

# MetLife Report: Understanding the Adviser-Client Relationship 2018

Insights into the attitudes, behaviours and expectations of current and potential advice clients to help advisers build long-term relationships



# A word from our Chief Distribution Officer



# About MetLife in Australia



I am very pleased to present the MetLife Report: Understanding the Adviser-Client Relationship 2018. This is our first in-depth retail insurance report in Australia and is the largest of its kind in exploring consumers and business owners who have purchased life insurance through an adviser.

As a new entrant to the retail insurance market in Australia, MetLife is committed to taking a customer-centric approach to supporting advisers to better serve their clients. We therefore developed this research in consultation with the advice community, in order to unlock insights to help advisers navigate the changing world of life insurance.

Advisers asked us to conduct a deep-dive into the attitudes of current financial advice clients and those who are considering seeking financial advice to purchase life insurance.

As such, MetLife researched three groups:

- Consumers who have sought professional financial advice on life insurance.
- Consumers who are not currently using a financial adviser but are likely to see an adviser about life insurance in the next two years.

- Small to medium enterprises (SMEs) with up to 20 employees who have sought professional financial advice on life insurance.

This report provides a snapshot of consumers' and SMEs' attitudes towards financial advisers and their level of confidence about their life insurance, along with actionable insights into how advisers can further improve the customer experience.

We are proud to commit to providing ongoing analysis and insights to better understand the adviser market and assist advisers in engaging with clients about their life insurance needs.

Chesne Stafford,  
Chief Distribution Officer,  
MetLife Australia.

MetLife is a leading provider of life insurance, partnering with employers, super funds and financial advisers to help more Australians protect the lifestyle they love.

Our 150-year history and global presence gives us the scale and experience to be a valued and trusted partner in business. We protect customers in more than 40 countries and lead the market in corporate insurance solutions in the US, Asia, Latin America, Europe and the Middle East.

MetLife is the third largest group insurer in Australia, protecting more than 2.6 million people. We support our claimants to get back on their feet financially, having paid out approximately \$485 million in claims in 2017. We provide an exceptional claims experience with access to ancillary support services to promote holistic health and wellbeing.

You can find out more at [metlife.com.au](http://metlife.com.au)

## Who will benefit from reading this report?

- Financial advisers
- Licensees
- Insurance industry professionals
- Advice industry professional bodies
- Media



# Key findings

- Both consumers and SMEs are seeking a strong relationship with their financial adviser, with both groups citing honesty and trustworthiness as the most important attributes they look for when choosing an adviser.
- Once the adviser-client relationship has been established, clients then see the important attributes shift to genuinely caring about them, speaking in easy to understand language, and providing honesty and trustworthiness.
- The majority of respondents are happy with the service they are receiving from their adviser, with 61% of consumers and 59% of SMEs rating their adviser 'very good' or 'excellent'.
- Around 3 in 5 consumers and 1 in 2 SMEs would speak to their financial adviser first if they needed information on life insurance. Having an annual review with their adviser significantly increases this number to 75% of consumers.
- SMEs are more likely than consumers to switch financial advisers – 45% have intentionally stopped using an adviser, compared to one quarter of consumers.
- When it comes to understanding the cost and features of life insurance, SMEs are the most informed group, followed by advised consumers, emphasising the role of advisers as educators.
- Consumers who have purchased insurance through a financial adviser are more likely to have insurance across all key categories – Death, Total and Permanent Disablement (TPD), Income Protection and Trauma.
- There is an opportunity for advisers to have deeper conversations about their clients' changing insurance needs. A third of consumers and SMEs are 'somewhat' or 'very likely' to purchase a life insurance cover they don't currently have in the next two years.
- 52% of SMEs and 56% of consumers did a review of their life insurance with their adviser in the last 12 months. A little under half of those modified their insurance cover as a result.
- Over 80% of consumers and SMEs are aware of the Royal Commission but the majority said it would have no impact on their current advice relationship, particularly consumers.
- If looking for a new financial adviser, over 50% of consumers and SMEs would prefer a non-aligned one rather than an adviser tied to a particular financial institution, while almost 20% cited no preference.
- Overall, younger consumers prefer to be communicated to via digital mediums such as email or text, while older consumers prefer face-to-face contact or phone calls.
- There are some key differences in the way men and women perceive both their financial health and level of insurance cover, with women more likely to lack confidence that they are adequately covered.
- For both consumers and SMEs, 70% agree advisers are expensive, however over 80% of these feel they have a better understanding of their life insurance from seeing an adviser.
- Consumers who have undergone an annual review with their adviser are far more likely to recommend their adviser than those who have not.







# 1

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# Consumer

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# Attitudes to financial advice

Around 15%<sup>1</sup> of adult Australians have a financial adviser, with many citing protecting their family as a key reason for seeking advice. MetLife examined current attitudes to financial advisers, surveying Australians with an adviser and those who are considering seeking advice on life insurance in the next two years.

Positively, MetLife found that the majority of Australians are content with the service they are receiving from their financial adviser, with 61% rating their adviser 'very good' or 'excellent' and only 13% rating them as 'poor' or 'fair'.

Across the board, consumers are seeking to establish a genuine relationship with a financial adviser they can trust.

When asked to name the top reasons for choosing a financial adviser, there were marked similarities between the advised and unadvised groups. Both cited honesty and trustworthiness, transparency and experience as key reasons for selecting an adviser.

However, once that relationship has been established, consumers' expectations of what's most important shifts to their adviser genuinely caring about them, speaking to them in easy to understand language, and being honest and trustworthy.

