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FTRC PUBLISHES RESEARCH ON ADVISER PREFERENCES WHEN DEALING WITH INSURERS

STUDY REVEALS NEED FOR INSURERS TO IMPROVE PROCESSES FOR WEALTH ADVISERS AND FIRMS WHO ARE NOT PROTECTION FOCUSED, TO PROVIDE MORE CONSISTENCY AND KEEP ADVISERS MORE ACTIVELY INFORMED

FTRC has today published a study "Understanding adviser preferences when dealing with insurers". The work was initially presented last week to FTRC's Protection Forum comprising of leading advice firms, insurers and technology suppliers.

One of the key findings was that a particular priority for insurers should be integrating with the practice management and cash flow planning tools that are core to so many wealth advisers' operational processes. The aim of the study is to highlight to the industry the key areas where processes could be improved to help advisers better support customers when taking out cover, and throughout the lifespan of the policy.

The detailed independent analysis was conducted via one-to-one interviews with key stakeholders from firms falling into six different categories - protection specialists, mortgage specialists, holistic financial advisers, wealth managers, networks and niche advisory firms - in order to understand:

- How each distribution type prefers to interact with insurers
- At which points distributors will interact with insurers
- Key functions that cause the most friction when dealing with insurers
- Key operational changes advice firms would like to see

Findings

The study found that whilst the processes deployed when advising and interacting with clients differed between each segment, the way in which they interact with insurers, and as such their concerns, were largely consistent. The research highlights that life insurers need to do more to



support the ways that advisers who are not protection specialists, e.g. wealth advisers, financial planners and mortgage advisers, operate and engage with their clients.

The key areas of friction between insurers and advisers fell into three categories: managing in-force policies, a lack of consistency across insurers and the need to be kept informed by insurers at all times.

Managing in-force policies

It highlighted that many insurers often do not provide enough in-force policy information or functionality to make changes within their extranets or the core operating systems advisers use i.e. their practice management system. Consequently, advisers will resort to calling the insurer directly whenever they require information or need to make a change, which is inefficient for both parties.

A lack of consistency across insurers

A lack of consistency and consensus from insurers also left many advisers confused, particularly with regard to where signatures are concerned. Whereas some insurers do not require a signature on trust forms for example, others accept an electronic signature or insist on a wet signature. This leaves many advisers confused as to what is legally acceptable and as such nervous when putting trusts in place.

Being kept informed by insurers

Universally, advisers expressed concerns that they are not adequately kept up to date by insurers, especially regarding claims processing. Where a client or their family make a claim directly with an insurer, and the adviser who introduced the business is not notified, the adviser can be left in the very difficult position of being completely unaware or able to aid the client. This could lead to extremely difficult conversations for both the adviser and client and reflects the importance of the Protection Distributor Group's Claims Charter which FTRC believe all insurers should sign up to.

Ian McKenna, Director of FTRC, said: "This study confirms that whilst the industry has moved forwards in many areas, there is still much that can be improved to help advisers provide as good an experience for consumers as possible. Many of the issues highlighted in this report have been a concern for advisers for many years and the conclusions should act as a call to action for insurers.



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“Of particular note is that all advisers want insurers to be more proactive in keeping them informed across all processes. It is currently felt that the information they are provided with via tracking services and extranets is not sufficient, if available at all, and often advisers can be left embarrassed as they are not aware of key information when speaking to their clients.

“A particular priority for insurers should be integrating with the practice management and cash flow planning tools that are core to so many wealth advisers’ operational processes. If insurers don’t start communicating with the systems that advisers use at the heart of their businesses this will considerably constrain the ability to address the protection gap.”

Jon Dear, Chief Operating Officer – Protection Division of AFH Wealth Management, said:

“The protection industry does a lot of things well, however as this report highlights there are a number of areas where their processes and systems could be improved to better support adviser firms of all shapes and sizes. For a wealth firm such as ourselves, we receive a lot data electronically from investment providers, however this is not replicated from protection providers on in-force policies, and as a result protection is far less visible for both advisers and their clients.”

The full study is available on request to all advice firms and protection product providers via www.protectionguru.co.uk/adviser-preferences-when-dealing-with-insurers.

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Notes to editors

About FTRC

Established in 1995, the Finance Technology Research Centre (FTRC) is a specialist research consultancy. The company has four key areas of activity:

- Facilitating industry collaboration in the life assurance and long-term savings industries via a range of forums which bring together leading players from manufacturing, distribution and support services to identify where working together can achieve better outcomes for consumers and the industry
- Research and benchmarking through the delivery of software and ratings to help financial advisers compare the quality of financial products, available at www.qualityanalyser.com.
- Insight reports which focus on key strategic issues such as the future of financial advice and how organisations can enhance the quality of their services to consumers
- Bespoke consultancy on any of the above.