

Money Marketing

September 11, 2003

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Elderly client is stranded by AMP

By Sonia Speedy

AMP Pearl has left an elderly client stranded after stopping door-to-door collection of premiums for industrial branch policies. Oglivie Robbie, 77, from Birkhill, near Dundee, took out a whole of life policy in 1990, paying £65 a year. The collection service was suspended in April this year and paying premiums for Robbie, a former farm worker who does not have a car, phone or bank account, has become impossible.

Adviser Kenneth Nicholl says Robbie has paid in around £900 and the sum assured is £640 but if the policy is surrendered, he will only receive £520.

AMP spokesman David Gwyer says there is no market value reduction but surrender penalties do apply.

He says the collection service was suspended after the collection company went into receivership but AMP has not ruled out resuming services for its 30,000 policyholders. "I think it is about as fair as we can be really until we have been through all the options," says Gwyer.

Nicholl says: "They have not kept their end of the bargain. Mr Robbie is a poor man who has never taken a penny off the state in his life. They are not playing fair for folk like him. Returning his premiums in full would be at least small compensation."



Nicholl: 'Compensation'

Omo take-up slides after FSA disclosure

By Sonia Speedy

The Government's initiative to open up the annuity market has been undermined by figures from the ABI which reveal the Omo take-up has fallen in the last 12 months.

Last September, the FSA implemented new rules on the open market option, requiring product providers to inform clients of their right to shop around for an annuity, including sending out a fact-sheet detailing what con-

sumers should take into account when buying an annuity and how to get the best deal.

But the latest ABI figures show that take-up of the Omo has fallen to 31.2 per cent in the second quarter of this year from 38.2 per cent in the third quarter last year. Before the regulations were brought in, the Omo figures stood at 35.5 per cent in Q1 2002 and 33.7 per cent for Q2.

The fact that fewer people are shopping around for a better deal than their

annuity despite the widespread publicity push behind the Omo has left many in the industry calling on the Government to rethink the policy.

ABI spokeswoman Emma Grainge says that many people who shop around find the best deal is with their current insurer, which is not reflected in the figures.

The FSA says it is carrying out its own follow-up research, due to be completed this year.

Grainge says: "There is, no doubt, a need to get

more people shopping around. However, we need to get a better measurement of who is taking up the open market option."

Hargreaves Lansdown head of pensions research Tom McPhail says: "The FSA proposal to disclose is a very good idea. However, I feel that at the moment consumers are not being best served by the present system and it is time for a rethink and to question whether it can be done any more effectively."

Comment, p29

Sesame sees no future for long-term care cover

By Sonia Speedy

Sesame is predicting the demise of the long term care insurance market as sales have remained stagnant despite widespread predictions it was set to take off.

Research manager Dale Tranter has carried out a review of the market and concluded that although the pension age continues to increase, the amount of LTC cover being sold is steadily decreasing.

ABI statistics show pre-funded LTC policies sold annually have dropped by nearly two-thirds over the last six years to 2,851 last year from 8,080 in 1996. The only growth area has been immediate needs' LTC annuities.

Tranter believes insurance companies cannot be making much money from the sector and predicts the market will become the

domain of providers able to make money elsewhere and offering LTC as a sideline.

He believes the recent withdrawal of Prudential International, which was the market leader for LTC bonds, was significant, saying that if it was unable to make money, then other providers will struggle.

IFA Care chairman Graham Fildes believes the need for LTC insurance remains great, particularly so when most of the baby boomers reach their 60s and 70s and become concerned about funding their care needs.

Tranter says: "Long-term care policy sales are heading south. I cannot see any prospect of a turn-round in the next few years or in the medium term."

Fildes says: "The case for long-term care is very strong. We need to look at our marketing and change people's perceptions."

S&P brings back IMA's categories

By Chris Duncan

Standard & Poor's is reinstating the IMA's sector classifications on all its investment products after the IMA expressed concern over the decision to ditch them for S&P's own.

S&P said in July it was replacing the IMA's classifications on its Fund Expert broker tool and website with its newly created global investment fund sector classifications, which include funds domiciled outside the UK. It said they would improve clarity and help investors compare a more comprehensive range of funds.

But the IMA argued that two sets of classifications would confuse investors, especially as S&P's sectors are split into sub-categories reflecting, among others, ethical and ecological themes. The IMA also cast doubt over

S&P's ability, as a commercial organisation, to rein in fund managers violating sector constraints.

Although it denies the IMA's reaction has affected its decision, S&P is now reinstating the IMA classifications, meaning technical glitches for its inability to do so before. The IMA is lobbying for a specific date for their reappearance but S&P says its technical department is unable to give a set time.

IMA head of statistics Dorian Carroll says: "We have had a couple of meetings and S&P has told us that they are going to do it, which is great. The issue now is when we can see our classifications on its products."

S&P UK media manager Louise Collins says: "We have asked our technical people to put the classifications on all products. It is in progress."

35

THE NEW WAVE

Legal & General director of housing market Stephen Smith believes that "a tsunami of change" is set to engulf the mortgage market with the advent of regulation



40-41

ON THE THRESHOLD OF RETIREMENT

In a regular series, Darby Bloch of Taxbriels presents an extract from a learning module on retirement planning in Financial Assess, the new learning system from the CII, the IFA and Sola

36

THE KEY TO EQUITY RELEASE

Allison Bone analyses the equity-release sector which is seeing an influx of new entrants, with the market doubling in the last year and industry estimates pointing to a potential total of £100bn



43-48

FOCUS

Chelvic Capital offers unit trust focusing on flexibility of asset allocation. Broker Review: Norwich Union monthly fixed-income plan. The Experts: positive prospects for pensions

Perspective	24
Investment	26
Lorna Bourke	28
Letters	28-29
Independent View	29
Keith Popplewell	36
New Products	43
Best Advice	44
Tax Planning	44
Broker Review	45
Databank	46-48
Directories/Services	49/54
Appointments	58