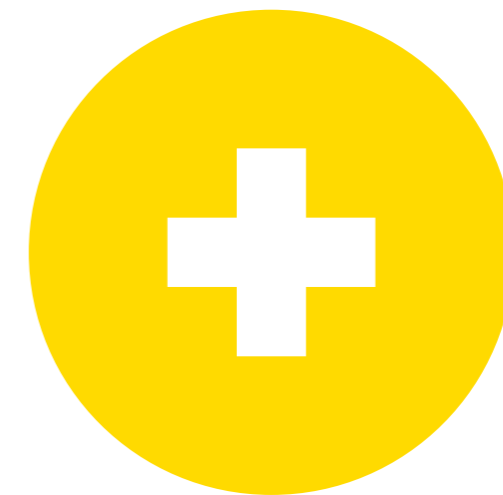
In terms of value-added services, consumers highly value the 'soft' skills of their adviser – being caring, listening, providing education, being patient and being available after hours.

Consumers are also demanding high levels of communication from their advisers, with 86% of advised and 92% of unadvised consumers expecting contact at least once a year. Over half of consumers would like to be contacted every six months.

Those who have conducted a review with their adviser are much more likely to recommend them to a friend or relative, with a Net Promoter Score (NPS) of +30, compared to -24 for those who had not.

Consumers who have been with their adviser for between one to two years are most likely to be detractors, perhaps pointing to a lack of contact after the first year. The likelihood to be a 'promoter' increases the longer one stays with their adviser.

And while some financial advisers have received negative media attention during the Royal Commission, this appears to have had little negative impact on the demand for quality advice. Over half of advised consumers said the Royal Commission would have no impact on their advice relationship and 20% said they would be more likely to use an adviser. This number was even higher for the unadvised, a third of whom said they were more likely to consult an adviser following the Royal Commission.



# Consumers who have life insurance purchased through a financial adviser

## Selecting an adviser

Most important attributes when choosing a financial adviser

1

Honest and trustworthy

2

Transparent about fees and commissions

3

Experience

## Ongoing relationship

Once advice relationship established, most important attributes of a financial adviser

1

Genuinely cares about me

2

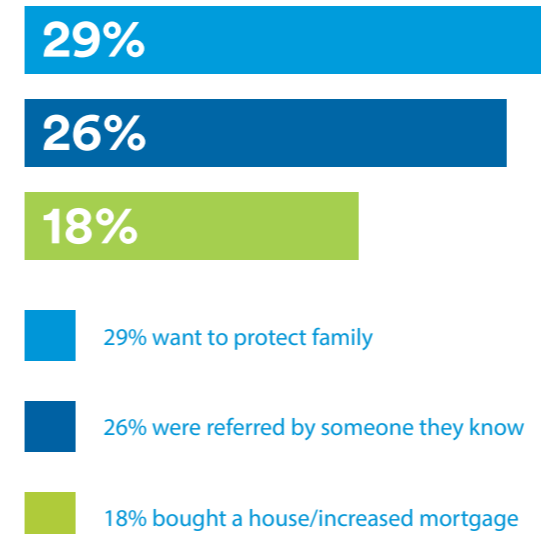
Speaks to me in easy to understand language

3

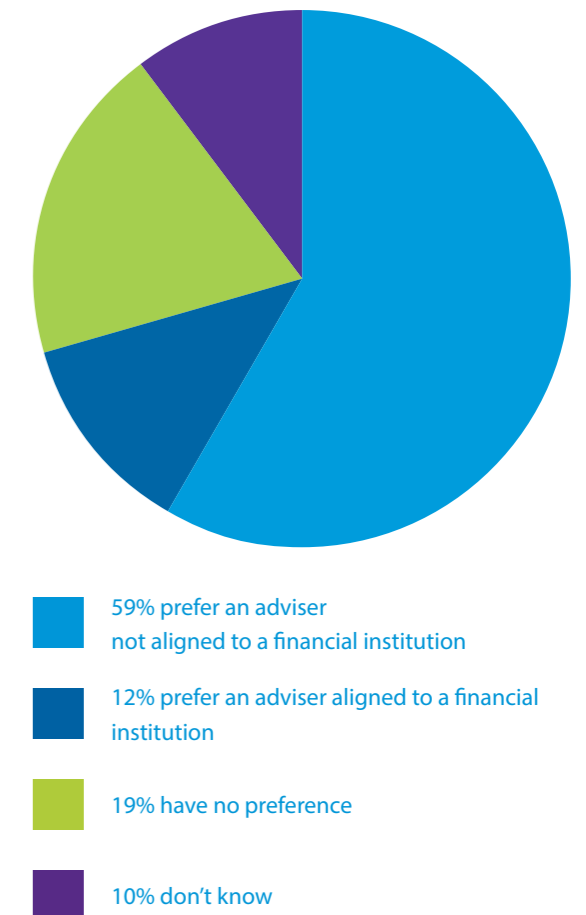
Honest and trustworthy



## Reasons for seeing a financial adviser



## Adviser business model





## Current advice relationship

- 62% have a financial plan developed by an adviser. However only 29% say they follow a specific plan.
- 42% have been with their current adviser for five years or more.
- 61% rate their adviser 'excellent' or 'very good'. Only 13% rate their adviser 'poor' or 'fair'.
- Consumers rate their current adviser highly on:
  - Speaks in easy to understand language
  - Experienced
  - Honest and trustworthy
- Consumers rate their current adviser relatively less highly on:
  - Provides educational tools
  - Review plans once a year
  - Keeps me up to date and informed

## Service expectations

- 86% of consumers would like to be contacted by their adviser once a year, while just over half would like to hear from their adviser every six months.
- Preferred methods of contact are email (82%), phone call (41%) and face to face (41%).
- Overall consumers in the 18-39 age group are more likely than other groups to prefer contact via email (84%) or message/text (18%), while those aged 60+ are more likely to prefer face-to-face (52%) or phone call (47%) than other age groups.
- The 18-39 age group are also more open to receiving communications about life insurance via social media (30%) and podcasts (13%), while those aged 40-59 are more likely to prefer webinars (17%) compared to other groups.
- Almost two thirds of consumers are happy to complete an online form prior to seeing an adviser.

