

# ABI's stance on remote signatures criticised

By Lucinda Devine

Industry commentators have expressed dismay that the Association of British Insurers (ABI) has failed to address the issue of 'wet signatures' in its guidelines on telephone and online underwriting.

In its guidance, recently published, the ABI noted: "It is up to each firm to consider having a standard approach to the issue of confirmation schedules, whether and when these need to be signed or not, and what controls are required where there is no signature."

Andy Milburn, IFA market manager at Progress from Royal Liver, said rather than allowing each firm to choose how they dealt with client information entered by telephone underwriters, the ABI should urge providers to issue full information summaries which require client signatures to confirm their accuracy.



ABI: validity of wet signatures still being contested

He commented: "This is a big chance for the industry to be stronger in terms of the way they give, and get signatures to confirm information, which should help to reduce the number of claims declined in the future for non-disclosure, and we are simply not doing it."

The protection industry continues to be dogged by problems of non-disclosure, which have been credited with prompting

poor consumer confidence in the sector.

Peter Chadborn, principal at CBK, agreed the ABI had missed a key chance to tackle the subject. Slamming the proposals as "virtually worthless", he commented: "Loose guidance like this means nothing. When looking at issues of non-disclosure, and the way the situation could be improved, making the application and underwriting process

more robust is the first place to start."

Alan Lahey, partner at Highclere Financial, said cost concerns could be behind some providers' reluctance to tackle the issue of wet signatures. He commented: "Some companies have to send up to three reminder letters that customers need to sign and return the forms or their cover will lapse. From a marketing point of view, that is expensive, so I can understand that certain sections of the industry work around a slightly different business model that is based on minimising administration and maximising profit."

Milburn also expressed concern at the guidelines' suggestion telephone calls should not deviate from a detailed script, which he claimed would restrict detailed underwriters who had the capability to probe clients further on medical conditions.

## Compliance costs weigh heavy on Park Row, results show

The increased cost of compliance has left IFA firm Park Row struggling to turn a profit, parent company Royal Liver has admitted.

In its interim results for 2007 Royal Liver, which acquired Park Row in 2003, said regulatory reviews, the increased cost of compliance and the outlay involved in centralising the business' managed sales force meant the intermediary firm had experienced "a challenging year to date."

Hinting the issues faced by Park Row had affected its profitability, Steve Burnett, chief executive of Royal Liver, noted: "I am confident the management team will return the business to profitability during the next few years."

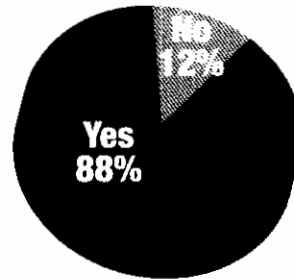
There was better news for Royal Liver's online-only protection service Progress, which it said had continued to attract new IFA users since its roll-out in January 2007. Andy Milburn, IFA market manager at Progress from Royal Liver, said the provider had spent time observing how small firms worked, in order to enable it to build a system which was relevant to all users.

He commented: "The quick link section on the site lets advisers select which category they fall into, which automatically brings up a list of all the services they need. It also offers everybody the same service, regardless of whether they have used us before or not."

## MortgageSolutions web poll

Last week's web poll question was: Have non-prime mortgage application turnaround times been affected by the numerous pricing and criteria changes by lenders over the last few weeks?

With the news that Pink Home Loans had to communicate increased turnaround times to members following the spate of product withdrawals, there have been increasing concerns that the industry as a whole has been affected. This was seen in the results to this week's web poll – 88% of respondents agreeing that turnaround times will be affected in the current situation. Only 12% believe that production has not suffered.



This week's poll question is: Are you finding it increasingly difficult to explain to clients the emergence of new fees, including 'establishment fees' for sub-prime mortgages?

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