



Planners look to risk

New research from Investment Trends has confirmed that as times have become tougher for financial planning practices, advisers are increasingly turning to the provision of risk advice.

The October 2008 Planner Risk and Risk Technology Report is based on a survey of over 1,300 advisers and found that planners earned an average of 26 per cent of their practice revenue from risk products such as life insurance – a 30 per cent jump over 2007.

The research found that large increases had been recorded by both bank-based advisers and planners who had previously earned only a small proportion of their revenue from risk products.

Commenting on the results, Investment Trends principal Mark Johnston said that with funds under advice down and inflows stifled, risk was now a more important part of the business mix for advisers.

“The proportion of planners advising on risk is relatively unchanged at 84 per cent,” he said. “But while income from investment advice is heavily impacted by funds under advice, planners continue to write as much

or more life insurance, with most maintaining or increasing premiums written independent of the volatile investment markets.”

Johnston said that while the proportion of revenue derived from risk had risen, there was still considerable scope for further growth with planners advising on risk writing an average of \$68,000 in annualised premiums during 2008, but with 44 per cent of those planners writing less than \$25,000.

“These figures suggest that there is still plenty of room for many advisers to develop the insurance side of their business,” he said.

The report also gauged planner satisfaction with a variety of services they receive from insurers. Areas well serviced across the industry included policy definitions and Business Development Manager (BDM) knowledge.

The highest rated insurance providers over four key categories are outlined in the table below. ♣

For more information on risk, see this month's feature on p16.

HIGHEST RATED PROVIDERS

Overall service

1. Zurich
2. AXA
3. AIG

Policy definitions

1. Zurich
2. Aviva
3. ING OneCare

BDM Knowledge

1. ComInsure
2. Zurich
3. AIG Life

Telephone Support

1. Macquarie Life
2. AXA
3. Zurich