## Recommending an adviser

According to the Net Promoter Score (NPS):

- Consumers who have been with their adviser for longer than three years are more likely to be promoters.
- Those who have been with an adviser less than one year are more likely to be passive due to no established relationship in place yet.
- Those who have been with their adviser between 1-3 years are more likely to be detractors, especially if they haven't heard from their adviser since taking out their policy.
- Those who would recommend their adviser cite trustworthiness, experience, quality service, effective advice and regular communications.
- Those who would not recommend their adviser cite poor communications, lack of contact, general dissatisfaction and a lack of value for money.

Industry feedback

“Communication is important – for example, sending timely newsletters. Whether the client reads it or not, it shows them you are still there.”

Jeff Thurecht,  
Financial Adviser, Evalesco Financial Services  
Adviser response to the research report

Industry feedback

“In my mind, good communication is informing the client and leading the discussion rather than being asked a question. I currently do newsletters but I might look into doing some timely communication such as a blog, and I never thought of sending text messages.”

Ashley Tilson,  
Financial Adviser, Spectrum Wealth Partners  
Adviser response to the research report

Industry feedback

“All these areas are quite emotive. The results show that I would be better off doing a family day than spending more money on technology.”

Ashley Tilson,  
Financial Adviser, Spectrum Wealth Partners  
Adviser response to the research report



## Leaving an adviser

# 26%

have terminated a previous advice relationship.

### Key reasons:

- Lack of trust
- High cost/fees
- No longer required
- Received poor advice
- Lack of communication

### Industry feedback

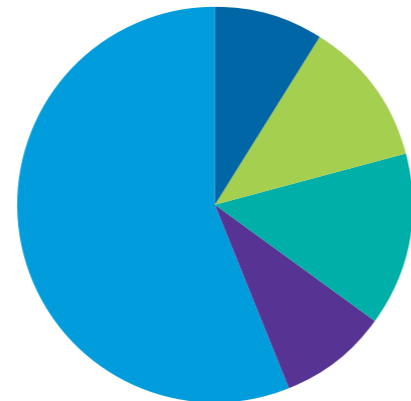
“A big percentage of people who have seen an adviser are happy with their adviser. People feel they are in control of these relationships and feel powerful as a consumer. They are happy to have the help of an adviser and happy to have the guidance, but they want to trust the person in front of them and see they are experienced.”

Rachel Towell,  
State Manager NSW/ACT, MetLife Australia  
[MetLife response to the research report](#)

## Impact of the Royal Commission

84% have heard about the Royal Commission

How likely is this to impact your decision to use a financial adviser in the future?



- 9% are a lot more likely to use a financial adviser
- 12% are a little more likely to use a financial adviser
- 14% are a little less likely to use a financial adviser
- 9% are a lot less likely to use a financial adviser
- 56% said it would have no impact on their advice relationship

### Industry feedback

“The results show a strong focus on the adviser being trustworthy. I see that as being honest with the client and honest with ourselves.”

Ashley Tilson,  
Financial Adviser, Spectrum Wealth Partners  
[Adviser response to the research report](#)

## Consumer feedback:

“My adviser kept me up to date about changes that would affect me and my family.”

Research respondent

“Took me through the whole picture. Not just the insurances but also told me when I no longer required insurances once I had met my financial goals.”

Research respondent

“The adviser was very caring about our family situation and needs.”

Research respondent

“Our adviser always provided options and explanations and answered all questions competently. He empowered us to make decisions and never pressured us to accept his recommendations.”

Research respondent

### Industry feedback

“There is a lot of negativity about advice. But consumers are telling us their advisers are doing a great job. One of the problems is not enough people in Australia have an adviser, and as an industry we need to do more to make financial advice more affordable and therefore more accessible.”

Matt Lippiatt,  
Head of Retail Sales, MetLife Australia  
[MetLife response to the research report](#)

“I value my adviser sending updates on financial planning matters and arranging for yearly reviews.”

