

JOHN JOSEPH LECTURE INTERACTIVE WITH THE AUDIENCE.

Training

- ◆ Whose responsibility?
- ◆ Job spec for Trainers?
- ◆ Potential candidates?
- ◆ Monitoring system?

Personal Valuation

- ◆ How much are we worth?
- ◆ Why?

Perception of Cover

- ◆ IFAs problems?
- ◆ Client's perception?

Alternative Cover

- ◆ PHI?

Problems

- ◆ Legal problems looming?
- ◆ What to put in a "Reasons Why" and "Reasons Why Not"?
- ◆ Hindsight litigation?

Communication Skills

- ◆ Lack of understanding?
- ◆ Those that know their subject shout.
- ◆ Those that don't, mumble.
- ◆ Take the press to task!

- ♦ Possible pre Ombudsman, Ombudsman?

Conclusion

- ♦ Selecting a guide!

Quality Of Advice In Healthcare Protection

Training

Whose responsibility?

How should Product Providers train and inform IFAs?

Well, if we are going to work together for 55 minutes, we may as well start with the **controversy** and see if it gets any better!

All you **qualified** members of the audience were trained in schools, colleges and universities, but will have progressed further, due to **your** personal fervour.

In every other profession, “experts” prepare pupils by a set method of coaching **and** a clearly defined course.

Textbooks, field trips, lectures, practical experience, all form part of our learning lives.

But Critical Illness Insurance!

SPLAT..... Here is a policy, go sell it!

1.) Whose Responsibility Is It?

Who created the product? The Insurance Industry. Note industry – **now** it is a profession, **then** it was an industry!

In every field of life, the product design team has the critical responsibility to impart the **basic** knowledge relating to what the policy does and how to use the product.

Imagine N.A.S.A. plucking six people off the street and giving them the keys to the Space Shuttle!

What **you** have designed, is possibly the most **comprehensive** product in our armoury, and yet by necessity, probably the most **complicated** to **explain** to clients.

Much to **your** surprise, IFAs ARE human. We do have different skills to the rest of the insurance profession, the ability to **appear** dumb being one of them. But under the puzzled expression, there is a fertile brain, looking for each client's Achilles Heel.

But, without the Space Shuttle manual, we are left holding the keys to the most powerful product, and nowhere to go.

Of course, the interesting concept is “who **should** teach **us** how to use the product?”

What **expertise** is imparted by the **basic** instruction from a Sales Consultant, him or herself, having received “**training**” from a product design **team**. A host of people imparting “logic” to be used **in a sales arena** **they themselves have never stepped in!**

Even the **Romans** used **Gladiators** to train **Gladiators!**

The Insurance profession needs to accept that the ADVISOR community **needs** to be trained by people who have, and do, sell Critical Illness. I pay far more attention to the training sessions I attend, if I know that the teacher not only is an **expert** in his or her subject, but also has **earned** their reputation in the field, **not in the classroom!**

So in the short time I have available today, let’s set out the **job specification** for the **trainers** you need out there, and then when

we have got the ground force, we will discuss how to get my fellow Advisors to **attend** and **learn**. The last word is important as many will **attend**, it's the **learning** bit, we find hard!

Job Spec For A Trainer

1. Impartial
2. Thorough knowledge of all product spec.
3. Understanding of underwriting procedure and decision trees.
4. Ability to impart knowledge to Advisors **coherently**.
5. Ability to accept change in product type and use.
6. Able to calculate cover requirements AND discuss them with the financial underwriters.
7. Genuine desire to create relationships with Advisors.

Ideal Candidates To Be Trainers

1. **Inspectors** – remember them? By definition, they must either be age 50+ or have left the profession!
2. **Consultants** – who have been around. Probably at some stage were Tied or

IFA's, but needed the "security" of employment.

3. **Old fogies** like me, who have been at it for thirty years plus and have seen it, done it and in some cases, wrote the book on it!

How Do We Monitor The Trainers?

1. **We** attend the training sessions and evaluate the quality of advice.
2. **We** monitor the production and lapse figures of the attendees, (with their agreement).
3. **We** compare **our** group with the industry average.
4. **We** support attendees with incentives and marketing assistance, rather like the

"knock knock, get the strength of the insurance companies around you" campaign of 35 years ago (anyone else in the room remember that).

5. **We** ask the **trainers** for their case study notes.
6. In other words, **we** make them feel they are part of the caring community, intent

on making them better at their **profession**. One which, for all the bad press, **constantly** pays out billions of pounds in claims or maturity values, and without which, the Western world would probably not exist! Actually, the way the Stock Markets are behaving, maybe we will not exist.

2.) Personal Evaluation And Perception Of Value Of Cover

Are we talking about the **IFAs perception**, or the **ultimate client's perception**?

Let me ask **you** in the room, to assist me in an experiment.

We know that **1 in 3** of us will have a Critical Illness in our lives. Look at the people either side of you, if they look ok, the one in three is you.

