

Human reassurance and professional insight are the most valuable elements of life insurance services, customers say, despite the blaring headlines that have spilled out of this year's Hayne royal commission.

While media and politicians have converged on the complex financial services sector, new research shows retail and small to medium-sized businesses (SMEs) are ignoring the noise, scouring the industry for life insurance providers willing to communicate more and build personal relationships.

The intimate and personal journey each person goes through as they select their life insurance policy is leading customers to place more emphasis on honesty and transparency from their providers, and the onslaught of new technological ways of communicating with consumers allows life insurance businesses to rise to the occasion.

"The appetite to build a personal relationship with a financial adviser is without question the most important thing for retail customers," says Matt Lippiatt, head of retail sales at MetLife.

Having spied that few players offer a customer-centric approach to life insurance advice and that it is a rapidly growing sector, MetLife recently took the step into the retail industry. As it ventures into this market, it has conducted its own research into the life insurance and financial advice sector, explicitly looking into how consumers experience purchasing life insurance.

At a time when the financial services industry is top of mind, the research revealed just how much people value human interaction and insight.

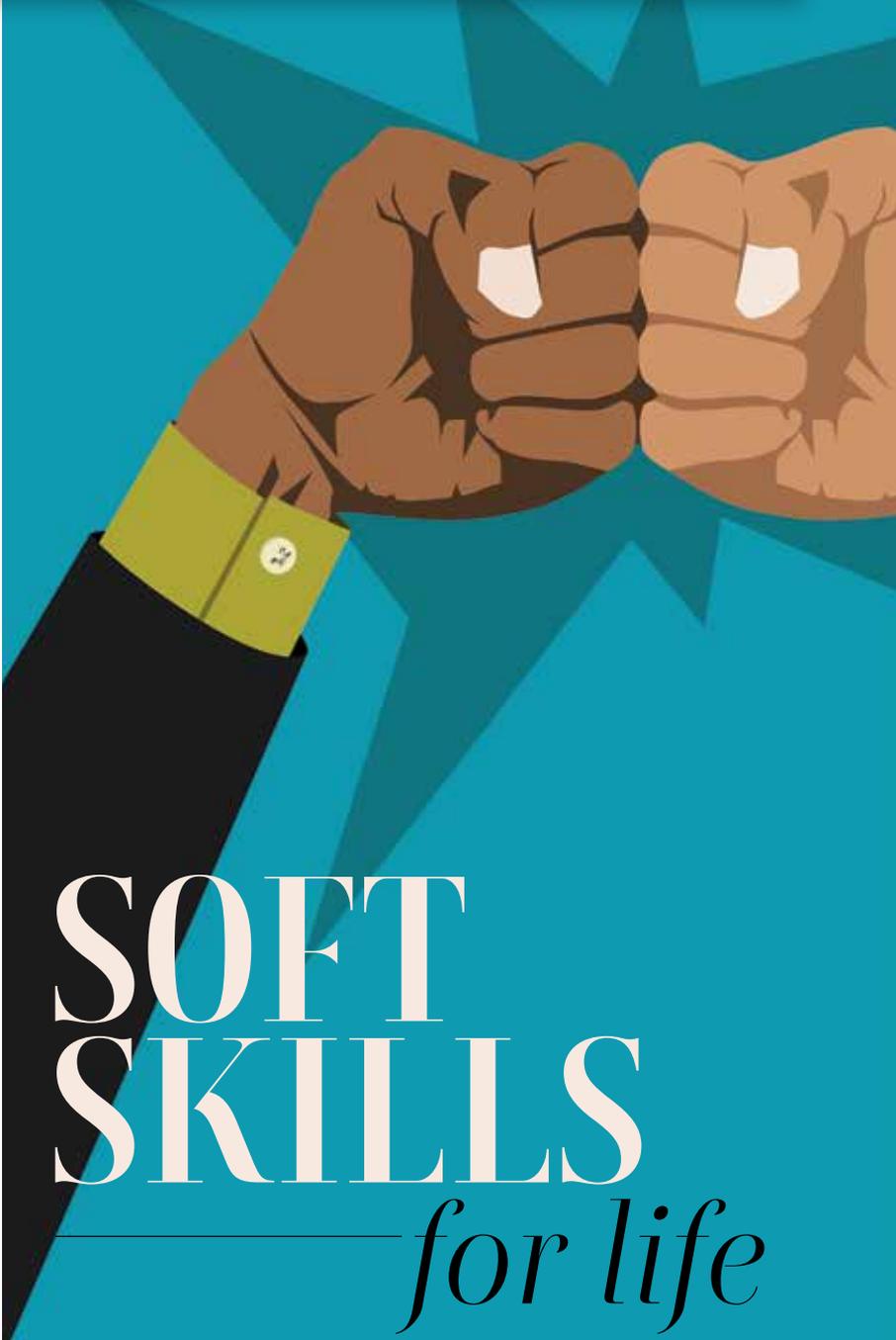
"Working with an adviser gives them peace of mind and we found that soft skills like caring, listening, educating, patience and availability were the most highly valued elements," Lippiatt explains.

