

MoneyMarketing

Chadborn calls on advisers to move to non-indemnity

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CBK Colchester director Peter Chadborn has called on protection advisers to move away from commission on an indemnity basis towards a non-indemnity model.

Speaking at an Aegon briefing last week, Chadborn said the indemnity model was encouraging the wrong type of behaviour among some IFAs. He said: "We need to move away from the indemnity model as it is a real famine or feast situation. If you look hard enough, you can find enough reason to replace almost anything. But unless there is clear, undeniable benefit to the consumer, it is a churn, it is not a rebroke.

"The problem is that the industry is shooting itself in the foot all the time because it offers the big indemnity commission with two-year indemnity periods so after two years there is no clawback on it. You are allowing the wrong behaviours to prevail."

Aegon head of sales and distribution Alun Beynon said: "We need to migrate the industry away from indemnity commission and towards a level commission.

"Advisers could take 50 per cent on indemnity and then be paid a higher renewal commission. That would take care of the indemnity period and would improve consistency."