Now on the basis we accept that 1 in 3 of us **could** have a potential claim, I want you to make 3 columns on a sheet of paper.

In the middle column put a sum insured you would want me to pay into your bank, **if you have a Heart Attack.**

Thank you, take our pens away from the paper, **in fact turn the paper over!**

For those who saw me do this **10** years ago, your chance to shine – for those of you who are new to my sense of humour, when I clap my hands, **everyone** in this room **WILL have a major Stroke.** You may or may not recover full mobility. You **will** spend many years reliving this moment, **sitting in your wheelchair!**

You have **one** chance to amend the figure in the middle column, by putting a different sum insured in the **right** hand column. **Do not** pick up your pens until I tell you!

Remember it goes like this. I will say **now**, count to **three**, and I will clap my hands, and at that point, you will have a Stroke.

Ready?

Clap

The final column on the left, write in the amount of Critical Illness cover you **actually have on a personal basis, excluding any you may have through a Group Scheme.**

Why exclude Group Cover from your calculation?

It's like your money on death. You **can't** take it with you.

How many of you **were** part of a group scheme and have changed employer and now do not have **group** cover?

Finally, a group of numbers to assist you in your **personal-evaluation!**

Zero 2 zero 7 25 83 93 9.

The actuaries amongst you will instantly recognise this binary code, as my office phone number!

And now for **Perception of Cover or perception of the need for cover?**

Many, many, IFAs, perceive themselves as School Fee, Pension, Divorce or Mortgage

Specialists. That may be so, but their client's **expect** full advice. I have spoken to many IFAs who tell me **they** and their client's don't **need** Critical Illness Insurance, as they have PHI **and** Waiver on their Pensions.
Oh Goody.....

Pathetic, **limited** reasoning uttered by IFAs of **limited** intelligence!

They have taken their **personal prejudices** into the sales arena.

We need to make **them** understand why **they must** broaden **their** horizons and my question to you is, do YOU understand.

What Are The Limitations On PHI

1. Time limit <65 (normally), which in my opinion is an advice signal for discussing Critical Illness.
2. Monetary limit <50% (normally). How many of you could live on 50% of your current income.(either net OR gross)
3. No account of potential status improvements. How many of you **intend** to stay in the same job to age 65.

4. Pressure from claims management service may create bad feelings/stress (Not ours, I hear you murmur, every other company, but not ours!).
5. 13/26/52 week deferred, May **POSSIBLY BE, POTENTIALLY BE, COULD BE, MAY BE**, (and I will add as many caveat warnings as I can), caused by an illness that **would** have paid out under a Critical Illness policy.
6. Against the above, is the **excellence** of an Immediate Day 1 cover, 4 or 8 weeks PHI, that **does** pay out.

An IFAs "Reasons Why" letter is an excellent example of giving a client's solicitor or the Ombudsman of the future, sufficient rope to hang the IFA, unless it contains a broad section of "**Reasons Why NOT**".

If an IFA insists on ignoring Critical Illness as a requirement for a client's protection, then as sure as an IFA was sued for NOT putting Waiver of Premium on a personal plan, IFAs of the future, **will be** sued, **if a client who has declared his or her intention of**

being receptive to advice, does NOT receive it!

I ignore the web based sales operation or the direct telephone sales as I do not consider the word **Advisor** to be appropriate – Parasite may be better, rather like the children selling cartons of cigarettes on street corners in 3rd world countries.

Look how many people we provide employment to, say the tobacco companies!

Look how many members of the public now have a Critical Illness Policy **you** crow!

Look how many people have not received **advice** I warn you!

These members of the public DO NOT understand the word TERM. It isn't hammered home that the policy will run out, cease, finish, disappear, kaput, end, in "X" years of time.

Does the **finish** date co-inside with their absolute known, no variations, written in stone, no longer require any, Critical Illness **Term** cover, or could they in the next 20

years, move home, extend their mortgage, **divorce and extend their commitments** or, **divorce remarry and be happy forever with 2.2 new children**, who will need **your** protection.

Remember the immortal words uttered by a genius known to you all, – **“It is better to look back and be certain, than to look forward and guess”**.

Pre-conceived notions – NOT making sure the client is totally aware of the limitations of **Term** policies, is in my opinion, a pre-conceived mistake.

It is one the financial press will leap on when they have finished **castrating** us on Pensions and Endowments.

3.) Communication Skills

“Intelligent Discussion”

I do not think you can have a “discussion” if one of the discussees doesn’t have a clue about the subject.

I have met other IFAs **client’s** who know more about their Critical Illness policy than

the IFA does. (in fact one or two of mine have **actually** read their policy document!).

There are about 200 different Critical Illness policies and the reason they are different, is that each of you, and your legal departments, decide to "tweak" your policy wording "ever so slightly" to make it different.

