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Tele scope

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What problems have you or your clients encountered when providers use tele-interviewing/tele-underwriting? Would you find it useful if tele-interviewing/tele-underwriting was standardised by all providers?

Chadborn: A good adviser/client relationship is underlined by the effectiveness with which the adviser manages their client's expectations throughout the advice, application and underwriting process. However, in the case of tele-underwriting, it is an almost impossible task due to the diversity of processes being adopted.

Our client's tele-underwriting experiences are generally favourable but any adverse experience tends to be when a customer services representative undertakes the questioning because it is obvious to the client that the interviewer is following a prescriptive script and has limited medical experience.

Uniformity of methods would be desirable but is, I fear, an unrealistic expectation.

Kidd: I have not encountered issues but the way I see it is that how experienced are the people reading the scripts and what happens when you go off script?

The questions are very rigid and I can imagine complicated cases becoming more so by the lack of understanding of the person who is conducting the interview. For the providers, it is a cost-cutting exercise and I do not think it will help in terms of claims and non-disclosure issues. I think you need a professional person asking these questions face to face.

Last: I have not had any problems so far with telephone interviewing/underwriting, in fact, my clients feel that the people who call are very courteous.

Certainly, the interviewer is normally able to glean more accurate information from the client than trying to determine their state of health by the completion of an application form alone.

Unless more than one product provider is going to contact a client to conduct the interview, I cannot see the reason for standardising the questions as the client will have nothing to compare if they only receive the one call.

Have you noticed that an increasing number of your clients have given up smoking since the smoking ban came into force? Have many of your clients come back to you to ask if their premiums have come down because they have quit smoking?

Not all policies will even facilitate such changes, in which case, the client has no choice but to apply for a new policy. Of course, this may not be desirable and therefore the minimum criteria when recommending a protection policy to a smoker should be to ensure it has the option to be converted to non-smoker rates should the client qualify in the future.

Kidd: I have not seen a reduction in people smoking and I have revised only one policy but that was specific to a client stopping smoking due to having a child and not because of the smoking ban. Of course, if you can prove that you have stopped smoking, then your premiums will drop, as did my client's, but not by as much as you would think for just life insurance. It is more relevant for critical illness.

Last: I have not had any clients advise me that they have stopped smoking as a result of the smoking ban so no clients have come back to me to review their plans.

Chadborn: The regulator needed to demonstrate it is not only aware of where questionable sales tactics are being adopted but also that regulatory pressure would be applied proportion-ately where it exists.

A statement needed to be **Continued on next page**made and I believe they have got it about right. I do not subscribe to the theory that many people who need insurance will be prevented from getting cover. If people recognise the need to get insurance, then there are today, more than ever before, no end of places where they can make enquiries.

Kidd: I do not think they have done enough and it annoys me when they have a real chance to put people to the sword that they do not.

Banks are the biggest culprit, whether it is the high- street branch or an affiliate company they own who do second -charge mortgages, etc. But banks get away with murder in this country, so much so that we might as well all go and work for them. A few fines here and there only lines the FSA's pockets and pays for those expensive offices, nothing more. The managers of these salespeople should be fired for the blatant product-pushing they resort to in order to get a bonus.

Last: I believe that all insurance-related products should be subject to the same level of regulation and this would provide consistency in the market and help build trust in the products that people are buying. It is certainly wrong that people with little or no training are able to sell something that others in the industry have to sit exams for.

Some insurers are now saying they will not offer unemployment cover to those who work in the financial and banking sectors. Are you finding it hard to get cover for your clients in this sector? Which other professions do you think it may become difficult to find unemployment cover for?

Chadborn: It should be of no surprise that this dilemma now exists and it is virtually impossible to predict which professions will next be affected. For those who find they cannot get the cover they want, I try to liken it to someone who has just received bad news from their doctor and decides they had better get some life insurance. The message should be that people should not defer getting life cover, income protection or critical-illness cover in case it is too late.

Kidd: Yes, this is true, but you can still get people covered. Paymentshield for example have really pulled back but they are cheap on a lot of the ASU products.

It is harder and I feel disappointed in Paymentshield and other companies who have done this because they usually have a six-month period to clear before being covered so that takes away a lot of the risk of people making fraudulent applications.

I think car manufacturers may suffer, as we are seeing, but, with unemployment set to rise to three million, the insurance companies can do what they want, I guess, and exclude who they see as the biggest risk. The idea of insurance is to pay someone to take on the risk so again I feel the industry lets itself down by pulling the rug from the consumer.

Last: I think that unemployment cover is going to get a lot tougher to place over the next year or so for anybody, consequently, I think that premiums will also rise to reflect the increased level of risk.

Chadborn: IFAs and mortgage advisers are rarely in competition with each other so we should have nothing to fear by more of us sharing the same space. The concern should be if the tendency to make price the primary factor in mortgage advice is adopted when giving protection advice.

Any decent protection adviser should know that the features, flexibility and all- round quality of the plan should take precedence over cost.

The merits of adopting this approach should be demonstrated to anyone wanting to give protection advice and who wants to be perceived by their clients as an adviser who can add value as opposed to simply a salesperson flogging insurance.

Kidd: I would think that most mortgage brokers will be just trying to sell insurance as a way to keep them afloat, so it is a concern as I feel that the advice process will not be there. You may create more problems for someone by setting up more insurance or churning policies that were perfectly fine.

Clients are being told they can do it cheaper but offering less comprehensive coverage (although the client may not know this). This could be a can of worms for future complaints so I would make sure that clients really do know what they are buying and that cutting corners on fact-finding may lead to future complaints.

As for competition, I am not worried about that in the slightest.

Last: Protection products form a relatively small proportion of our business, so we have not noticed any decline in this area. As we constantly review our existing clients' protection needs, we are unlikely to see a shift away.

The problem is that mortgage advisers will concentrate on protection cover now as they need to find additional income streams. But what is going to happen when the mortgage market picks up again? I assume that they will revert to type and reviews will not happen and clients could then be underinsured or incorrectly insured in the future.

Source: Money Marketing