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ANSWER:
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New ground was broken on July 12th, 13th and 14th at the Mayfair Hotel, London, with the first CII/LIA International Life Insurance Sales Conference and Workshop. True, some of the speakers—both British and North American—had been heard before at the annual Life Insurance Sales Congresses held each November for the past five years, but this was the first time it has been possible for delegates to hear them on the platform and then to enjoy the great benefit of having them join in discussions, question-and-answers and in-depth examination of their techniques and know-how in an intimate atmosphere of informal workshops, which were then repeated so that everybody had the opportunity of getting down to brass tacks with different speakers.

The main platform sessions occupied the whole of Monday and Tuesday morning. Tuesday afternoon and Wednesday morning were devoted to workshops, followed by an excellent buffet lunch with wine, and Wednesday afternoon saw the British premiere of the film of Ben Feldman, showing him in action in two real life selling interviews with actual clients, followed by the incomparable salesman himself giving a short talk and answering a great many questions and, finally, autographing his books for an unending stream of admiring delegates.

Sir Henry Mance delivers opening address.

Lucid appraisal

The opening address was given by Sir Henry Mance, Chairman of the London Insurance Institute and also Chairman of Lloyds Life. Sir Henry got the proceedings off to a fine start with a lucid appraisal of our business in answer to his own four questions: What is the nature of our business? Who are our market, our customers? How are we doing our job as sellers of Life Assurance? Has our business a future? Here he saw grounds for optimism, provided we can adapt to a changing world and increasingly sophisticated markets, and provided we are not destroyed by Government—and here he expressed grave doubts about the wisdom of seeking maximum advantage from Government tax concessions.

The first talk came from W. Dan Dane, Joint Marketing Director of Hambro Life. His subject was “Product Crystal Gazing”, in which he gave some telling—even frightening—analyses and illustrations of the effects of inflation and went on to make out a very powerful, if highly partisan, case for asset-backed life insurance as against the traditional with- and without-profits kind.

The next speaker, Ron Barbaro of Toronto, has been a speaker at over 135 sales congresses in seven countries over the last ten years. Ron must surely be gaining the reputation among his audiences as the Canadian Life Assurance Industry’s answer to Bob Hope, starting each of his speeches with a string of peripatetic wise-cracks, some of which—like some of Bob Hope’s—are brilliant and have the audience “rolling in the aisles”. But when he got down to his talk, proudly titled “I am a Salesman”, he was very serious indeed, with a powerful exposition of the Corporate Dome versus the Personal Dome and the cash value of your own personality. “Is business ever bad for the good salesman?” he asked—“for the order-takers, yes, but it’s never bad unless nobody else is doing business either—how many applications are being written up in your little town every day?”

Kenneth Clark, F.C.I.I., Vice-President and Secretary of the LIA, completed the morning’s programme with “Time-Plan Your Way to
Millions in Inflationary Economics. Running his own life brokerage in his native Ipswich, Ken has been in the insurance industry since the age of 17. Currently UK Zone Chairman of the Million Dollar Round Table, Ken has averaged over £2 million pounds personal production over each of the past seven years and to date in 1976 has averaged five cases a week with an average case size of over £11,000.

Inflation was the foundation Ken used on which to build the need for time planning. Using fresh insights into its effects on both us and our clients, he asserted that we need to write twice as much business this year as last—and to double one’s production over the next 12 months calls for effective use of time.

Brian Backhouse opened the afternoon session with “Developing a Successful Agency Branch” and his achievement, as one of the world’s most successful branch managers, amply qualified him to speak on this subject. The first nine of his 17 years in the industry were in administrative work. Starting as a salesman in 1967, he worked up through Branch Assistant and Branch Supervisor until, in August, 1969, he started Abbey Life’s Ilford Branch from scratch. Suffice it to summarise by saying that, for 55 consecutive months, his Branch produced in excess of £1,000,000, reaching a peak in (of all times!) October 1974 of over 1,000 cases for a volume in excess of £4,000,000. To have reached “world class” in less than seven years makes Brian’s middle name—and, indeed, his first and last names too—“Achievement”.

