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## Untapped Revenue Opportunity from Risk Products - Report

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There is a 'significant untapped opportunity' for financial planners to support their clients with more advice on risk products, and to develop additional revenue, according new research.

In its 2009 Planner Risk Report, research group, Investment Trends, concludes that "... revenue from risk remains small compared to the overall market opportunity."

... the average planner advises just over one client a week on life cover

Based on key statistics from its survey, Investment Trends suggests the average planner advises just over one client a week on life cover, or about one in three of their clients in total."

Instead of referring to the 'insurance gap' which exists, Investment Trends instead refers to a 'risk advice gap' opportunity for advisers.

The researcher also found that:

- 88% of planners provided advice on risk in 2009, up slightly from 84% in 2008
- Planners are looking to technology to improve efficiencies around how life insurance is written
- Almost two-thirds of planners would prefer to transact life insurance business via their planning software or investment platform
- Only a small proportion of planners currently conduct risk transactions using their main investment platform (18%) or planning software (5%)
- When asked how they would prefer to conduct risk transactions in three years' time, 33% said they would prefer to use their planning software, while 30% opted for the main investment platform
- Only 14% said they would prefer to continue to deal directly with the insurer in three years' time

The report found that when it comes to selecting a primary insurer, product features and policy definitions were the most important factors, cited by 61% of respondents. Premiums and, surprisingly, underwriting expertise, were rated significantly less important.

With the survey based on responses from 1,401 financial advisers and risk specialists, top rating insurers in key categories included:

#### **Policy and product definitions**

- Asteron
- Zurich
- MLC

#### **Underwriting speed**

- Tower
- Macquarie Life
- AXA

#### **Premiums**

- AIA
- Macquarie Life
- Tower

#### **Planning software integration**

- AMP
- CommInsure
- Macquarie Life

In terms of how planners would like their platform and software service providers to improve their offerings, Investment Trends Principal, **Andrew Knox**, observed "The fragmented nature of both the platform and software markets suggests they are both in their early stages where risk is concerned".

"That means there is a real opportunity for technology providers to improve their offering and capture market share as planners increasingly look to platforms and planning software to place risk

transactions with life insurers," said Mr Knox.

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