Research respondent



# Consumers who are likely to purchase life insurance through a financial adviser in the next two years

## Selecting an adviser

Most important attributes when choosing a financial adviser

1

Honest and trustworthy

2

Transparent about fees and commissions

3

Experience

Relatively less important attributes when choosing a financial adviser

1

Provides educational tools

2

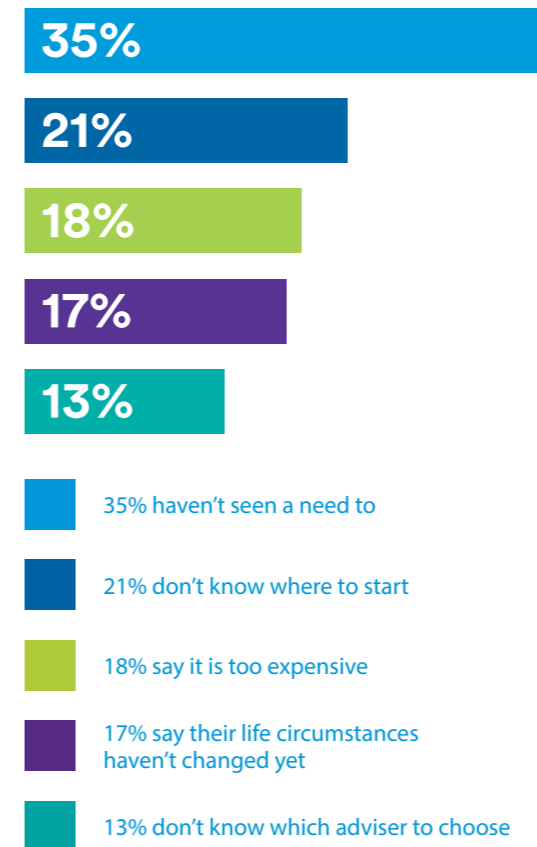
Adviser has been recommended

3

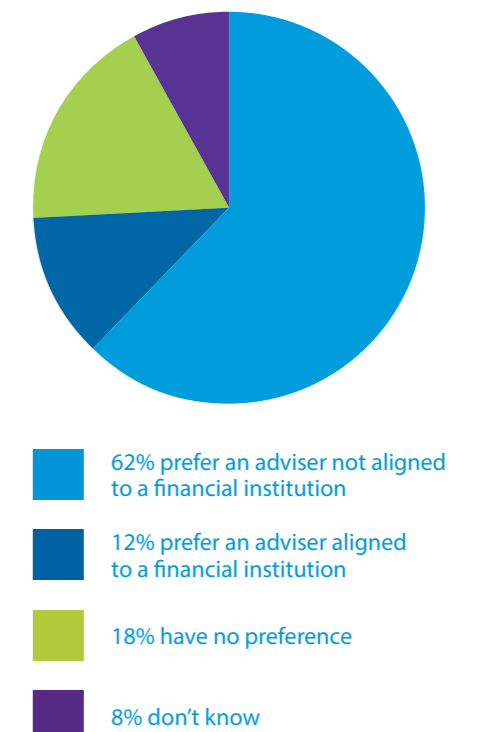
Will help manage insurance claims



## Reasons for not seeing an adviser



## Adviser business model



## Attitudes to finances

- 39% claim to follow a specific financial plan, with 49% having financial goals that guide their decision making.
- Only one quarter feel 'very confident' about their financial future, and 58% feel 'somewhat confident', with men generally more confident than women.

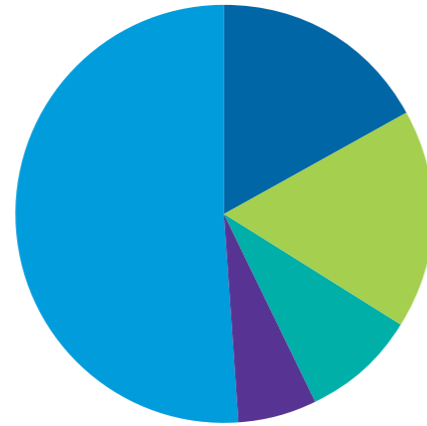
## Service expectations

- 9 in 10 unadvised consumers would like to be contacted by their adviser once a year, while three quarters would like to hear from them every six months.
- Preferred methods of contact are email (78%), phone call (47%) and face to face (44%).
- Of this group, those in the 18-39 age group are more likely than other groups to prefer email (86%) or message/text (19%), while those aged 60+ are more likely to prefer face-to-face (52%) or phone call (52%) compared to other age groups.
- The 18-39 age group are also more open to receiving communications about life insurance via social media (38%) and podcasts (8%), while those aged 40-59 are more likely to prefer webinars (18%) compared to other groups.
- Almost two thirds are happy to complete an online form prior to seeing an adviser.

## Impact of the Royal Commission

85% have heard about the Royal Commission

How likely is this to impact your decision to use a financial adviser in the future?



- 17% are a lot more likely to use a financial adviser
- 17% are a little more likely to use a financial adviser
- 9% are a little less likely to use a financial adviser
- 6% are a lot less likely to use a financial adviser
- 51% said it would have no impact on their likelihood to use a financial adviser

## Leaving an adviser

17%

have terminated a previous advice relationship.

Key reasons:

- High cost/fees
- Didn't provide value
- Lack of trust
- Received poor advice
- Lacked knowledge

Industry feedback

“People are expressing more of an appetite for advisers to be non-aligned. They want to know when an adviser is sitting across the table from them that they are the person who is paramount. The key question for advisers is: ‘how can I clearly demonstrate I am on the client’s side?’”

Matt Lippiatt,  
Head of Retail Sales, MetLife Australia  
MetLife response to the research report



# Purchasing life insurance

Getting the right type and level of life insurance can be a stressful and confusing undertaking for consumers. MetLife's analysis showed financial advisers often have a key role to play in assisting consumers with purchasing insurance and boosting understanding of insurance once it is put in place.

The results showed that consumers with an adviser have greater knowledge of the key features of their life insurance policy, as well as the premium amounts and level of cover. This group is also more likely to have thought seriously about the possibility of being unable to work.

Overall, advised consumers have significantly higher levels of cover across all the key insurance categories – Death, TPD, Income Protection and Trauma insurance, highlighting the valuable role of advisers in raising awareness about the most appropriate types and level of cover.

Among advised consumers, a third are somewhat or very likely to purchase an insurance cover they don't currently have in the next two years. This highlights an opportunity for advisers to engage in deeper conversations with clients about their insurance needs at review time.

## Industry feedback

“Life insurance is often treated as transactional and client apathy can kick in. When you have a holistic relationship, it is easier to have deeper conversations with clients.”

Jeff Thurecht,  
Financial Adviser, Evalesco Financial Services  
Adviser responses to the research report

“The first thing I ask an insurance BDM is, what is your niche? If that niche matches my client base, I am interested.”

Ashley Tilson,  
Financial Adviser, Spectrum Wealth Partners  
Adviser response to the research report

# Consumers who have life insurance purchased through a financial adviser

Researching life insurance

58%

would speak to a financial adviser

Understanding of life insurance

74%

know the amount of cover they have

Types of life insurance held

81%

Death

Being prepared

19%

would do their own research

59%

know the waiting period

60%

Total and Permanent Disablement (TPD)

10%

would speak to a family friend

68%

know their premium amounts

58%

Income Protection

58%

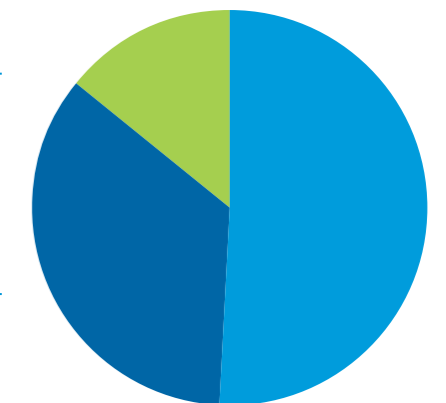
know the length of time benefits are paid for

35%

Trauma

43%

know the difference between stepped and level premiums



51% have thought occasionally about the possibility of being unable to work.

