICATION FORMS

One area identified by the panel where misrepresentation can creep in was application forms, with these seen as too complicated.

LifeSearch CEO Debbie Kennedy highlighted the confusion around smoking rates as a key example.

"Now we're slicing smokers in several different ways to try and price differently, but often people will have smoked for a bit, then stopped, then started again and they might have vaped for a bit and so on," she said.

"It's like we're getting a little too clever with the pricing but it's not translating into how smoking has or is affecting the customer.

"So I'm not surprised misrepresentation



is going up - application forms are sometimes like a memory test and I'm not surprised people sometimes miss some things."

## GP REPORT DILEMMAS

Another issue raised was GP reports. The waiting time on these could cause the loss of a sale or put advisers off selling the products, thought Roy McLoughlin, board member of the Protection Distributors Group.

"Delays in getting GP reports are a big problem; we're now being told by lots of surgeries they won't even look at these for 31 days," he said.

"Then the insurer might take 40 days before they look at the report so its 70 days before these are dealt with and then other tests and information may be required.

"A couple of things can then happen. A lot of people will just fall out of that process and there is also the worry that a lot of wealth advisers and mortgage advisers will start hearing these stories and just decide to avoid this market," he added.

Despite the problems there were some advantages to GP reports, pointed out Ken Maxwell, director of John Lamb Hill Oldridge.

"I would love to do away with the GP

report because of the time it takes, but at the same time, clients may forget or even fib about conditions or certain things they have done in the past," he said.

"Our clients have a call with our underwriter as a first stage and we then do pre-underwriting. There are cases where we find the client hasn't disclosed something, perhaps because they've forgotten, but this is in the GP report. We then include this in the application because if we didn't this might be seen as non-disclosure," he added. ■





**C**hanges to Inheritance Tax (IHT) rules bringing more people and estates into scope have resulted in increased demand for estate planning services.

The multi-faceted issues now being faced by those previously unaffected is driving demand for cover and other professions are looking to advisers to assist their clients.

This is causing some intermediaries to invest in specialist training to be sure they have the skills to excel in this market.

Health & Protection's Individual Protection Report roundtable at the House of Lords Roundtable heard some of the changes are having a huge impact, particularly those related to property relief.

However, it has not all been smooth sailing and despite many changes being finalised well ahead of time, advisers were not able to get cases on risk with some insurers until new rules had been enacted.

Ken Maxwell, director at specialist protection advisers John Lamb Hill Oldridge, pointed out that from an IHT perspective, the biggest impact had been in Budget 2024.

"Budget 2024 included non-domiciles, which was a problem for us because we couldn't get cover on risk until April this year because technically there was no insurable interest until April this year," he said.

"We could do the underwriting up until that point, but we couldn't have it on risk.

"We saw a ton of gifting for transferring wealth pre-Budget 2024 as people were concerned that Capital Gains Tax might go up and they wanted to crystallise those in gift. There was a lot more gifting again this year and this will continue as the seven-year rule and the lifetime allowance haven't changed," he added.

## HUGE IMPACT OF PROPERTY RELIEF CHANGES

The Business Property Relief (BPR) and Agricultural Property Relief (APR) changes announced are expected to be huge, the panel thought.

They noted that supporting BPR was expected to be particularly tricky with issues around how to value these businesses and how to find a realistic number for financial underwriting.

"That's going to be quite difficult work and a lot of advisers might not want to get too involved in that sort of work and planning," said Maxwell.

But while this is a specialist area that many IFAs steer clear of, those that do get involved reap the benefits, pointed out Roy McLoughlin, board member of the Protection Distributors Group.

Advisers specialising in this area have traditionally received referrals from accountants, lawyers and private banks who have clients who need this advice – and this demand has been growing

"It's a great area to be in and it's very productive and it sticks; that business never leaves," he said.

"We're at the same table as the lawyers and accountants that we work with and they are coming to us as advisers for part of the solution.

"They have their own lines of demarcation, they have to stop once it gets anywhere near advice, so we need to fill those spaces and there's more business to go," he predicted.

## UNDERSTANDING LIABILITIES

LifeSearch CEO Debbie Kennedy agreed, with the adviser partnering with an accountancy firm that felt it could not service this part of its customers' needs.

"What's really put them off is the medical



and financial underwriting," she said.

"I see this as a real growth area for us but recognise we need specialist training and capabilities.

"We'll need to go back up the chain to the reinsurers because we have to work with them to find out what they will accept from an accountant," she said.

Helen Croft, head of life and health underwriting UK and Ireland at Scor, pointed out it was not the underwriter's job

# IHT RULE CHANGES BRING HUGE GROWTH POTENTIAL AS ADVISERS WELCOMED TO THE TOP TABLE

**Abigail Montrose** hears how changes to Inheritance Tax rules are triggering steep demand for protection planning but greater collaboration is needed





to work out the IHT liability.

"If the information is coming from a trusted source and the work has been done to say this is the liability, this does not need to be done by the underwriter," she said.

"But it is the underwriter's job to ask if there is an insurable interest here, if there is any anti-selection and if the work has been done by someone who knows what they are doing.

"If we've got a letter from an accountant that says this is the IHT liability and it's been calculated, that should be all we really need from the financial adviser," she said.

Croft believed there was an opportunity for more collaboration across the whole value chain.

"We all do our separate bits but if we're all a bit more joined up, we could solve some of these challenges a bit more easily because everyone's playing their part," she added.

Maria McGarvey, senior underwriter at Gen Re saw two challenges – the financial challenge and the financial underwriting challenge.

"Things have got more complex - every other month there seem to be tax changes," she said.

"You're asking yourself, what am I including and what am I not including? Reinsurers got nervous during Covid and I don't think that's properly gone away in terms of capacity.

"There's also a real challenge on the medical underwriting side for older lives. Are we equipped to underwrite those individuals and do we really understand what's in their office premium?

"An 80-year-old is in a very different class to a 21-year-old, so there's a real challenge around upskilling," McGarvey concluded. ■



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