

Risk market offers untapped potential, research claims

10 December 2009 | by Angela Faherty



The risk advice market offers a wealth of untapped opportunity for financial planners looking to support their clients and increase revenue streams in 2010, claims a new survey from research agency [Investment Trends](#).

The 2009 Planner Risk Report, which interviewed 1,401 financial advisers and risk specialists, showed that despite risk advice continuing to be an important part of financial planning practice, revenue from risk remains small in comparison to the overall market opportunity.



Over the last year the average proportion of practice revenue derived from risk was 26 per cent – the same as the previous year, the research stated. It also showed that while the average annual premium level per planner rose 10 per cent from \$68,000 to \$75,000, with risk premiums averaging around \$1,250 per client a year, planners are managing an average of only 60 new and renewed policies each year.

Commenting, Andrew Knox, analyst at Investment Trends, said: “Our 2008 survey showed risk becoming a more important part of the business mix for financial planners and 2009 was more about consolidating that increase. Our research reveals that the average planner advises just over one client a week on life cover or about one in three clients in total.”

While the risk market was identified as a market sector offering potential for further business opportunities in 2010, the research also showed that improvements are required to get the market up to speed, with planners looking to technology as a means of improving the underwriting process in the life insurance market.

The research showed that while the bulk of risk transactions are currently conducted directly with insurance providers, 63 per cent of financial planners would prefer to use planning software or an investment platform to conduct business. Only 14 per cent would prefer to continue to deal directly with the insurer.

Further technological developments identified by respondents as important to the risk sector were faster underwriting and integrated online quote and application systems as well as a broader range of insurers and enhanced online quotation facilities from platform providers.

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