

# WELCOME!

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2013, may 31



# **Experiences of the new Dutch Commission Regulations**

**(or: How to benefit from a ban on provision)**

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# CONTENT

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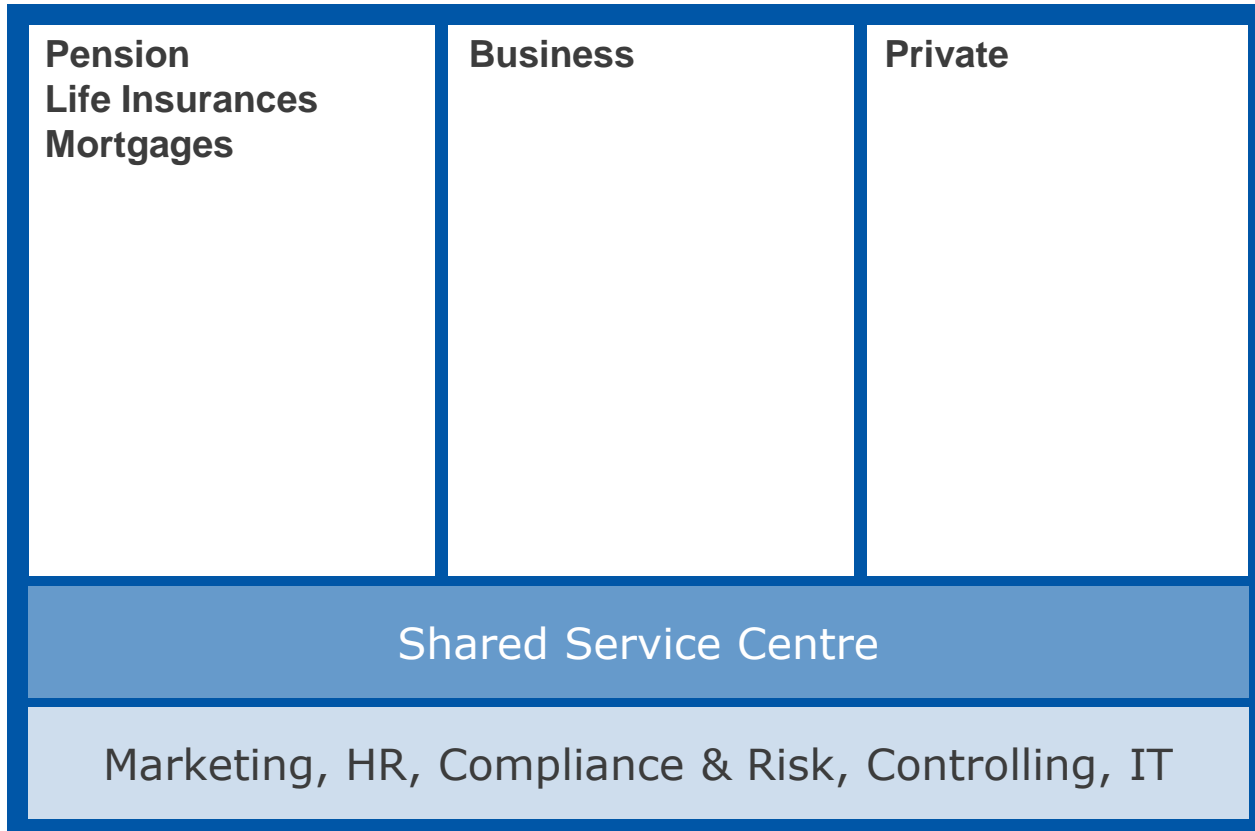
- Introduction
- How it was
- What caused a change
- New Situation
- Effects of this change
- How does the market respond?
- What's Next?