35% have thought seriously about the possibility of being unable to work.

14% have never thought about the possibility of being unable to work.





## Reviewing life insurance

- 88% of advised consumers are confident that they are still adequately covered in the case of injury and illness.
- 56% have undergone a review with their adviser in the last year, with 6 in 10 rating the experience as 'very good' or 'excellent'.
- 42% who did review altered their life insurances as a result.
- Those who have reviewed their insurance with their adviser are more likely to recommend their adviser than those who have not had a review.
- The Net Promoter Score for those who had undertaken a review was +30, compared to -24 for those who had not.
- One third do their own independent research on the insurer following an adviser recommendation.
- 59% are likely to review their insurance in the next year.
- 3 in 10 are 'somewhat likely' or 'very likely' to purchase cover they don't have in the next two years.

### Industry feedback

"One-third of advised consumers are open to purchasing insurance cover they don't currently have in the next two years. It seems consumers are open to hearing what advisers have to say and if there's something more appropriate for them. These advisers should keep doing what they are doing and use the annual reviews to discuss changing needs."

Rachel Towell,  
State Manager NSW/ACT, MetLife Australia  
MetLife response to the research report

"I am startled by the difference an annual review made. While the adviser and client may not think anything changed in a 12-month period, the regular contact reinforces what the adviser did and why the client took out the cover in the first place. In the months when we do a review, we do see an increase in referrals."

Jeff Thurecht,  
Financial Adviser, Evaluesco Financial Services  
Adviser response to the research report

"What clients expect from their annual reviews in terms of frequency, depth, structure and value is increasing. The research clearly indicates advisers should find more opportunities to make more regular contact with customers in ways that are unique, memorable and of value."

Matt Lippiatt,  
Head of Retail Sales, MetLife Australia  
MetLife response to the research report

# Consumers who are likely to purchase life insurance through a financial adviser in the next two years

Researching life insurance

46%

would speak to a financial adviser

24%

would do their own research

14%

would speak to a family friend

Understanding of life insurance

67%

know the amount of cover they have

58%

know their premium amount

62%

know their waiting period

55%

know the length of time benefits are paid for

29%

know the difference between stepped and level premiums

Types of life insurance held

24%

Death

18%

Total and Permanent Disablement (TPD)

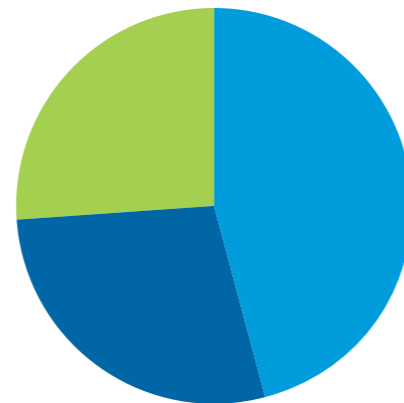
14%

Income Protection

5%

Trauma cover

Being prepared



- 46% have thought occasionally about the possibility of being unable to work
- 28% have thought seriously about the possibility of being unable to work
- 26% have never thought about the possibility of being unable to work



## Demographic data - advised and unadvised consumers

When breaking down the consumer data by age, gender, income and circumstances, our results found some marked differences between different groups.

Income is a determining factor in whether consumers elect to seek out an adviser for their insurance needs, with over half of the consumers with an adviser earning a salary of over \$100,000. However, for those who are very likely to seek out advice in the next two years, over half (52%) had an income of under \$100,000, suggesting that the likelihood of seeking out financial advice for their life insurance needs improves as their income grows.

Around 2 in 5 consumers with life insurance are parents. In addition, almost half (46%) of people who were considering purchasing insurance through an adviser in the next two years were people with dependants,

signalling that many are either uninsured or underinsured at the time they need cover most.

MetLife's findings also highlighted some key differences between men and women. Overall, women are less confident in their financial situation and less confident in their levels of insurance cover.

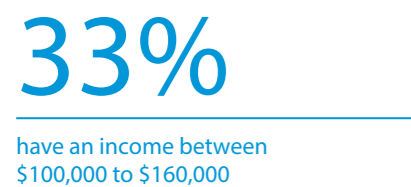
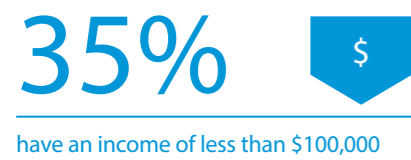
Of consumers with life insurance, women were more likely than men to be working part-time with a higher proportion preferring to make decisions about insurance jointly with a partner or someone else, compared to men.

## Life insurance by income

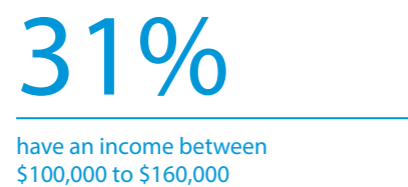
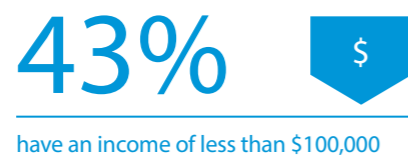
Overall customers with life insurance purchased through a financial adviser have higher salaries than those who have not.

