PI insurance costs to rise for planners

Julia Newbould

Financial planners can expect to pay more for their professional indemnity (PI) insurance and have a greater responsibility in deciding their level of cover, according to a panel of industry experts.

New PI insurance rules, which come into force in July, would put the onus of adequacy of insurance onto licensees, Alexis principal Christina Kalantzis told delegates at the recent FPA Small Principals Conference in Canberra.

The ASIC rules contain a paragraph that reads “whether a particular professional indemnity insurance policy is adequate for a particular licensee depends on all facts and circumstances”.

“ASIC expects licensees to review their professional indemnity insurance or other compensation at least annually to ensure they continue to be adequate,” the rules said.

Kalantzis said that meant licensees would be responsible for their own cover.

“Risk depends on what you are comfortable with,” Kalantzis said.

“You need to analyse what you are comfortable with.”

Following the recent MFS, Westpoint, Basis Capital and Fincorp disasters, financial planners could expect to see an increase in claims against them, she said.

“Clients have become much more savvy when making claims against financial planners,” she said.

“While no PI insurer will insure against product failings, clients no longer talk about product failings and instead will talk about incorrect risk tolerance and inappropriate advice.” □

Count compensates offloaded advisers

Kate Kachor

Count Financial has moved to curb the activity of dealer groups selling off advisers by offering a compensation package to cover compliance costs when changing dealers.

“We have recently put together a very attractive package to compensate advisers for the heavy compliance burden in changing dealers,” Count Financial executive chairman Barry Lambert said.

The compensation package included a ‘pay back’ if the advisers did not stay a certain period of time, Lambert said.

“The reason is simply because we lose money on this proposal for some years and we want to make sure those taking advantage of this do so because they really want to join Count and not because of the very generous financial incentive,” he said.

Count has had a number of advisers and advisory firms join them from other dealer groups in the past six months, including advisers from PIS, Genesys and an ING-owned dealer.

“This short-term package has been put in place because some advisers have recently had their dealer sell them off to another dealer,” Lambert said.

“We believe advisers should decide their dealer and not by some institutional corporate play selling them off.”

St George-owned dealer group Securitor is another dealer that has had an increase in external interest from advisers.

“We’ve had a few over the last 12 months,” Securitor head Neil Younger said.

“If you look at the sales component of our business we’re looking to actively recruit, the sale guys manage pipelines of opportunity and they are by far and away the strongest that we’ve seen them for now a number of years.”

Securitor expected to continue its adviser growth for the remainder of the year, Younger said.

“And we had a very strong growth profile last year. Our percentage growth for an institutional dealer group compared to the market was exceptionally good,” he said.

“So I remain confident again that we will see a number of new firms join the Securitor business.” □

Aequis launches in Tasmania

Victoria Young

Two well-established Tasmanian financial planning firms have joined forces to improve the breadth and quality of their fee-for-service advice.

Garvan Financial Planning businesses Davey and Scurrah and Ritchie and Associates have merged to form Aequis.

Based in new premises in Rosny Park, the firm has $180 million in funds under management and 860 clients.

Increased scale enabled the delivery of superior fee-based financial advice at a reasonable cost, senior adviser Rod Scurrah told *IFA*.

“It enables a deeper understanding and relationship with clients,” Scurrah said.

“The growth and expansion brought about by the merger is also our response to the overall growth and change on our industry – we know that adapting to change is essential to continuing to serve our clients at the highest level.”

AEQUIS SENIOR ADVISERS DOUG DAVEY, IAN RITCHIE AND ROD SCURRAH: adapting to change

Senior advisers Scurrah, Doug Davey and Ian Ritchie had to overcome several hurdles during the 15-month merger process.

Firstly, they had to determine the right vision for the new entity and secondly, identify and quantify the value each business brought to the partnership.

Specialist marketing, communication and brand consultants were enlisted.

The name Aequis was derived from the Latin word for equal, Aequus.

Aequis also has three senior advisers, three advisers and five associate advisers.

“We are excited about this merger as it continues the provision of great advice to Tasmanians from Garvan Financial Planning,” MLC advice solutions general manager Greg Miller said.

“It brings together two great firms that between them have won much industry recognition and praise.

“This merger signifies that the business is addressing succession issues to ensure they are able to provide quality advice for many more years to come.” □