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Chadborn wants remuneration rethink for protection business

Tracey Scott | 31-Jul-2008

New remuneration options are needed in the protection market to encourage more IFAs to advise in this area, says CBK principal Peter Chadborn.

Chadborn says big up-front fees are outdated and potentially crippling to firms if some of the money needs to be clawed back. He says moving to trail for protection is a better route but suggests the industry needs to think of a new way to remunerate advisers.

He says: "The rest of the industry in terms of wealth management and investment is about avoiding up-front commission, providing an ongoing service and getting recurring income. The financial pain of moving from indemnity to non-indemnity is too much for many IFA models to bear, so can there not be a third way?"

Bright Grey managing director Roger Edwards says there are other options such as switching from commission to a procuration fee.

Legal & General IFA sales director Martin Noone suggests the industry could offer a smaller lump sum to be paid alongside trail commission.

Noone says: "We have got no plans to change our commission structure but we support the IFA community and if there is a big enough call to change or increase the options on commission payments, we are flexible."

Source: Money Marketing

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