

News

Planners providing insurance advice increases

By Justin Lim

The number of financial planners providing advice on life insurance and income protection is steadily increasing, according to the **Investment Trends Planner Risk and Risk Technology Report**.



The report, which is based on a survey of over 1,600 advisers, found that 84 per cent of planners were advising clients on life insurance and income protection in 2007, which is up from 81 per cent in 2006.

According to Investment Trends, despite the increase in advice, 61 per cent of the planners advising on risk were writing less than \$50,000 in annual premiums, while on average, risk advice contributed only 21 per cent to practice revenue.

Investment Trends principal Mark Johnston said the challenge would be converting annual premiums into larger amounts.

"Given the well documented insurance gap and the increases in usage rates, there is a tremendous opportunity for risk product providers to grow annual premiums in 2008. 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," he said.

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

The report also found that planners were moving further towards an integrated platform solution for both insurance and investment offerings.

According to the results, over the next three years, planners will look to shift risk transactions away from direct interaction with product providers towards platforms and software providers.

"This represents a fundamental change in how planners currently transact with life risk product providers and how they interact with platforms and planning software," Johnston said.

"This segment of the wealth management sector looks set for some big changes over the medium to long term."

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