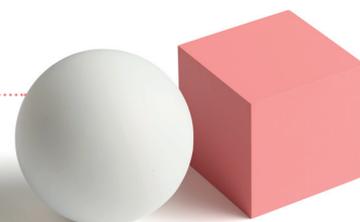


# PERSONALISED UNDERWRITING – ‘OLD THINKING’ VS ‘NEW THINKING’



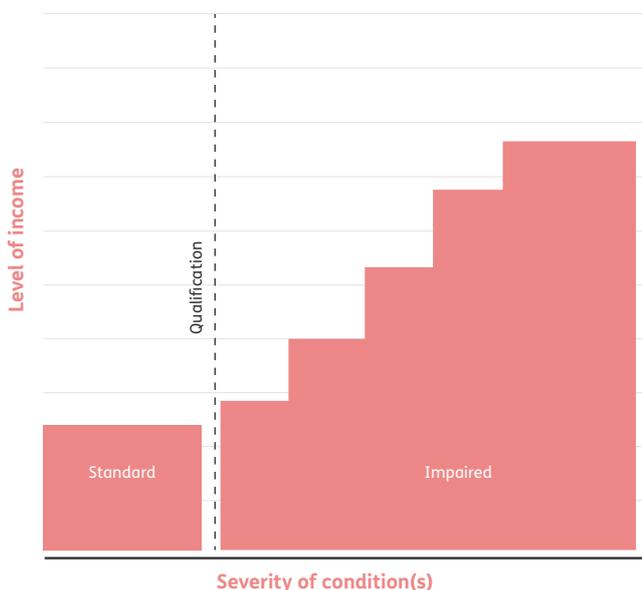
**No two people are the same, so why treat them the same way?  
In every class of insurance we expect seemingly minor differences to have an impact on the rate. That’s because each of those differences can affect the risk.**

The same is true for those wanting a guaranteed income for life (GIFL), from a pension annuity, except there’s a glaring difference. Let’s describe it as ‘Old Thinking’ versus ‘New Thinking’.

Old Thinking labels people as either ‘standard’ or, if they have a medical condition or serious lifestyle risk, ‘impaired’ so ‘qualifying’ for an enhanced rate band reflecting the condition’s severity. This is shown in the chart below.

This ‘standard’ approach to underwriting doesn’t provide a personalised result for a client’s GIFL requirement.

**Chart 1: If you’re ‘standard’, you’re not underwritten**



## Which leads us on to New Thinking

At Just, we’re always refining our underwriting practice. We can provide everyone with a rate based on their individual circumstances. It’s time to stop guessing if a client will be impaired enough.

This approach has been identified by the FCA and addressed as part of a package of remedies aimed at rectifying some of the issues identified in the retirement income market.

From November 2019 the FCA amended COBS 19.9 requiring firms to take reasonable steps to determine if clients who express an interest in buying an annuity are eligible to buy an enhanced annuity rather than comparing purely on a standard, non-underwritten basis.

The rules also require firms to use the enhanced annuity information, where relevant to generate a market leading quote.

New thinking can be split into 3 areas:

### Personal

Postcode and marital status.

### Lifestyle

- Height and weight and whether these are outside of normal ranges.
- Units of alcohol consumed per week.
- If the client is taking medication for high blood pressure or cholesterol.

### Serious health conditions

Is the client taking medication for a serious health condition?

## 2 PERSONALISED UNDERWRITING – ‘OLD THINKING’ VS ‘NEW THINKING’

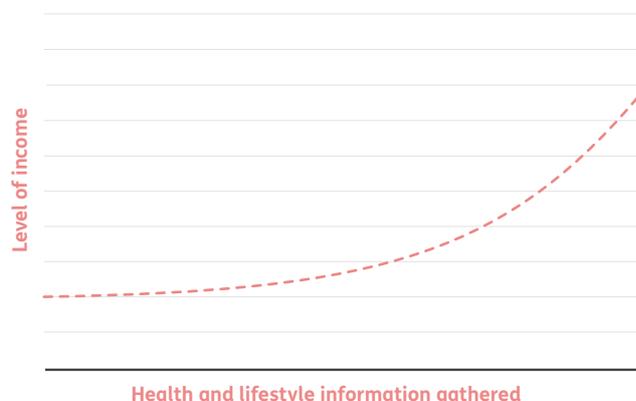
Our personal approach to underwriting means many clients who would previously have been labelled ‘standard’ could now receive a higher income. Please see Chart 2.

### Here’s the proof

None of the people below have any known medical conditions or any of the lifestyle factors that are normally required for an enhanced rate. On the face of it, they should all qualify for the same income, but our personal underwriting means we can offer each of them an individual rate.

Can you guess who’d receive the highest income? (answers underneath)

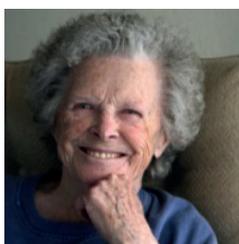
Chart 2: An example of personalised underwriting



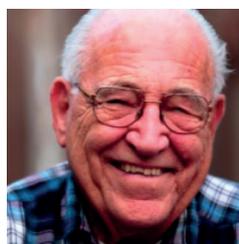
Bob



Mary



Helen



Dave



John

Marital Status  
Married

Height/Weight  
5ft 10in / 13st 10lb

Alcohol  
(units per week)  
7

Marital Status  
Single

Height/Weight  
5ft 4in / 11st 11lb

Alcohol  
(units per week)  
18

Marital Status  
Widowed

Height/Weight  
5ft 5in / 10st 4lb

Alcohol  
(units per week)  
15

Marital Status  
Separated

Height/Weight  
5ft 10in / 17st 11lb

Alcohol  
(units per week)  
27

Marital Status  
Divorced

Height/Weight  
5ft 9in / 8st 4lb

Alcohol  
(units per week)  
22

Source: \*Just rates 05.08.2020 based on £100,000 fund value, 5 year guarantee and no escalation. Allows for 2% adviser charge.

Answers: Bob £4,466.90, Mary £4,563.08, Helen ££4,668.71, Dave £4,818.54, John £5,060.89. All figures are annual amounts.

## FOR MORE INFORMATION

Call: 0345 302 2287

Lines are open Monday to Friday, 8.30am to 5.30pm

Please note your call may be monitored and recorded and call charges may apply.

Email: [support@wearejust.co.uk](mailto:support@wearejust.co.uk)

Or visit our website for further information: [justadviser.com](http://justadviser.com)

Please contact us if you would like this document in an alternative format.