“Even if one isn’t involved in management,” said the Conference programme, “Brian’s precise management skills will help everyone to plan.” However, an appointment to management, he said, did not entitle one to loyalty and respect, but it did provide the opportunity to earn them—by giving . . . loyalty and respect.

Brian’s talk was a fascinating bird’s-eye view of the processes involved in building up a successful branch from scratch—much of it, some would say, “old hat” yet presented from the point of view of the manager within the framework of an overall goal, it made refreshing and “eye-opening” listening.

Last on the first day came one of the star “imports”, Marshall Wolper, due to take over as President of the Million Dollar Round Table on September 1st. That what Marshall said was very much within the American context did not matter because he talked of concepts, not specifics. Deliberately, he made a number of unrelated points such as: “It pays to come right with your company—though companies cannot be in this business without us!”

Companies, he went on, were totally ineffective in dealing with legislators but the individual agent, he was a different story; being a “little fellow”, he could talk to the legislators—as a voter, and that was 90 per cent of the battle.

Tuesday morning started off with Clive Holmes on one of his favourite subjects, the corporate market—“Reaching Your Potential in Corporate Sales”.

The inimitable Ron Barbaro

Brian Backhouse, Master Manager.

Marshall Wolper—new MDRT President.

Ken Clark—time on his mind.
For new readers, it is worth recalling that Clive is Founder-President of the LIA, a Life Member of the Million Dollar Round Table, ViceChairman of its Membership Relations Committee and a speaker at previous MDRT Conventions.

In addition, he has been involved in Agency management for nine years, being Senior Branch Manager of one of the largest branches in Abbey Life—Langham, in the West End of London.

The corporate market, said Clive, is the area that excites him most, partly because it is virtually virgin territory. It all started with a remark he heard Ben Feldman make in Hawaii, a remark that changed his life—about putting men on a corporation's payroll. "There and then," he said, "I set myself a goal—to get on 20 new corporation pay-rolls a year."

Clive's simple and effective idea of a presentation is to have a standard opening and close represented diagrammatically by a wheel at each end, with a box-shaped "chassis" between them in which he can put whichever product is appropriate—key-man, share purchase, pension or whatever it may be.

fresh heart

In contrast, Bernard ("Bunny") Freeman, the next speaker, talked about the individual or domestic market, with which the majority in the business are familiar, in his talk, "Referred Leads and Successful First Interview Closing". Formerly in the retail business, Bunny has been with Crown Life for only five years or so, yet he has made his mark, having been President of the Agents' Section of his company for the past three years, also qualifying for the MDRT.

Here was a dynamite-packed talk, not for the great estate planners, the jumbo-case writers, but for the man-in-the-street of the business, for the salesman who is still struggling or just getting by—or maybe not quite. Here was fresh heart and the way to put it into action from creating the first impression to securing referred leads on delivering the policy.

As "Life Insurance" was still something of a dirty word to some people, he preferred to use the term, "Guaranteed Income Replacement". He said you had to motivate, activate, stimulate and sometimes aggravate. The proof of the pudding was that over the last six years he had closed eight out of ten. The importance of closing first time was that if you had to go back a second time your chances were reduced by 60 per cent because by then it had become clinical and life insurance was sold by emotion.

Successful presentation of a plan called for 5 per cent knowledge of the product and 95 per cent knowledge of people—but you had to have 100 per cent of that 5 per cent, and knowledge of people wasn't enough, you had to get involved with them. But if you weren't sold on your product, you were wasting your time.

