

Get insurance advice online

Independent adviser Providend offers help and not hard-sell. **GENEVIEVE CUA** finds out more

If you think you may need more insurance cover but are reluctant to call an adviser for fear of being subject to hard-sell, independent adviser Providend has a possible answer. It has launched an insurance portal — CommissionsFreeInsurance.com — where you can get an assessment of your needs.

The portal differs in several respects from others selling insurance, or even advising.

For one, it's an extension of Providend's business model, under which it does not pocket commissions from product sales. Commissions are rebated back to clients, and you pay a fee for advice.

The second factor that sets Providend apart is its single-minded push

to raise the profile of term assurance, which traditionally ranks very low with agents and advisers. Commissions for term assurance tend to be low because premiums are low, so it's simply more profitable for advisers to sell a whole-life plan.

Term assurance gives pure protection, and premiums are usually a fraction of whole-life plans, which bundle protection with a savings account.

Many clients tend to prefer a bundled whole-life product, but they may not be aware of its inflexibility. If you're counting on the plan as a savings tool, for instance, you're likely to have to surrender it at a steep loss should you need the money. It also falls short as pure protection, because premiums for large amounts of cover will be very expensive.

Based on data from the Monetary

Authority of Singapore, term plans accounted for just 5 per cent of more than 634,000 insurance policies sold last year. Whole-life plans' share was 31 per cent, and endowment plans 37 per cent. The average sum insured of new policies last year was just over \$40,000.

Says Providend chief executive Christopher Tan: "We'll tell people about the advantages of term plans versus whole-life. But some will still prefer whole-life. Our efforts will take some time."

Proponents of term assurance advise clients to simultaneously invest the sum of money that might have gone into a whole-life plan. This builds up a savings pool, giving them flexibility on asset allocation and withdrawal.

Ironically, some clients who have

CommissionsFreeInsurance
The Smartest Way to Get Fully Insured

Just starting out Married The Suburbans

Top 10 reasons why commissionsfreeinsurance.com is the smartest way for you to get fully insured

1. Full rebata of commissions on your insurance.
2. Potential huge savings.
3. Transparent fee structure.
4. Independent & bias-free advice from qualified advisers.
5. Wide range of products from several insurance companies.
6. Full coverage at the lowest possible cost.

Free from financial burdens upon your loved ones should anything unfortunate happen to you.

Needs vs wants
Providend's fee structure (insurance needs)

SINGLE PERSON	\$600
FAMILY	\$1,100
Dual needs	\$1,500
More than 2 needs	\$1,800

Type of insurance needs

1. Income protection upon critical illness/dread disease
2. Income protection upon death/total & permanent disability
3. Long term care
4. Income protection upon disability

Source: Providend

logged on to www.commissionsfreeinsurance.com have requested endowment plans for their children's education. "We try to explain endowments to them. So far we have not sold any endowment plan at all," says Mr Tan.

Most visitors to the website have expressed the greatest concern about health coverage. The extent of underinsurance for life cover is about \$200,000. A whole-life plan for \$200,000 of sum insured for a 35-year-old costs between \$3,700 and

\$4,000 in annual premiums, compared with about \$660 for a term plan.

Mr Tan believes Providend's model of a fee-only structure is taking root. So far the firm has about \$21 million in assets under advisory. It expects to collect \$1 million in advisory fees by the end of the year.

For insurance advice, a single person with a single need pays \$600. The advisory fee for a family with multiple needs is \$1,800.

According to Providend, by paying

a fee, clients save substantially through commission rebates. For instance, a couple that buys policies with total premiums of \$5,000 will pay \$1,800 in fees and receive a rebate of \$5,000 in return.

The rebate for a whole-life plan, says Mr Tan, can be as much as 150 per cent of a year's premium, paid over three to five years. This includes not just direct commissions and overrides, but also benefits like office allowances. Providend will rebate these to clients.