**Chapter 1- Knowing the consumer and suitability**

1. Gathering Information

A1- Considering the consumer’s wants and needs

Consumer’s wants may include a wish to extend or change cover, a desire to reduce the overall cost of insurance or to make a change to their insurance policy.

Consumers needs may relate to their potential exposures (risks) and insurance requirements exist whether they are aware of them or not. The role of the advisor is to identify the needs and blend these with their wants in order to recommend the most suitable solution.

A2- Consider the consumer’s attitude to risk

* Risk appetite- measure of an individual/company’s willingness to accept risk
* Risk-averse- a desire to minimise the risks to which they are exposed, through risk mgmt or insurance
* Risk-seeking- a willingness to accept risk

Advisor needs to identify each consumer’s position on the scale; they must ask how large the excess the consumer is willing to bear to ascertain this.

A3- What information do we need from the consumer?

More detailed coverage on this in next chapters. Consumer, address, occupation, age, etc.

1. Considering insurers and insurance products

B1- Basis for insurer and insurance product recommendations

B1a- Price

This is the most obvious factor for deciding between, and recommending insurance especially motor

B1b- Levels of service and support

* Fact and comprehensive quotations
* Efficient claims handling and prompt payment of claims
* Fair approach to complaint resolution

B2- Advisors experience and judgement

Their knowledge of the market and products available; familiarity with different insurers approaches to types of risk. An advisor should at all times be up-to-date with any new developments or industry trends.

1. Presenting the recommendation to the consumer

C1- Statement of suitability