



The
Insurance
Institute

Personal General Insurance

CIP-03 KEY POINTS



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CHAPTER 1

GATHERING INFORMATION

Gathering information enables the insurance adviser to:

- identify and understand the risks faced by the consumer
- provide product choices that meet the consumer's wants and needs
- meet the wants and needs of that consumer on an ongoing basis
- act in the best interest of the consumer.

In carrying out this information gathering process, the adviser will wish to:

- comply with the CPC
- comply with anti-money laundering requirements
- comply with General Data Protection (GDPR) requirements
- obtain the consumer's address for communications
- obtain specific information about the consumer and their risks
- confirm the consumer's insurance and claims history.

Consumer's wants, needs and attitudes to risk

The consumer will bring certain 'wants' to the adviser. The consumer's needs, which relate to their potential exposures and insurance requirements, exist whether or not they are aware of them.

The adviser's role is to identify the consumer's needs and blend these with their wants in order to recommend the most suitable solution.

Consumer's attitude to risk



It is important for the adviser to understand each consumer's attitude to risk.

The consumer's **risk appetite** will influence the extent to which they seek protection from the risks they are exposed to, and how they identify and prioritise their insurance needs.

The adviser needs to identify each consumer's position on the scale that runs from the two extremes of **risk-averse** to **risk-seeking**.

What information do we need from the consumer?

Many advisers refer to this as developing a **client fact find** and include the following information:

- Consumer
- Addresses of all properties owned
- Occupation
- Age
- Any business(es) carried on at the property
- Forward plans
- Consumer experience/history including claims
- Date of visit/contact
- Reason for visit
- Introduction/verification of consumer identity, contact information
- Inception/renewal date
- Current insurer and premium details
- Identification of adviser.

CONSIDERING INSURERS AND INSURANCE PRODUCTS

In order to recommend the most suitable product to meet the consumer's needs, the adviser must:

- fully understand the consumer's wants and needs
- understand the consumer's attitude to risk
- have an up-to-date knowledge of the products available in the market.

Basis for insurer and insurance product recommendations

The most obvious factor for deciding between, and recommending, personal general insurance products is price.

However, price is only one factor in the decision-making process and the adviser must ensure that the consumer considers all the relevant factors before making a decision about an insurer or a product:

- levels of service and support
- breadth of cover
- experience
- continuity.

ADVISER'S EXPERIENCE AND JUDGEMENT

An adviser's ability to exercise sound judgement relies on a number of factors: their knowledge of the market and the products available; their familiarity with different insurers' approaches to types of risk; and an assessment of insurers' experience.

These factors must be weighed alongside the obvious key areas of price and scope of cover in order to make appropriate recommendations.

The CPC requires that, before providing a product or service to a consumer, a regulated entity must prepare a written **statement of suitability** setting out the reasons why:

- a product or service offered to a consumer is considered to be suitable for that consumer
- each of a selection of product options offered to a consumer is considered to be suitable to that consumer
- a recommended product is considered to be the most suitable product for that consumer.

The principles governing this statement of suitability, and which an adviser must follow when recommending a product to a consumer, are:

- The adviser must offer the most suitable option from those available.
- The adviser must offer a product meeting more of the consumer's needs than any other product, even if it is not the adviser's preference
- If offering options rather than recommending a single product, the adviser must highlight all relevant differences in cover levels, terms and conditions to enable the consumer to make an informed decision.

The form of the statement of suitability

A statement of suitability can be structured in a number of ways, however, a prescribed notice must appear at the beginning.

One of the most straightforward ways of presenting information is to list both the consumer's wants and needs and show how the recommended product(s) meet these.

When presenting their recommendation(s), the adviser should do so in a manner appropriate to the consumer's familiarity with insurance.