To bring both the morning and the main platform sessions to a resounding close came the towering figure of Lyle Blessman of Sterling, Colorado, U.S.A. One delegate said that he had missed his vocation, he should have been a comic. Let us rather say that he is one hell of a life insurance man who couples his flair for showmanship with a great, warm outgoing personality to pass on the benefit of his experience and his expertise to enthralled audiences.

so green

Seventeen years ago, one year out of college, at the age of 23 he entered the business in a little cow town of 12,000 people (and 26 competing agents) in the middle of wide open spaces stretching in every direction to the State borders as far as from Land's End to John O'Groats. In his first six months he made 857 calls, notchting up 25 sales for $154,000.

Then his manager whispered "business insurance" in his ear and he wrote two cases for $25,000 on a newly-formed professional partnership for a premium of $2,300, so green and so excited that he forgot both the application forms and the medical—for a man of 62!

Today he has streamlined years of study and bookfuls of knowledge into four simple sheets that he uses for the close on every case. And when asked—as he often is, "Say, Lyle, are you still using those same old methods, year after year after year?", he replies, "Sure I'm still using those same old methods, year after year after year". And here he commands attention with a characteristic vocal gesture, "Hey! And do you know why I'm still using those same old methods, year after year after year? Hey! Because they keep on working . . . and working . . . and working."

Tuesday afternoon saw the workshop sessions conducted by Brian Backhouse, Ron Barbaro, Ken Clark and Marshall Wolper, which were

"Bunny" Freeman makes a point at the expense of the national game.
then repeated with changed groups of delegates. And the Wednesday morning workshops, by Lyle Blessman, Bernard Freeman and Clive Holmes were also repeated.

The proceedings reached their climax on Wednesday afternoon with the Ben Feldman film and the great man himself. What is there left to say about him or to be heard from him? For the benefit of newcomers to the Industry and the LIA—and, happily, you are pouring in—here is this giant of a salesman whose achievements are without parallel and which may never be equalled. For this one-time $5-a-week egg salesman has alone placed more life assurance on the books than 1,000 out of the 1,500 or so life assurance companies in the United States of America, with personal production in excess of $500,000,000.

Two of his constant themes are “think bigger” and “you’ve got to have goals big enough to get excited about”. Asked what his own current goal is, he replied: “Ten million a month—that’s big enough for me to get excited about now.”

raise your sights

“If you build yourself up via your own life insurance programme, it won’t cost you anything, because it will raise your sights.” “What do you pay out in premiums yourself?” “Oh, my personal insurance programme? My premiums are $150,000 a year.”

The First CII/LIA International Life Insurance Sales Conference went to prove the truth of an old Italian saying, “L’appetito viene mangiando”—“The appetite comes with eating”; or, as a great psychologist discovered, “Feeling tends to follow action”. In other words, those who attend these wonderful instructive, inspirational and motivational Conferences and Congresses mostly find themselves addicted... hooked.

It is one of the hall-marks of the successful practitioner in any field that he (or she) continues to actively read and study in his chosen field and attend seminars, lectures and courses. If you missed this last Conference, don’t make the same mistake in November. Be sure to book in time for the 6th Life Insurance Sales Congress in the Royal Albert Hall in November. It is just too costly to miss.

The programme and the speakers are exciting by any standards and about the only things likely to bear any resemblance to the July Conference are a welcome re-showing of the Feldman film and equally welcome reappearance of star speaker, Lyle Blessman.
Nothing succeeds like...

...success!
You're reading this advertisement because you're attracted by success. We're writing it for the same reason. Maybe we should get together?

Most people in the know would agree that Hambro Life is the most dynamic assurance company in the business. We've got the right products, the best administrative back-up and, above all else, the most motivated field force in Britain.

That's why, in just over five years, our assets have climbed to over £350 million.

Now, as you probably know, we have gone 'public'. That means we are starting a new and exciting stage in our development. And, to help us continue to set the pace, we need more Sales Associates.

At Hambro Life, a Sales Associate is a VIP. That's why we spend a great deal of time ensuring that we engage the right kind of people. People who can and will earn more with us than with anybody else.

As an experienced sales person, you may already know quite a bit about us. We'd like to tell you more. To get things moving, write or phone our nearest Area Director today. You're welcome!