### Age 18-39

Consumers who have sought professional financial advice on life insurance:

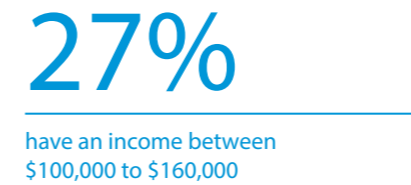
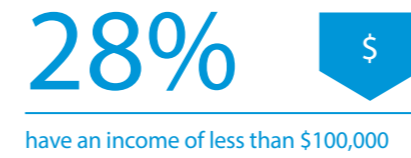


Consumers who are not currently using a financial adviser:

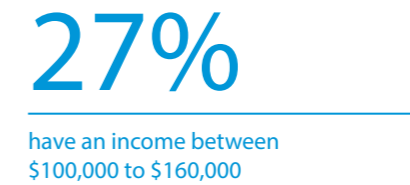
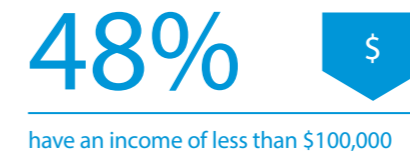


### Age 40-59

Consumers who have sought professional financial advice on life insurance:

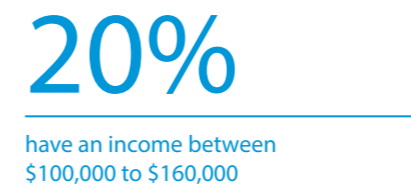
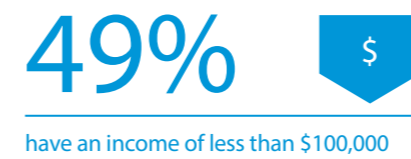


Consumers who are not currently using a financial adviser:



### Age 60+

Consumers who have sought professional financial advice on life insurance:



Consumers who are not currently using a financial adviser:







## Life insurance for families

39%

of consumers with life insurance through an adviser have a dependant child aged 17 or younger.

29%

of consumers who are considering purchasing insurance through an adviser have a dependant child aged 17 or younger.

## Key differences by gender

### Attitudes to advice and finances

- Women make most of the day-to-day financial decisions but men are more likely to be the main decision-makers on superannuation and insurance.
- While women prefer to have financial goals to guide their decision-making, men are more likely to follow a specific financial plan.
- Men are more likely to know the name of their financial adviser.
- On average men are 'very confident' about their future financial situation, while women are 'somewhat confident'. A key reason for this could be that 80% of part-time workers surveyed are women.
- Women cited less of a need to receive timely communications than men. More women prefer email communication over face-to-face.
- Women rated their adviser lower on genuine care, trust and honesty and education tools, as well as receiving updates and reviews.

### Attitudes to insurance

- Men are more likely to make insurance decisions on their own, while women are more likely to make insurance decisions jointly with a partner.
- Men are more optimistic about how long they could maintain their lifestyle if they were unable to work.
- If needing advice about life insurance, outside of the financial adviser and researching online, women are more likely to consult with a family member or friend than men.
- When asked about the process of taking out an insurance policy with an adviser, a quarter of women found it either 'not easy at all' or 'not particularly easy'.
- Women are less likely to modify their insurance cover after having a review.
- Further to the above, men tend to be more confident about their level of cover and the adequacy of it than women.
- Death and Income Protection are consistent across women of all ages.
- Advised women in the 35-49 age group were more likely than any other age group to have Trauma and TPD cover.
- For those thinking about purchasing insurance, men aged 18-34 are most interested in Income Protection cover. Those aged 35-49 are more likely to purchase Trauma.
- For those thinking about purchasing insurance, women aged 18-34 are most interested in Trauma cover. Those aged 35-49 are more likely to purchase Death or TPD.





# 2

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**SMEs with  
up to 20  
employees**

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# Attitudes to financial advice

SMEs have their own unique set of requirements and challenges. As a small business develops and grows, protecting it is paramount and many seek professional advice. MetLife surveyed business owners about their experience of using an adviser to purchase life insurance and found that overall SMEs have higher expectations when it comes to service.

When asked to rate the performance of their adviser overall, 59% of SMEs rate their adviser 'very good' or 'excellent' and only 11% rated their adviser 'poor' or 'fair' – similar results to the consumer groups.

SMEs are time poor and resent administration, as they already have so much to do for their businesses, so this group are seeking communication that is both relevant and tailored to their needs.

Like consumers, SMEs value trustworthiness, transparency and experience and 40% have been with their adviser for more than five years. However, SMEs are more likely to switch adviser. Over 4 in 10 have intentionally stopped using an adviser, citing price, poor advice, lack of contact, not enough experience or a lack of value add, compared to a quarter of consumers.

As per consumers, upon the adviser-client relationship being established, SMEs see the need for their advisers to shift their focus to genuinely caring about them, speaking to them in easy to understand language, and being honest and trustworthy.

Word of mouth referrals are more important to the SME group, with business owners more likely than consumers to have been referred by someone they know. Their service expectations also differ, with many citing in-home visits, regular calls, newsletters and proactive advice on updating insurances as key sources of value-add.

As with the consumer group, the Royal Commission has not had a negative impact on the demand for advice; 39% of SMEs said it would have no impact on their advice relationship and 36% said it would make them more likely to use a financial adviser.

## Selecting an adviser

Top attributes when choosing a financial adviser

<b>1</b>	<b>2</b>	<b>3</b>
Honest and trustworthy	Transparent about fees and commissions	Experience

## Ongoing relationship

Once advice relationship established, most important attributes of a financial adviser

<b>1</b>	<b>2</b>	<b>3</b>
Genuinely cares about me	Speaks to me in easy to understand language	Honest and trustworthy

Reasons for seeing a financial adviser

Adviser business model

**37%**

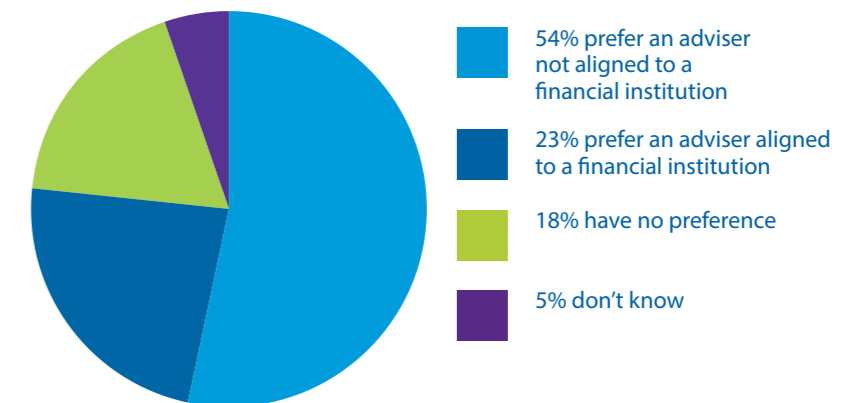
referred by someone they know

**29%**

want to protect family

**18%**

suggested by a family member or friend





## Current advice relationship

- 40% have been with their current adviser for five years or more.
- 59% rate their adviser 'excellent' or 'very good'. Only 11% rate their adviser 'poor' or 'fair'.
- SMEs rate their current adviser highly on:
  - Experienced
  - Speaks in easy to understand language
  - Honest and trustworthy
- SMEs rate their adviser relatively less higher on:
  - Provides educational tools
  - Keeps me up to date and informed
  - Review plans once a year

