Life Insurers Receive High Satisfaction Ratings from Advisers

The 2011 Investment Trends Planner Risk Report surveyed 729 financial advisers - 77% rated their insurers as being “good” or “very good.”

While this is a slight drop from last year’s high mark of 81%, the report has spotlighted three insurance companies in particular as receiving high rates of satisfaction from advisers. Macquarie Life, Asteron and AIA Australia were ranked first, second and third respectively in terms of providing the best service. However, the report revealed that the high rankings don’t necessarily mean that all financial advisers plan to remain with their particular insurance provider. Several factors may motivate them to switch.

Service in particular has become a vital issue for advisers. The report revealed that 34% of advisers stopped using an insurer during the last calendar year due to problems or frustrations with the level of service. Poor support seems to be an issue that prompts many advisers to change their provider. Those companies with the lowest satisfaction rankings do tend to lose the highest amount of customers to other providers. When evaluated by their relative market share, those providers with the lowest satisfaction rankings lost the highest percentage of advisers to other insurers.

While service provided the major impetus for switching, other areas of the insurance industry received mixed reviews. Different features within different insurance products received a smattering of positive and negative reviews. The report advises that addressing these gaps in perception is of vital importance to insurers who wish to keep their current client base. The report states that 23% of advisers are intending to look for new or additional insurance by September of 2012. Insurance providers should be certain that they offer a wide menu of different products to serve a variety of client needs.

The report covered a wide variety of areas including underwriting and claims processes, premium charges and technical and communications support. Although satisfaction levels are high, the potential for problems in individual areas can push a financial adviser to seek a new provider without much warning. In many cases, financial advisers are responding to pressures from their clients in terms of pricing and availability. Advisers find that they are generally more tied to pleasing their customers than remaining loyal to a particular insurance provider.

However, reputation plays a vital role in how planners choose their providers. Those companies that have managed to create excellent word of mouth among financial advisers will generally have an easier time attracting new advisers than those companies that are still struggling to overcome a particularly bad reputation.

When taken as a whole, the report seems to indicate that providers who manage to offer a fairly decent variety of products with excellent service will, on the whole, likely fare better than those providers who offer a comprehensive selection of products with poor to middling levels of service. While there’s nothing wrong with having more selection, advisers prefer solid service to unresponsive or frustrating customer relations.

The next year will likely see a small percentage of advisers switching between providers in order to attain both the best service and the best suite of products. Those insurers who have acquired high rankings can expect to maintain a healthy client base, although they should continue to focus on offering the best possible customer support.

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