Peter Weir-Rhodes, 8 Forres Street, Edinburgh.
Tel: (031) 225-4615
David Boulton, Dean House, 94 Whiteladies Rd., Clifton, Bristol.
Tel: 0272-37026
Donald Pell, 25 Green Street, London, W.1. Tel: (01) 499-0631

Derek Jones, Cotton Exchange Buildings, Old Hall Street, Liverpool.
Tel: (051) 227-1704
Tel: (042) 873-6116

Hambro Life Assurance
The problem of obesity has almost certainly increased in recent years because of "improvements" in living standards. Few among us do not enjoy a diet of plentiful and "good" food, and this must be coupled with the increasing laziness of modern man. People nowadays tend to drive or ride rather than walk. If he is prepared to purchase a remote control unit, our hard-pressed man of today does not even have to leave the comfort of his chair to change channels on his television set!

The commercial world has not been slow to realize the opportunities offered by the current trend towards obesity, but it has tended to emphasize the cosmetic and physical disadvantages of being overweight rather than the health hazards. We are inundated by advertisements extolling the virtues of "low calorie crisp bread", "vibrating belts" and various dieting techniques.

**CHOLESTEROL IN THE BLOOD-STREAM**

Fats of four basic types—cholesterol, triglycerides, phospholipids and free fatty acids—form a normal component of the human blood-stream. However, an excess of these blood fats has recently been associated with an increased susceptibility to diseases of the blood vessels, coronary attacks and strokes. The link between the level of cholesterol in the blood and these conditions has received particularly extensive coverage in the news media.

People who are overweight have a tendency to an above-average blood cholesterol level. If the existence of

**INTRODUCTION**

Traditionally, the fat man is a jolly character who has the ability to laugh at himself. However, the present thinking of the medical profession is that he has considerably less reason for jesting than his more slender friends.

Statistics are available which show that the more obese members of the population tend to live a shorter lifespan than those whose weight is closer to the average. In a previous article, I have mentioned the link between excess weight and maturity-onset diabetes. The overweight are also liable to suffer from hypertension or high blood pressure, often dying eventually from a coronary attack or a stroke.

**by**

**KEITH SANKEY**

FCII, FLIA

Assistant General Manager,

Hodge Life Assurance Ltd.
a raised blood cholesterol is clinically proven, treatment may be instituted in the form of a weight-reducing diet, possibly supplemented by drug treatment—perhaps the most popular drug used for this purpose is clofibrate. An excess blood cholesterol may be due to hereditary factors rather than obesity. Although this type of condition is far more resistant to treatment, it does not really concern us in this article where we are dealing specifically with the problem of excess weight.

Those who have a raised blood cholesterol that is untreated are particularly liable to suffer from a condition, known as atheroma, in which the arterial blood vessels of the body become "furred up" through the deposit of blood fats on their inner walls. These arteries also tend to lose their elasticity, and there is the ultimate danger of the complete blockage of an artery. If it is an artery that supplies a vital organ, such as the heart muscle or the cerebral hemispheres of the brain, the consequence all too frequently is death from a coronary thrombosis or stroke. I intend to discuss coronary heart disease and strokes in more detail in later articles.

THE UNDERWRITING REQUIREMENTS

In my own Company, our underwriters look very carefully at the height-and-weight section of each proposal submitted under the "non-medical" scheme. The height-and-weight answers are checked against specially produced tables which set out the average weight for a given height with percentage variations. As standard practice, we call for a medical examination wherever the life proposed's weight is more than a certain percentage above the average weight for his height. We are well aware that our clients are inclined to understate their weight—sometimes by as much as three or four stones—when completing a life assurance proposal form. The medical examination is carried out by an independent doctor who is asked to take three blood pressure readings over a half-hour period, because of the possible association between the excess weight and hypertension or high blood pressure. Naturally, we ask our doctor to take particular care in recording the height and weight of the client.

