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## Insurance Must Be Sold, Not Bought...Right?

*By Tony Vidler, Former Chairperson of IFA, New Zealand*



A well established belief in financial services is that life insurance must be sold as consumers will not seek it out and buy the product themselves. It has become an accepted truth that advisers globally repeat to each other every time a new report on underinsurance, or inadequate financial literacy is released.

Swiss Re conducted some global research in 2013 focused on consumer attitudes and beliefs to determine why consumers do not buy more insurance, and the findings should make us reassess the common wisdom of the industry on the matter of underinsurance.

There are strong suggestions that a combination of factors come into play that limit the use of insurance by many consumers.

The dominant reason is cited as price, or affordability. This seems a little odd for “life insurance” given the relatively cheap premiums for yearly term contracts – hundreds of thousands of dollars of life protection for just hundreds of dollars per year seems affordable on the surface.

Of interest though when scanning the main reasons is the combination of affordability, perceived lack of need, knowledge and distrust.

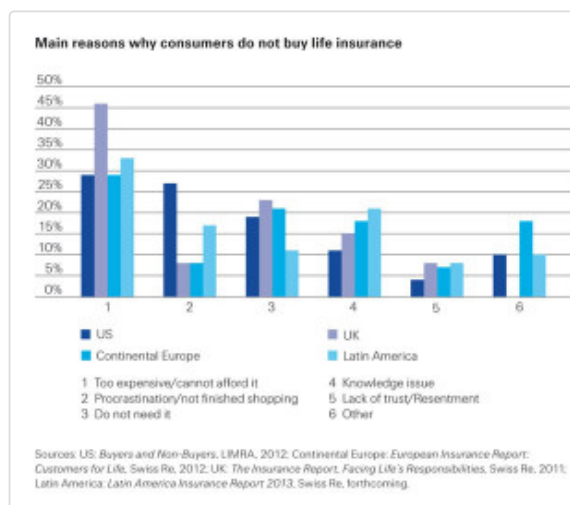
The common ground for each of these “reasons” is an inability to demonstrate the value of the product or the process of obtaining it. A strong implication from the research also is that the concept of the product having to be “sold” is in itself a barrier to the product being purchased.

Therein lies a Catch-22 for the industry. We must sell consumers en masse on the benefits and value of the product, yet, while doing so, the very act of selling them on the need creates distrust in the product and process.

Rather than resort to more calls for “literacy” support from government departments, the industry itself can do something to change this by focusing upon the areas that consumers who do buy insurance say they focus upon when deciding to buy.

Perhaps a focus by the industry upon educating consumers about choices, financial backing, service and claims philosophies and experiences and a simplification of the processes and policies is what will change the level of participation by consumers.

To read the Swiss Re press release, [click here](#).



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