# Meeùs Organisation

# FACTS & FIGURES

	#2	After #1	
Offices	38	> 2x as much as	
CoC relations	60.000	3x as much as	
Employees	1.800	= number of employees	
Experience	> 80 years	10x more than	
Turnover (2011)	196,7 million	7x more than the 28 million	
Reduction in turnover of 6.6% 2011		11% decrease of market average	

# MEEÙS ORGANISATION



# How it was

## HOW IT WAS

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- Commission system is based on solidarity
- Commission was mandatory by law!
- Surplus of commissions from larger clients was used for advice for small clients
- Initial commission => financing the advice

## HOW IT WAS

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- Insurance companies provided bonus commissions
- Selling Policies was main objective
- Taking care of customer needs did not always have this focus
- Risk of advice not always being independent

# What caused a change

## WHAT CAUSED A CHANGE?

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- Poor results on Stock Market probably functioned as catalyst
- Effect of (relatively) high premium for risk insurances became clear more and more
- Brought attention of Public Opinion on these type of policies
- And led to involvement of Dutch Politics
- End of Bonus commissions was the first step (2008)

## WHAT CAUSED A CHANGE?

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- Involvement led to nationwide agreements on how to compensate these policies
- It also led to public anger towards Insurance Companies and Advisors
- New entrants in the market using STP solutions
- It finally led to a ban on provision for complex financial products

# New Situation

## NEW SITUATION

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- Change came step by step
- Pro active full transparency of high of commission on some products
- Range of products extended in last years
- To full ban on commission as of this year
- Ban is related to new products only

# NEW SITUATION

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- Requires complete new sales skills
- Forces organisations to look in the mirror
- What is the reason clients buy from you?
- What value does your company add

## NEW SITUATION

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- Also requires you to reinvent your internal administrative process
- Forces to introduce profitable new service concepts
- Motto: “if you can’t bill it, kill it”

# FROM SALES TO ADVICE

- Development programme for accountmanagement
- Working together in teams
- Tools for advice
- Risk management
- Client plan



# BEING THE GUIDE



# Effects of this change

## EFFECTS OF THIS CHANGE

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- Companywide belief in efficient processing
- Complete change in mindset
- It is excellent service and advice first

## BUT ALSO

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- System of solidarity is over
- Leads to problems for small customers
- They are barely capable of paying advice fee

## EXAMPLE medium size company

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- old situation: 100.000 premium
- 8% commission
- new situation: 92.000 premium
- 6.000 annual fee
- 6.000 initial fee for advice

## EXAMPLE small size company

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- old situation: 20.000 premium
- 8% commission
- new situation: 18.400 premium
- 3.000 annual fee
- 4.000 initial fee for advice

# Effects within Meeus

Pension Life Insurances Mortgages	Business	Private
Fee	Commission	Commission



## Effects within Meeùs

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- Different business models raise questions
- Every part has to be profitable at its own
- No more “cross-subsidy” between Business Units

# How does the market respond

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# EXPERIENCES SO FAR

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- Marketwide big differences
- Customers **will pay** fee
- But added value has to be clear
- So focus should be at high-end advice

# EXPERIENCES SO FAR

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- This means no more selling policies
- But selling trust and understanding of ones financial situation
- Overview of entire customers situation is necessary
- This gives a huge chance on deep sell opportunities

## EXPERIENCES SO FAR

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- Changes force to make choices
- Number of intermediaries will drop from 2700 to 600
- Overall margins drop by 20%
- Specialisation and adaptation give good opportunities

# MEEÙS EXPERIENCE

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- Business customers **will pay** for good advice
- Private customers are slowly changing towards fee
- Lack of overview of financial situation is the biggest opportunity
- And will provide us a healthy future

# MEEÛS EXPERIENCE

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- Turnover will rise over 15% on specific parts
- No longer low-end advice (e.g. funeral policies)
- Developing tools for financial overview (online)
- Give even more opportunities

# What's Next?

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## What's next?

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- One customer with two different models of remuneration
- Realistic to last for a long time?
- Some experience with hybrid forms
- Signs of change have already been noticed

# SUMMARY

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- Ban on commission brings numerous opportunities
- Focus on advice
- Focus on Added Value for your customer
- Forces to redesign administrative process
- New skills are necessary
- Specialisation is necessary

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Verzekeringen | Hypotheken | Pensioenen