BEFORE AND AFTER EXERCISE

In certain circumstances, depending upon the sum assured, the age of the life proposed and the information contained in the medical examination report, we ask for a Private Medical Attendant's Report (P.M.A. Report).

For "jumbo" proposals, we ask the consultant who carries out the medical examination to let us have the E.C.G. tracings taken before and after exercise, and also a chest X-ray plate.

Unfortunately, blood cholesterol levels are not assessed in this country as a matter of routine, except perhaps at the special medical examinations arranged jointly by B.U.P.A. and the Institute of Directors at the B.U.P.A. Medical Centre in London. However, the Lipid Research Laboratory at St Bartholomew's Hospital in London has recently announced that it is prepared to assess blood fat levels for life assurance companies using the most modern methods available.

WHAT LIFE ASSURANCE TERMS CAN WE OFFER OUR OVERWEIGHT CLIENTS?

Tables are available that show the effect of above-average weight upon mortality, but the underwriting of proposals for life assurance on overweight clients involves far more than the mere checking of a client's height and weight, recorded at the medical examination, against these tables. We have to take other factors into consideration, especially the build of our client. Our proposer may be a weight-lifter, in his spare time with much of his excess weight being composed of the increased musculature in his chest and limbs; or, on the other hand, he may merely be over-partial to food and drink and the proud possessor of a "beer paunch".

Excess weight is generally regarded as an increasing risk. Its impact upon mortality is far more pronounced in late middle age and onwards than in the younger decades of life. For this reason, companies are frequently prepared to quote reduced extra premiums—or even ordinary rates—for policies maturing or expiring before, say, age 55 or 60, while for longer-term cover they would be far more severe.

WITHOUT EXTRA PREMIUM

You may be surprised at the degree of overweight that can be accepted, even for whole life assurance, without extra premium. Only today, as I have been writing this article, I have been shown the file of a client of 5' 7" weighing 16 stone 12 lbs. who was accepted at ordinary rates for a whole life assurance policy. If there had been complicating factors such as diabetes or high blood pressure, the underwriting decision would, of course, have been rather different.

LIA/MDRT Luncheon

In conjunction with the 6th Annual Life Insurance Congress to be held in November we shall be repeating the tremendously successful LIA/MDRT Luncheon which will be served at the Piccadilly Hotel on Friday 26th November.

Many members were disappointed in 1975 because they did not attend the luncheon and we anticipate a tremendous response.

Tickets will, therefore, be limited and are on sale now at £7-50 each. Please complete and return the booking form which you will find inserted in PROSPECT, together with your cheque, at the earliest possible opportunity.

Prior booking is vital. We shall NOT be selling tickets at the door on the day.

Note also that only members of the Million Dollar Round Table or Fellows of the Life Insurance Association are entitled to attend this lunch.
Could it be that you are not allowed to be as successful as you would like in your chosen field?

If this is so then come on over to the Transinternational side.

The reason is, we've got the most flexible range of insurance products and more and more customers are opting for them because we are continually up-dating them to meet changing needs.

Our attitude to our own team members is just as advanced. We expect and encourage everyone to be motivated to enjoy as much annualised commission as they can generate—and we expect them to revel in being truly professional.

Nobody is held back. We encourage people to progress to a stage of greater financial independence and personal satisfaction than is possible within any traditional organisation.

If first impressions of us interest you, write or telephone in confidence to one of the Regional Development Managers listed below:

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North London Development Centre,
Broadway Chambers,
1 Cranbrook Road,
Ilford, Essex.
Tel. No. 01-553 1822/3/4

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Ivan Coward,
Northern Development Centre,
6th Floor, Warwickgate House,
Warwick Road,
Stretford, Manchester, M16 0QQ
Tel. No. 061-872 3283

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David Hall,
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Rawplug House,
147 London Road,
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Tel. No. 01-549 5977/8/9

**Avon/Glos/W. Country/S. Wales**
Terry Elwick,
South West Development Centre,
41 Corn Street,
Bristol, BS1 1HT
Tel. No. 0272-290 121/2/3

