

The value of choosing a reputable broker

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One of the biggest considerations for consumers when choosing an insurance provider is first, the matter of cost and, second, whether they should contact a broker or go direct.

However, according to the results of a recent study conducted by Discovery Life, going direct is actually 9% more expensive than engaging the services of an intermediary. The study shows that not only can one save money, but those who make use of financial intermediaries are more likely to be better financially informed.

Consumers can often get lost in the jargon and red-tape found in insurance policies. Intermediaries are there to help clients understand their own responsibilities and can explain the terms and conditions set out in the policy to ensure that, in the event of a claim, it will be processed quickly and properly.

The insurance needs of consumers also differ over time according to changes in their lifestyle. Consumers can often find themselves underinsured because their policies were not updated accordingly. A professional intermediary actively reviews a client's cover and ensures that she/she is adequately protected at all times.

With this in mind, consumers must ensure they are using the services of an accredited and reputable financial advisor. Here are some key tips for consumers to bear in mind when

choosing an intermediary:

- **Does your intermediary hold a FAIS licence?**

All financial advisors must display a copy of their FAIS licence at their office. It is important to ask to see a copy of their licence and make sure that the advisor is licensed to sell the products he/she is advising on.

- **Does your intermediary belong to a professional body?**

Intermediaries who belong to professional financial organisations, such as the FIA, are reputable, more informed and therefore in a better position to provide professional advice. Furthermore, affiliation with a professional financial body means the intermediary will be kept up-to-date with regulatory and legislative changes, industry developments as well as having access to vital training opportunities.

- **Make sure a Financial Needs Analysis (FNA) is performed**

An intermediary should perform a FNA to determine their client's financial needs and the risk profile. The most common reason for claim rejections is due to the fact that the client's needs have not been fully understood, so it is vital to ensure the intermediary is well informed.

- **Find out about other product options**

When looking for a new product provider, it is important to ask for a second or third option and not simply to accept the first product being offered.

- **What fees or charges are payable?**