I have no problem with that, **as it keeps me in business writing the Health Insurance Guide Website.**

www.healthinsuranceguide.co.uk/index.asp

(call john joseph for your password to enter the restricted site)

But what is difficult for you to appreciate and almost impossible for us IFAs to assimilate, is the constant shift in underwriting attitudes and claims management.

We know medical science is assisting you in the **selection** of lives assured.

We also know that it helps you remove claims today you probably would have paid yesterday.

But we need to **learn** much more from our consultants, the how's, why's and

wherefore's, in order to impart this reasoning to our client's.

We can only **communicate intelligently** with our client's, if we have the full knowledge of what a policy does, how it is underwritten, how it is costed, how much it is taxed (if at all), how claims are looked at, **and what constitutes a claim rejection.**

This last one is exceptionally important. The press leap on the **one** case you reject, **ignoring the 99 you pay!**

You sit there paralysed like rabbits in the headlight, quoting the Data Protection Act or another reason your hands are shackled.

For God's sake, find the best legal brains in the country, and take the press to task.

A few misguided journalists in one weekend, can wreck thousands of lives, by putting members of the public off buying Critical Illness cover.

I and many other IFAs have to double our efforts to install confidence on existing and potential clients.

It is sometimes the case of “one step forward yesterday, and two steps back today”.

Yes we need to communicate, but before we do, I would like to suggest we have a “Ministry of Information” set up to decide on any disputed case **before** the Press get to it. Call it what you like but it needs to be a “pre ombudsman” panel of investigators or experts, and all of them divorced from the two parties, so I suppose the word Independent could be used!

Your claims departments **internally** bask in the glory of each case they successfully DO NOT pay. **Externally**, One of those cases can wipe out millions of pounds of **potential** premium.

But why do clients have expectations of “award”.

The dangers of Critical Illness policies are that in some circumstances, **they** cause blindness and deafness and brain cell to diminish!

Let me explain.

My job is to satisfy myself that when I have left my client's house or office, **if** he or she had a Stroke the next day, I have provided sufficient capital to do all the things that the client and I agreed he/she wanted covered.

Assume this client IS receptive to **Expenditure V's Benefit**, and accepts the **sum insured as valid** and the **premiums as an acceptable expenditure**.

Mortgage	£100,000
Car	£ 20,000
School fees x10 years	£100,000
Moving costs	£ 50,000
Loss of future prospects	£150,000
Pension Shortfall (£3,600 into Stakeholders if no Waiver)	£200,000
Financial liabilities	£ 50,000
Personal expenditure	£ 50,000
TOTAL	£720,000

This client goes through a stressful period in his/her life, gets a pain in his/her chest and will argue he/she has the right to a payment even though medical evidence is conclusive, it was **not** a Heart Attack.

The mere **occurrence** of a chest pain brings on the **pleasurable thought** of banking almost three quarters of a million pounds!

We need to educate our clients that Critical Illness is there for a genuine claim. Make that genuine (undisputed by both parties experts) claim!

There was a declined case reported last year of a Melanoma growing down instead of up, or was it up instead of down, and the claim was being discussed by the Mail on Sunday **on one full page.**

How dare you let it get to that stage? What damage did **you** do, to save the claim. Surely, it would be better to pay for a full medical symposium of the world's top Melanoma specialists, to vote in private, than to allow mistrust to permeate through the general public, and what was the outcome, did you

pay all, part or none? Anyone here know the answer, because no “happy ending” was printed, no apology from the press, no grudging acceptance from an Insurance Company, merely millions of readers distrusting any hapless salesman who raises the issue of Critical Illness cover.

Actually, according to my source, who will of course remain un-named (at least until I write my memoirs), further investigations **were** carried out and tissue was sent to AN AMERICAN EXPERT who diagnosed a BENIGN SKIN TUMOUR

OR AS WE LIKE TO CALL IT, A CLASSIC CASE OF MIS-DIAGNOSIS, COMPOUNDED BY A PIG IGNORANT SENSATION SEEKING JOURNALIST, DESPERATE TO GET HER NAME TO THE TOP OF THE HIT LIST.

I’M NOT SURE IF THE CORRECT WORD IS HIT, BUT I’LL LEAVE IT AT THAT.

Remember, before you have a go at me, the more damage they do to **our** profession, the more jobs will go.

4.) Conclusion

The last time I stood in front of a hall full of actuaries was in 1991 when I called for

standardisation of Exclusions, Definitions and Illnesses. Looking at how young you all are, it must have been your forefathers that told me **I would not get it!**

Maybe **some** of **us** in the sales arena **do** know what we want, **and what our client's need.**

Ask us, bring us into your meetings in respect of sales, marketing and **even design**, but select the ones you ask carefully, there are about 28,000 sales consultants with the title **IFA** out there.

It should stand for Independent Financial Advisor but sometimes it stands for I. **know F.A.!**

Ask the ones **YOU** would trust to be **your** IFA, if **you** ever need one!