MoneyMarketing

Advisers demand tele-underwriting

Helen Pow | 15-May-2008

Advisers will stop using protection providers that do not offer tele-underwriting by qualified nurses, warns CBK Colchester principal Peter Chadborn.

He says advisers are starting to recognise the benefits of the provider rather than the adviser being liable if a client's claim is subsequently declined due to non-disclosure.

Chadborn says qualified nurses are likely to get better answers to medical questions than advisers.

He says: "I can see the day when advisers will only use firms with tele-underwriting and probably only those that use qualified nurses. I do not buy the theory that IFAs do not want to let go of the responsibility of asking questions. I would prefer the provider to take away the liability from me and entrust the questioning to someone with skills in that area."

But former Swiss Re head of underwriting and claims Jerry Brown believes it is still unclear whether tele-underwriting provides better information than a GP report.

Brown, who runs the Mithrandir consultancy, claims that recent research by MorganAsh, which found that nurse tele-interviewing is up to 5.5 per cent more effective at reducing non-disclosure than GP reports, is not statistically credible.

He says it is not cost-effective for providers to use tele-underwriting in every case although it costs less than a GPR.

Brown says: "The research is not statistically credible and not a basis I would use to justify my decision to scrap routine GPRs on life and critical-illness business.

"The business case for tele-underwriting is far from proven economically for commoditised products such as life and critical-illness, where expense margins are thin. Tele-underwriting costs less than a GPR but it is used in every case. GPRs are only used 30 to 35 per cent of the time."

Source: Money Marketing
