

The industry has an ethical duty to make clients aware of their mortality

Scared? You should be

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IFA view



It was recently reported that the City regulator has every right to warn people about the scare tactics used by some protection product providers. Of course it has. But the article then went on to say: "We all know how they operate. What could happen to your 10-month-old baby son if you were to die suddenly from a heart attack/stroke/motor vehicle accident? What would your young wife/partner do, having no job and four children, all aged under four, to bring up." The conclusion to the article was, "Protection products are necessary but scaring people into buying them is unethical."

Now I think death and serious illness is kind of scary – for the individual, for wives and widows (would it be unethical to point out what the difference is?) as well as for the dependants and businesses who temporarily or permanently lose that individual.

I have been in financial services for 44 years but even if you have had only five years of dealing with the public, your experience will be that

people do not wake up in the morning and say, "Forget about buying an Ipod, what I really need to do today is to buy some life insurance or income replacement insurance."

We all know many people think they are immortal. For this reason, some do not get round to making a will. We know some clients are frightened of illness but generally, in their mind, it happens to other people. We have all met people who think their death will not be their problem and that the state will look after their families.

Thankfully there are exceptions who immediately see the logic of adequate insurance. There are those who realise insuring key employees is no less important than insuring the office desks.

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excellent employee benefits but there are many who need to be asked: "How would your bills be paid if you were not here temporarily or permanently?" If you believe, as I do, that financial planning is about maintaining a standard of living, whatever happens, this is surely a fair question and one which cannot be considered unethical even if it is scary?

If a financial adviser is not going to ask people to consider the reality of life, then who is or are we simply confining our questions to the level of, "Do you want to buy some insurance?"

Surely if we are entrusted to advise and can see gaps in a client's protection programme, we are obliged to point out the potential dangers of no action and the benefits of filling the gap.

We might stay on the right side of any debate about ethics if, for example, a widow found in her husband's file our business card, terms of business, key facts on our services, the cost of our services, fee agreement, an illustration, key features, suitability letter – all so compliant – but no policy in force.

I wonder whether she would rather have found a policy because her late husband's financial adviser had pointed out that on his

death there would still be a mortgage, school fees and household expenses to pay. I think the examples given in the article are not examples of unethical conduct, they are the realities of life and fall well short of pencil drawings of coffins, hearses and flowers.

Some years ago, on meeting a new client, she said: "Len, I know all about life insurance. My first husband died leaving me with a two-year-old, a four-year-old, a mortgage and no life insurance." Scary? Yes. Unethical to recall? No. Would she have been glad that someone had highlighted the responsibilities her husband had? You bet.

I do not find queues of people at my door wishing to arrange protection insurance. Financial education in schools, a better informed press, the industry doing its job better or a combination of all factors may increase demand but we cannot wait for it to happen.

For me protection is sufficiently important to feel that sometimes pointing out life's vulnerabilities is required in the interests of clients and those personally or professionally dependant on them.

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Opinion