



A new lease of life

A new leader has emerged in the Money Management/Dexx&r Adviser Choice Risk Awards. SARA RICH finds out what attributes make it the 2008 Risk Company of the Year.

The word 'crisis' has become one of the most commonly used terms by both the media and industry when referring to the current situation in global financial markets.

Such a description is apt when reviewing how stock markets around the world have been drawn into the mess created by the raft of sub-prime loans in the United States, which in turn has negatively affected superannuation and investments in general.

However, the word on the street is that the opposite may be the case where life insurance is concerned, with many believing that the 'crisis' is likely to have a positive effect on the life insurance industry in the form of increased awareness and, consequently, sales.

A recent Investment Trends report found that

the number of financial advisers providing advice on life insurance and income protection was steadily increasing.

Investment Trends principal Mark Johnston believes there is tremendous opportunity for risk product providers to grow annual premiums in 2008.

"With increasing market volatility and spiralling living costs, demand for all forms of insurance should continue to increase," he said.

"The challenge of increasing the contribution of risk advice to a practice's bottom line will be made a little easier, as planners may be less focused on investment in 2008 than they were in 2007."

This is where the challenge for the major insurers comes in, as attention turns to which one can fill two key requirements: a service offering that

makes it easier for advisers to sell insurance and a value proposition that best suits the client.

The *Money Management/Dexx&r Adviser Choice Risk Awards 2008* highlights the insurers that are already excelling in these areas and outlines the insurers performing well in specific product categories.

Risk Company of the Year – ING Australia

A strong focus on insurance over the past 12 months has paid off for ING, which has received the overall award of Risk Company of the Year 2008.

Responding to the underinsurance issue in Australia by listening and acting on adviser feedback, ING has made a number of upgrades to its product range since last year's awards and announced some strategic

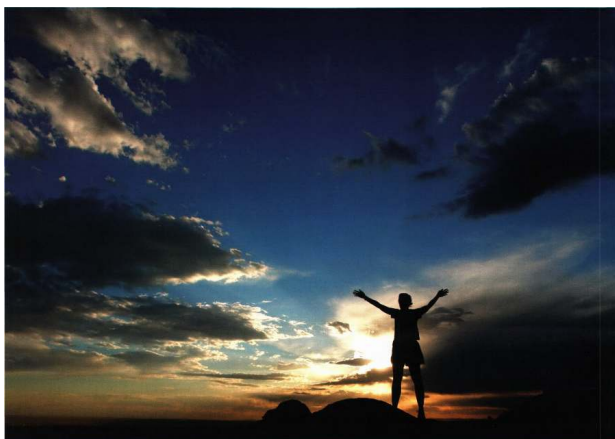
staff appointments.

One such announcement was the welcoming of a new head of retail product, marketing and reinsurance for ING Life Risk.

With 20 years experience in this space, Gerard Kerr came to the role from Asteron, where he was head of claims, and said he was looking forward to continuing ING's culture of placing a high value on adviser feedback.

"When you get advisers who are great at giving feedback, giving you suggestions and ideas, you are mad not to take it on," he said.

"ING has decentralised state offices in each of the main capital areas, so you have a lot of your decision makers close to the local advisers so they can understand your local requirements and issues,



RISK COMPANY OF THE YEAR

GOLD: ING Australia
 SILVER: Tower Australia
 BRONZE: MLC

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because different states do have different needs and hot topics.

“So having that as a network is a great way of grasping that information and bringing it up into a central base – what’s the key theme and can you provide a solution, even if it is a state-based issue?”

In terms of its product offering, ING recently announced a range of new flexible life insurance options linked to its OneAnswer Personal Super, whereby its insurance product, OneCare Super, can now be funded through superannuation.

It also announced major upgrades to the options available on its OneCare product that extend cover to previously uninsurable risks including high-risk occupations, needle stick injuries and pregnancy complications.

In another market-leading move, ING introduced more concise Product Disclosure Statements that utilise incorporation by reference, representing a reduction of 33 per cent from the average length of such documents.

“ING has certainly been very active,” Kerr commented.

“The thing about ING is when OneCare hit the market a couple of years ago, its impact was phenomenal in the adviser world.

“It was a suite of products that was comprehensive [and] there was a huge amount of flexibility in there. It was a suite of products that could be tailored in many ways to suit many advisers’ different market segments.”

Silver – Tower Australia

In both 2007 and 2006, Tower Australia was named the *Money Management/Dexx&R* Risk Company of the Year. This year it has slipped into second place, however, it remains committed to responding to the needs of advisers, according to managing director Jim Minto.

“Partnering with advisers is very much our primary means of distribution, so we have worked hard with advisers to improve our offer and to keep out there as one of the leaders in the market,” he said.

“With advisers, licensees and dealers, it is trying to understand deeply what it is that they need to be successful and to deliver value to consumers.”

A big part of this push, according to Minto, has been the launch of Accelerate, a complete package of products and processes that guarantees 85 per cent of all underwriting decisions within three working days by utilising tele-underwriting and other technology-based processes.

During the past year, Tower also announced 17 enhancements covering a wide range of insurance options to its core Tower Protection Policy.

From a broader perspective, Minto believes the insurance industry needs to work closer together.

“We are at the moment as an industry trying to increase variation in products of a highly technical nature that would go over the

heads of most consumers, and if that creates doubts in the minds of consumers or misapprehension as to what is or is not covered, we could have a confidence issue,” he said.

“What we are seeing is the rise around the world of consumerism and ... we’ve got to work together on these things.”

Bronze – MLC

A major theme for MLC in the past 12 months has centred on ensuring customers can put in place insurance for the long-term, according to MLC head of individual risk David Evans.

“To do that we have done a number of things; we have tried to maintain stable premiums across our products, we have also been pushing the need for advisers to consider the concept of a level premium rather than a stepped premium,” he said.

In light of this concept, MLC recently announced reductions to its level premium insurance rates across its Personal Protection Portfolio and Life Cover Super.

“The rate reductions on level premiums reflect MLC’s focus on ensuring clients have protection in place when they need it most,” Evans said.

“Rather than premiums skyrocketing as people get older, level premiums remain stable and more affordable.

“In an environment of rising household costs, this is as important as ever.”

Another initiative Evans believes is well regarded by advisers is MLC’s upgrade philosophy, whereby all

upgrades are available to both new and existing clients.

“MLC has won a number of awards over the last few years primarily because of its concept of an upgrade philosophy, which is fairly unique in the market due to the length of time that it has been running for,” he said.

“Our key flagship product, the Personal Protection Portfolio, was launched back in 1995 and we have continued to improve it each year, and whenever we make improvements we make them available to our new customers and existing customers.”

Evans sees this approach as being part of a bigger industry trend.

“I think there is [increasingly] less emphasis around the product itself and more emphasis around the service experience of the adviser and how easy it is to do business with each insurer, and that’s an area we are focusing on moving forward, particularly around the new business process, to make it as efficient and effective as possible for advisers to write new business,” he said.



Gerard Kerr