## Service expectations

- 9 in 10 SMEs would like to be contacted by their adviser once a year, while over half (53%) would like to hear from their adviser every six months.
- Preferred methods of contact are email (71%), phone call (46%) and face to face (43%).
- Those in the 18-34 age group are more likely to prefer contact by phone call (53%) or message/text (18%) than other groups, those in the 35-49 bracket are more likely to prefer face-to-face (47%) and those age 50+ prefer email (80%), phone call (49%) or mail/hard copy (14%).
- Over two thirds are happy to complete an online form prior to seeing an adviser.
- To improve the customer experience the key priorities for advisers are to show they 'genuinely care', 'keep me informed' and 'be good at explaining life insurance'.

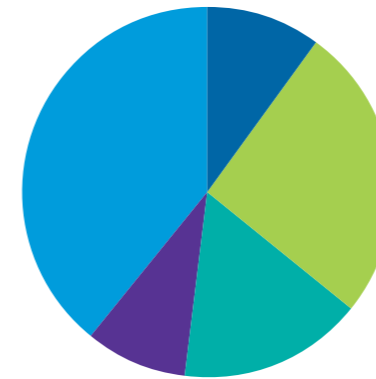
## Recommending their adviser

- Those who would recommend their adviser cite trustworthiness, quality service, experience, regular communication and easy to understand language.
- Those who would not recommend their adviser cite the adviser's unwillingness to make recommendations, cost, poor communication, trust issues and general dissatisfaction as key reasons.

## Impact of the Royal Commission

### 80% have heard about the Royal Commission

How likely is this to impact your decision to use a financial adviser in the future?



- 10% are a lot more likely to use a financial adviser
- 26% are a little more likely to use a financial adviser
- 16% are a little less likely to use a financial adviser
- 9% are a lot less likely to use a financial adviser
- 39% said it would have no impact on their advice relationship

## SME feedback:

"During my most recent review my adviser fully tested the market and advised me not to change, for no extra charge to me."

Research respondent

"My adviser provides very personalised service and comes to our house for meetings."

Research respondent

"My adviser is happy to change things up depending on how the market is. In our 12-month meeting we discuss my future plans and see how things are."

Research respondent

### Industry feedback

"A high number of SMEs have been with their adviser for five-plus years. Our research found SMEs are loyal to their advisers, as long as they are being serviced in the right way, both from a superannuation and investment perspective as well as insurance."

Andre Purtell,  
Senior Manager, Marketing Science, MetLife Australia  
[MetLife response to the research report](#)

## Leaving an adviser

# 45%

have terminated a previous advice relationship.

### Key reasons:

- Received poor advice
- Found adviser hard to deal with
- High cost/fees
- No longer required
- Didn't provide value





# Purchasing life insurance

When compared to the consumer group, a greater proportion of SME owners are males with higher incomes, and 71% are financially liable for their business. Therefore this group are more likely to be engaged with their insurance and more informed than consumers about their cover amounts and the key features of their current life insurance policies.

Industry feedback

“Discussions with SMEs have usually started with tax or restructuring, not insurance.”

Ashley Tilson,  
Financial Adviser,  
Spectrum Wealth Partners

Adviser response  
to the research report

Industry feedback

“Good SMEs are reviewing their own business regularly and this affects the expectations they have of a detailed review,”

Jeff Thurecht,  
Financial Adviser,  
Evaesco Financial Services

Adviser response  
to the research report

Industry feedback

“Meetings with SMEs have to be extremely focused. The best thing you can do for an SME is save them time. At the end of the day, what they want to know is, is there value and what is the cost?”

Ashley Tilson,  
Financial Adviser,  
Spectrum Wealth Partners

Adviser response  
to the research report

As with the consumer group, having an annual review of insurances is considered important and those who have undertaken a review are much more likely to recommend their adviser.

However, there are still some clear opportunities for advisers in this space. More than a third of SMEs do not currently have a succession plan in place and almost half say their business would only be able to operate for up to a year if they were unable to work. This suggests that for many SMEs, underinsurance is an issue.

In terms of product, less SMEs have Key Person and Buy/Sell insurance and there is a strong reliance on the adviser to educate them on the value of insurance and the importance of having the right cover.

That said, 88% agreed they were adequately insured in the case of illness or injury and 83% said they had a better understanding of insurance as a result of seeing an adviser.

Despite this group consulting an adviser on their life insurances, they are more likely than consumers to do their own research on the insurer. Around half do research on the company being recommended, compared to a third of consumers.



Researching life insurance

Understanding of life insurance

Types of life insurance

49%

would speak to a financial adviser

84%

know the amount of cover they have

63%

Income Protection

24%

would speak to an accountant

79%

know the waiting period

58%

Death

10%

would speak to a family member

78%

know their premium amounts

55%

Total and Permanent Disablement (TPD)

79%

know the length of time benefits are paid for

30%

Trauma

65%

know the difference between stepped and level premiums

35%

Key Person

27%

Buy/Sell





Industry feedback

“SMEs are highly engaged with their insurance as it is key to protecting their livelihood. Annual reviews are particularly important to this group, with those who undertook a review far more likely to recommend their adviser.”

