

What kind of adviser are you? – Money Marketing – November 2004

Have you recently thought about the type professional really want to be? This is both pertinent and current as we move into the final stages of the regulatory sweep up of product sales, because it will help you decide on the products that you really want to advise on and therefore the permissions you really want.

I say this because I see now huge differences between advising on life, critical illness and income protection products and other of financial services instruments, be they forms investment or borrowing. It is a difference that in the past caused a number of Mortgage Advisers (MAs) and IFAs to 'steer clear' of pure protection products, however the lure of popular products that generate healthy levels of remuneration has been too strong for many to resist and the upshot has been more and more IFAs and MAs advising on these products. Alongside this shift in practices the modernisation of the processes that sit around these products have changed beyond all recognition, as have the skills and experiences needed now to manage such transactions. It is a fact that qualified, authorised individuals need to be involved in any advice process - but do they really want to be, or indeed should they really be, involved in the process beyond that?

The difference is that during the arrangement of other financial solutions you would never be expected to ever to have to ask a customer about their sexual practices or preferences and the sexual practices of their current and past partners, let alone having to discuss with them their experiences of transmitted diseases or the country of origin of past partners. If you advise on protection you will. If you advise on protection you have to ask your clients about recent changes in their social habits including their consumption of alcohol and their use of illegal substances. You have to ask them to detail every visit to their doctors in the last 5 years for lumps, bumps or aches. You have to question them about their state of mind and whether they have ever had suicidal thoughts.

Imagine this, you are male and middle aged (the majority of advisers are both of these) and you have to ask your young female mortgage customer this very question – Have you ever had or do you currently have any change to your breasts, for example any lump or cyst, rash, discolouration, inverted nipple, bleeding or discharge from a nipple or any other abnormality?

Do you feel competent to discuss the answers to such questions with your clients? Do you feel it is appropriate and how do you think your customers feel about this questioning in their home, in your office or at your branch? Do you really think they answer you fully or truthfully, do they really think it is any of your business? All they want from you is to buy that flat they have just had their offer accepted on. The flat they are buying together with their boyfriend, who is right now sitting in front of you, with similar feelings of embarrassment wondering what the heck you are going to be asking him about next. This is the real world.

The level of questioning pushed out from the underwriters desk now to the point of sale has grown significantly through the emergence of electronic submission, with intelligent second and third level personal medical questioning and the insurers desire or need to segment the population further to increase competitiveness and manage risk. The technologically is important and it is needed because of the lack of human resource available to medically underwrite the number of policies now being sold, the question is should it be the 'financial' adviser that is interacting with it? And the questions asked are going to grow in number and complexity - you have to ask yourself, where does it all end?

The answer is with personal catastrophes of course, when the customer claims and the insurer won't pay because of non-disclosure. In a non-regulated world the adviser felt some of the effects of this but in the future, with regulation and an ombudsman who will be able to consider the contributing influence of the adviser, you may just find yourself paying out a few sums insured.

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