Lippiatt admits the life insurance industry may have been sluggish in changing.

"Where life insurance advisers might have communicated with their customers only once every 12 months or something similar, we're finding people want more than that," he says. "They want to understand the process, understand how things might be changing, and they want to trust their adviser to keep them abreast of new innovations and changes. That's where the opportunity for transparency and honesty is."

When there's negative press, particularly around insurance companies, clients want reassurance that everything is OK with their policy, he adds.

MetLife finds half of survey respondents want a review every six months and more than 85 per cent of advised consumers and 90 per cent of unadvised consumers expect contact at least once a year.



SOFT SKILLS

for life

A RECENT SURVEY ON WHAT CLIENTS WANT OUT OF INSURANCE SERVICES REVEALS CONSUMERS VALUE A PERSONAL RELATIONSHIP WITH THEIR ADVISER MOST.

WORDS
JESSICA SIER

Most consumers are likely to be fairly neutral in their opinion of their adviser in the first year, as they seek to establish a relationship with them, the research found. Meanwhile, those consumers who have been with their adviser between one and two years are most likely to be “detractors”, perhaps pointing to a lack of contact after the first year, particularly if no review has been conducted. The likelihood of clients becoming a “promoter” does increase the longer they stay with their adviser.

“It’s probably fair to say the industry hasn’t always been the best at communicating; in fact it might have been fairly reactive in the past,” Lippiatt says. “But instead of waiting for clients to reach out, we need to build in a much stronger, more honest relationship that reaches out regularly.”

FIRST STEPS

To fully understand the deep trends that exist in the rapidly growing life insurance sector, the team researched three primary categories: consumers who currently use professional advice on life insurance; those who are ‘very likely’ to see an adviser in the next two years but don’t currently; and (SMEs) that employ up to 20 people and have sought advice from life insurance professionals.

“I was surprised at how positive the results of the survey were, especially in this climate around the royal commission,” Lippiatt says.

Scores of articles and television time have been dedicated to the commission but the impact of this on everyday consumers seems muted.

In the survey, 84 per cent of respondents had heard about the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, but 75 per cent said it would have no impact on their relationship with their financial adviser and would increase the likelihood they would use a financial adviser.

“Most respondents are really satisfied with the service from their advisers and it really shows that level of trust that exists there,” Lippiatt says. “And it’s a trend that is happening across sectors, where consumers are actively seeking out those with the knowledge of a complicated service.”

Research found 60 per cent of consumers and half of SMEs are likely to speak to their adviser first for life insurance information, and 61 per cent of consumers and 59 per cent of SMEs rated their adviser very good or excellent.

ADVISERS AS EDUCATORS

When it comes to understanding the cost and features of insurance, SMEs are the most informed cohort, followed by advised consumers, emphasising the role of advisers as educators.

This education element is top of mind for the industry at present, as products become more sophisticated and complex and new technologies

and platforms offer the option for people and businesses to manage themselves.

“We’ve found that technology does give customers more education around what is available in the market, certainly,” says Lippiatt, but he adds that educational tools are among the lower rated attributes of financial advisers.

“Instead, above everything else, we see that both retail consumers and SMEs are looking for professional insight,” he says. “People aren’t necessarily ready to manage themselves and they don’t necessarily want to learn how. Instead, they want the insight that years of experience bring to financial planners. That’s where the real value is.”

Technological advances have also allowed planners to better manage themselves, build their own customer base, and increase productivity.

“Once upon a time, these guys would have had to manually administrate each client, whereas now there are tools that allow them to build custom programs for many, many people and businesses,” Lippiatt explains. “So no, I don’t think these tools really disrupt that customer-adviser relationship; in fact, they enhance it because it allows for more communication channels.”

Indeed, 82 per cent of those surveyed said email was the best method for contact, with 41 per cent preferring phone calls and 41 per cent preferring face-to-face. (Respondents had the option to select multiple responses.) And almost two-thirds are happy to complete an online form prior to seeing an adviser. Age is a factor when it comes to preferred contact methods, with the 60-plus age group favouring face-to-face communication and phone calls far more than digital methods.

WHAT BUSINESSES WANT

The needs of businesses and individuals are naturally different, and it’s clear from the research that SMEs are resolutely focused on cost, honesty and transparency, more so than on appreciation of soft skills such as transparency and patience.

But the need for constant communication runs strong across SMEs as well. MetLife found they expect in-home and in-office visits, regular calls, newsletters and proactive advice on updating insurances.

“Through opening regular communications channels, we are well placed to deliver the kinds of life insurance services that people are demanding,” Lippiatt says. “We [also] found SMEs were more likely to spread the word and business owners were more likely than consumers to have been referred by a friend or someone else they knew.

“This kind of research gives us precisely the kind of knowledge that enables us to be customer-centric and gives our employees the understanding of how to best help consumers and businesses.” ■

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the way you deliver advice today.

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