

FRONT END LOAD



“Longevity risk presents planners with a major challenge. If we knew with certainty how long clients would live, our jobs would be simple.”

CLAY GILLESPIE,
ROGERS GROUP FINANCIAL

READ
IT
THIS
ISSUE

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BUSINESS MODELLING
SHOP AROUND

EVER wondered if the rating you got from an insurance carrier was truly justified for your client?

That question was the starting point for the partners at IPS Insurance, a Toronto-based firm that helps individual clients, or their advisors, navigate the underwriting process and get better prices for personal or business coverage.

The problem for some clients, says partner and managing director, Jay Palter, is that many advisory relationships use single-source procurement. And that may not work for some clients, especially those with age and health issues. “Clients will get a rating on a policy,

UNDERWRITING TIPS

LEAVE NO BLANKS

ONE of the biggest headaches for advisors working in the insurance space is the returned application. Not only does the advisor have to explain why coverage has been delayed, but it also leaves the client exposed while the application is resubmitted.

At the Advisor Group’s recent MGA symposium, Kevin Powell, chief underwriter at Equitable Life, offered some commonsense tips for underwriting, such as fill in the application with a black or blue pen, as this will make the form much easier to read. Obvious? Yes, but Powell says some applications are still being submitted in red ink, or have been filled out with a felt-tip pen.

Next, avoid vague answers, such as describing a client as a “social drinker,” because the advisor’s definition of social means little to the carrier. Far more useful is a quantitative answer, such as “consumes five drinks per week.” Better still, include the client’s preference—is he a wine drinker, or pounding boilermakers?

In today’s heavily medi-

cated society, most advisors know they should list the prescriptions their client may have, but far too often, Powell says, the dosage is omitted. He cites anti-depressants as an example: if the dosage is relatively low, it shouldn’t pose a barrier to approval. If the client is taking 80mg of Paxil, however, the risk will be rated significantly higher.

“Underwriters tend to be a suspicious little group,” Powell says. “If you’re missing information, it might mean the client is trying to hide something, so make sure the application is complete.” —Steven Lamb

STATS

3 in 10
insurance advisors
say they have a
succession plan in
place.

2 in 10
consider their
MGA to be that
succession plan.

Source: Advisor Group MGA Symposium Research, 2008

and they’ll just pay the higher premium because they feel there’s no other option,” says Palter. “But the reality is that the advisor is working with one carrier and doesn’t know the options.”

A better approach, he says, is to have an advocate who can shop the client’s insurance needs to a variety of companies, and manage the underwriting process to bring the rating down.

The service was originally designed to be used directly by clients, but Palter says he’s been interacting with MFDA and IDA advisors of late who want to offer their clients a more transparent insurance process.

—Philip Porado

LETTERS

FOUNDATION OF GIVING I commend your recent article about the opportunities charitable giving can open up for advisors, clients and our communities ("Cast Away," April, 2008). I must, however, correct the assertion that "the development of donor-advised funds from firms ... was met with reticence, even hostility, from the charitable giving sector."

That's not true. The Community Foundation of Ottawa is a strong supporter and

promoter of philanthropy in all its many forms.

That's why Canada's first commercial gift fund was launched in conjunction with the community foundation movement, which has more than 160 foundations. Community foundations see commercial gift funds as an opportunity to spread the word about the benefits of giving.

Barbara McInnes
President & CEO, Community Foundation of Ottawa

NIT PIX

BOOK: *Go Green, Live Rich*, by David Bach
Review by Romana King



One of the biggest barriers people face when thinking of living a greener lifestyle is the perception it's going to cost a lot more money. Many people believe saving money has everything to do with economies of scale, and nothing to do with small changes.

Enter David Bach, author of seven consecutive national bestsellers. He offers a 50-item laundry list of ways a person can change to a greener, healthier lifestyle and save money.

A few suggestions are, however, too simplistic. Take for example, number 5: switch to biofuels. With debate on Bill C-33 still underway in the Canadian Parliament (and among industry pundits and environmentalists), the verdict on whether biofuels really do offer a more sustainable option than oil and gas is not yet in. This leaves the substance behind the tip (a healthier planet comes from more sustainable choices) a bit deflated. Yet, Bach succeeds where many others have failed—he simplifies the process by offering easy, quick tips, and simple calculations that show how the implementation of each suggestion can save you money.

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BE THERE

September 23 to 25, IFIC Annual Leadership Conference, Metro Toronto Convention Centre, www.ific.ca; **September 29 to October 1, Advisor Group's Mutual Fund Dealers' Summit**, Collingwood, ON, www.advisorlive.ca

EDUCATION OPTIONS

ADVISOR TRAINING GETS A BOOST

A TRAINING program aimed at producing the next generation of financial advisors received an important shot in the arm from the province of Ontario, which officially recognized Seneca College's Financial Services Practitioner program under the Ministry of Colleges, Training and Universities.

Until now, the program had been considered a professional development program, which disqualified students from the usual subsidies associated with accredited programs.

Recognition by the province should attract more students. The Ontario government will partially fund the program, allowing tuition fees to drop from \$4,000 per semester to a more manageable \$2,050 per semester.

Students who don't have that amount on hand can now apply for loans through the Ontario Student Assistance Program (OSAP). The government's stamp of approval also means the program is now RESP-eligible, and qualifies for Lifelong Learning Plan withdrawals from an RRSP.

The program has already expanded to two more colleges; and starting January 2009, it will be available at Ontario's Niagara College and St. Lawrence College.

"Phase two is to get the program successfully deployed across the country," says Sam Albanese, the creator of the program. "By the year 2010, we would hope to be in all the major colleges across the country."

So far, there are 16 colleges nationwide looking at the program, and Albanese says 12 are "really serious" about adopting it.

Upon graduation, students earn three credits toward the Certified Financial Planner designation, and three toward the Chartered Life Underwriter designation.

"If you're interested in going after your CFP, which I think down the line will be mandatory, you're well on your way," says Albanese.

So far the program has produced 26 graduates over the first two years it has been offered. Albanese says there has been a 100% placement rate, pointing to Investors Group, Desjardins and Sun Life as leading employers. Some of the more entrepreneurial graduates have struck out on their own, setting up shop in the independent channel.

Albanese says one of the surprising aspects of the program has been the appeal it seems to hold for women between the ages of 45 and 55 who have been out of the workforce while raising their children.

This year alone there were four former housewives who graduated, a large percentage considering the small size of the class. —Steven Lamb