Andre Purtell,  
Senior Manager,  
Marketing Science, MetLife Australia

MetLife response to the research report



## Being prepared

- 45% of SMEs say their business would only be able to operate for up to a year if they were unable to work, while 32% could operate for two years or more.
- 27% state if their most valued employee was unable to work, it would have a major impact on revenue.
- 59% have a succession plan in place.
- 59% have a business partner, with 73% having a written agreement in place should their partner be unable to work. 81% could buy their partner out.
- 94% are confident that someone could run the business in their absence.
- 80% have discussed with their family and friends what would happen to the business if they were unable to work for a period of time.

## Reviewing life insurance

- 88% of SMEs are confident that they are still adequately covered in the case of injury and illness.
- 52% have undergone a review with their adviser in the last year, with 2 in 5 rating the experience as 'very good' or 'excellent' and 2 in 5 rating it 'good'.
- 54% who did review altered their insurances as a result.
- Those who have reviewed their insurance with their adviser are more likely to recommend their adviser than those who have not had a review.
- The Net Promoter Score for those who had undertaken a review was +9, compared to -20 for those who had not.
- Around half do independent research on the insurer following an adviser's recommendation.
- 60% are likely to review their insurance in the next year.
- A third are 'somewhat likely' or 'very likely' to purchase cover they don't have in the next two years.





# 3

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## Conclusions from the research

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# Conclusions from the research



## 1

### Consumers and SMEs are focused on trust and care

These findings highlight the importance of advisers' 'soft' skills in building trust. Both groups cite honesty and trustworthiness as key traits they look for in a financial adviser.

Across the board, consumers and SMEs are seeking an adviser who genuinely cares about their needs, takes a personal interest in them, listens, is polite and communicates regularly and clearly. Both groups are likely to leave an adviser who lacks these key interpersonal skills.

Therefore, while advisers' technical and compliance skills will always be of the utmost importance, there is an opportunity for the industry to also focus on these soft skills when designing adviser training programs.

## 2

### Royal Commission increasing demand for quality advice

Overall, both consumers and SMEs say the Royal Commission has had little impact on their advice relationship. Interestingly, 36% of SMEs, a third of unadvised consumers and 20% of advised consumers said it would make them more likely to use a financial adviser.

What is clear from the research is that the Royal Commission has put the spotlight on the need for quality advice. Given the fact that as many as 42% of consumers and 40% SMEs have been with their current adviser for more than five years, it seems many clients have established a high level of trust and confidence in their adviser's service.

## 3

### Annual reviews are essential

Insurance needs change over time for both consumers and SMEs and therefore having an annual review is crucial when it comes to maintaining the right level of cover.

An annual review also makes both groups more likely to recommend their adviser to their friends and family, significantly increasing the Net Promoter Score (NPS). Clients who have undertaken a review are also more likely to speak to their adviser first if they need advice on life insurance.

It is apparent that consumers, and especially SMEs, have increasingly high expectations of these reviews in regards to the overall value they should provide.

## 4

### Communication is key

Both consumers and SMEs want to hear from their advisers regularly – with just over half of consumers and 53% of SMEs wanting to hear from their adviser every six months.

Preferred communication methods differ by age group, so there is an opportunity for advisers to ask clients about their preferred method. A younger client might prefer an email, for instance, while older clients often prefer a phone call or face-to-face. Tailoring communication to preferred channels may help advisers better engage with their clients and build further rapport.

## 5

### SMEs demand a higher level of service

SMEs differ from the consumer group in the level of service they require. Only 2 in 5 SMEs rate their annual review as 'good' or 'excellent' and this group are also much more likely to switch advisers if they are unhappy with the level of service.

SMEs are highly engaged with their insurance and are therefore looking to advisers to provide value-added services such as home or office visits, negotiating premiums on their behalf, regularly reviewing their insurances and regular calls to 'check in'.

Providing excellent, personalised service not only brings more loyal clients but also makes them more likely to refer. The number one reason SMEs cite for visiting an adviser (37%) is being referred by someone they know, with an additional 18% receiving a 'suggestion' from a friend or family member.

## 6

### Consumers and SMEs are open to purchasing more insurance

While the vast majority of consumers (88%) and SMEs (88%) believe they have adequate levels of cover, a third would consider purchasing insurance they do not currently have in the next two years.

As such, there is an opportunity for advisers to have deeper conversations with clients about their life changes, putting into context the potential impact on an individual or business of not having the right insurances in place.





# 7

## Insuring the secondary income earner

The findings of the report show overall women are less confident than men about their future financial situation, how long they could maintain their lifestyle if the main income earner was unable to work and the process of taking out insurance. Women were also less likely to modify their insurance after having a review.

As our research found that more women are part-time workers, this could present an opportunity for advisers to discuss the importance of insuring the secondary income earner at review time. These findings also show that providing women with an opportunity to ask more questions during the review process could give them a higher level of confidence in the advice provided.

# 8

## Plugging the insurance gap

Our results also found some underinsurance (that is not purchasing enough insurance to maintain their current lifestyle) among groups who often need it the most. Those with lower incomes are less likely than higher-income earners to have insurance. In addition, 3 in 5 consumers with a dependent child aged 17 years or younger do not have life insurance.

These findings show there is potential for advisers to educate these groups on the value of insurance and the importance of having the right type and level of cover in place to protect their incomes and lifestyle.



## Research methodology

MetLife held a number of discussions with financial advisers about the themes they wanted to explore to gain insights into their clients and potential clients when purchasing insurance.

We then conducted a large quantitative study in July 2018, interviewing around 700 consumers who have purchased life insurance through an adviser, 300 consumers who are considering purchasing life insurance through an adviser in the next two years and 200 SMEs.

Through a 20-minute online questionnaire, we asked a broad range of questions related to general finances, overall advice experiences, specific life insurance advice experiences and expectations.

Independent research company Little Triggers was engaged to assist with conducting the research.

**To find out  
more about the  
research, please  
call 1800 523 523  
to speak to your  
State Manager.**

**Thank you.**

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