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Planners shift focus to life insurance

Still scope for growth

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Risk advice has emerged as an important part of financial planning businesses, according to a survey by Investment Trends.

The survey found that advisers earned an average of 26 per cent of their practice revenue from risk products such as life insurance, which was a 30 per cent jump from 2007.

"With funds under advice down and inflows stifled, risk is now a more important part of the business mix for advisers," Investment Trends principal Mark Johnston said.

He said while income from investment advice is 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.

"This increased focus on clients' life insurance needs can be seen as at least one silver lining to all the volatility, given the often-cited insurance gap across the Australian population," he said.

However, there are still opportunities for growth in the sector, according to Johnston.

The survey found that planners advising on risk wrote an average of \$68,000 in annualised premiums during 2008, while 44 per cent wrote less than \$25,000.

Planners are also calling for technology improvements and while policy definitions are important, planners also selected an insurer based on the financial strength of the provider and their underwriting expertise and technical support, the survey said.

Planners nominated Zurich, AXA and AIG as the top three providers in terms of providing overall service.

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