

PROTECTION DISTRIBUTORS GROUP

A Guide to Signposting Protection

“If you cannot meet the client need yourself, then rather than leave the need unmet, enter into an agreement with a specialist adviser who can”.

This guide seeks to list some of the areas you should consider if you plan to enter into a relationship with another intermediary firm to introduce your clients specifically to write Protection business. You will almost certainly have relationships with other organisations and professional introducers, and you may currently have agreements that detail how these relationships work. This is focused purely on introducing clients who have a Protection need, or whom you feel have a need for Protection.

We believe trust is the key to any long term relationship, especially if you are going to introduce clients who you have known for a number of years and are valuable sources of ongoing income and referrals.

Initial considerations – understand why you don’t write this business yourself. It could be for a number of reasons including; lack of recent experience and up-to-date knowledge, no relationships with insurers who write Protection, not enough time, no-one in the organisation to pass the enquiry too or your client has complex needs such as medical conditions, financial underwriting needs, travel or occupational risks.

There is plenty of Protection training available if you want to refresh your skills. Be honest, if you can’t give the advice yourself **REFER**.

What product areas are you going to hand over?

Are you going to introduce all individual protection products? This would include life cover, critical illness, and income protection. Do you offer advice on private medical insurance?

Should you be considering Business Protection – i.e. do your clients run their own businesses and should they be considering key-person, shareholder or relevant life cover? Is there a requirement for Group Protection policies if the client owns an SME?

You need to be clear on how you will deal with possible protection needs in these areas. To make it clear, many partners will be very happy to help with just some areas of need, rather than expecting every client to be referred over. So introducers can pick and choose which clients to advise themselves and which ones to refer where they don’t have the expertise.

Background information on any potential partner

Before you enter into any formal agreement you will want to be comfortable that the adviser you introduce to will work with your customers in the way you would expect them to. Simple initial due diligence will help you

understand whether they can fulfil your clients requirements. An initial discussion over a cup of coffee will give you that first impression.

They can demonstrate their protection experience by:

- Evidencing the type and volume of protection written over past 24 months. Do the product areas overlap your typical customers' needs? Ask about persistency levels – this can help demonstrate appropriate needs being met and quality of advice.
- Do they have introduction agreements with other advisers? Can they provide references?
- Do they have their own company due diligence pack? Details of complaints and any FOS ratios are high level indicators that the firm measures quality and customer outcomes.
- Do they operate with a limited panel or are they restricted? Do they operate with loaded premiums or standard IFA rates? Can they demonstrate that they have worked with a range of insurers over the past 24 months? Have they had any agency or commission terms changed in past 24 months?
- Will they support your client with face to face or remote advice, and are there any geographic limitations?
- Can they provide MI and regular updates on introduced cases?
- How do they handle customer data, what precautions do they take to ensure customer data is kept secure?

What do you need in an introducer agreement?

You should agree the operating model between all parties, defining who takes responsibility for needs analysis and then advice given. This would also include the expected service throughout the process, and possibly what SLAs will be put in place and measured.

Proposed and contracted remuneration model. Are you clear on what you will receive for the introduction, the basis on which the adviser will charge for their advice, and any clawback approach that may need to be provisioned for – e.g. a share of any indemnity commission?

Are you going to have any non-solicit agreement in specific areas?

Do you have appropriate GDPR protocols to pass leads securely?

Are you happy with the standard agreement that the introducer will use?

Do you understand the service levels they will operate with and do you need to be kept informed of case progress and interactions?

Are you clear of any escalation or complaints process?

Do you want to consider a minimum term for the arrangement?

Regarding future client relationships, you might want to consider;

- Who will be responsible for ongoing communications with policy holders to maintain a relationship and ensure cover remains suitable?
- Are you clear on what remuneration will be due on any additional protection policies they arrange for your client, for example as a result of a change in protection need?

- What arrangement do you want in place should the client express interest in any other financial servicing needs, such as home insurance? Do you for example want them referred back to you or are you happy for your partner to provide the support and remunerate you accordingly?

Be clear on what you want and don't want your partner to help with.

Ongoing Reviews

It is best practice if both parties regularly discuss how the arrangement is working – in terms of the quality and frequency of the leads introduced, and the client outcomes and feedback.

Where can I find a Protection specialist if I don't know any local advisers that are suitable

British Insurance Brokers' Association (BIBA) offers a service to put clients in touch with Protection specialists. See link to website at <https://insurance.biba.org.uk/find-insurance>

The Protection Distributors Group (PDG) provides a list of members who are happy to work on an introduced basis with other advisers. Details of those offering this service can be found at <https://www.protectiondistributorsgroup.org.uk/find-an-insurance-specialist/>