For other areas, please write in to Mr. V. P. MacCormac, Director of Sales and Marketing to the address below:

Transinternational Life Insurance Company Ltd.
Head Office & Regd. Office—
2 Browne's Buildings, London EC1A 1NU
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Introduction

"Caveat emptor"—let the buyer beware—is an old aphorism that epitomised the attitude of a non-regulated entrepreneurial society of a past age. That attitude continued to dominate the application of legal principles in most commercial transactions (unless legislation was explicit) until recently. The running tide of "consumerism"—the doctrine of protecting the consumer from commercial predators and from himself—has, however, finally wrought a significant change.

The Act of 1974 is the most far-reaching reform of consumer credit law ever attempted in the United Kingdom. Its comprehensive sections, regulations and schedules will have an impact on every creditor, and go far towards achieving the key objectives identified in the Crowther report on Consumer Credit: (a) the achievement of bargaining equality between buyer and seller; (b) the regulation of trading malpractices; and (c) the control of remedies in the event of default.

It must be remembered, though, that it is not only creditors who are affected by the Act, but also intermediaries concerned with the various forms of credit, and life insurance salesmen, be they independent brokers or company men, will unquestionably be involved to a lesser or greater extent in the various regulations and schedules covered by this Act.
As the Act treats all lenders alike—whether they be banks, hire-purchase, credit-card companies, and the like. Gone—are specific statutes covering pawnbrokers, moneylenders, hire-purchase firms. Hires are treated now in the same manner as if they were credit transactions, and sole traders and partnerships can now be protected as individuals. The Act notes that the credit industry is made up not
of creditors and debtors, but a
spectrum of related or ancillary
activities—debt collectors and/or
"brokers" of one sort or
another, credit reference agencies and
so on. All these are brought under the
umbrella of this comprehensive Act.

But let me stress once again that life
insurance brokers and salesmen must
heed themselves as being included in the
wide definitions. The term "credit"
in the Act covers all credit, whether for
fixed sums or a running account.

The protection comes primarily
through what is termed a "regulated
consumer credit agreement", and an
agreement covering credit must meet
certain conditions to be defined a
"regulated consumer credit
agreement". It must be available or
offered to an individual (including
sole traders and partnerships, but not
trademarks and businesses), and the credit must
not exceed £5,000. (The rationale for
this provision is that the Act is
designed essentially for the "man in
the street", not for those whose scale
of operation, of borrowing, would
replicate some sophistication in credit
transactions.) Furthermore, it must
not be an exempt agreement. Exempt
agreements include house purchase
and allied lending by building societies,
local authorities, etc. House purchase
bundling by insurance companies or
friendly societies may be exempted by
an漠d

It should be noted that second
mortgages will not be exempt. Short-
term accounts, e.g. monthly grocery
bills, are not meant to be covered by
the Act, so are likely to be exempted,
as are credit deals where the interest
rate is relatively nominal. Consumer
hire agreements, provided they are of
at least three months' duration, are
generally governed by the same
principles covering other transactions
falling within the purview of the new
Act.

Linked Transactions

These are defined broadly as a trans-
action entered into in compliance with
a term of the principal agreement
(which must, of course, be a regulated
agreement as defined by the Act), or
where the principal agreement is
financing a transaction involving a
creditor, a debtor or supplier, or where
the debtor enters into an agreement with
a third party who is aware of and
centrally concerned with the
principal agreement as creditor or
negotiator. An example quoted by the
Act is particularly pertinent to
mortgage and insurance brokers. The
case is stated as follows:

X (an individual) borrows £500 from
Y Finance which is an associate of
Y Insurance (Sec. 184(3)). A
condition of the loan is that X

(i) executes a second mortgage in
favour of Y Finance;

(ii) takes out a life policy on his
life with Y Insurance.

The policy is charged to Y Finance
as collateral security for the loan.

The Act points out that the second
mortgage, being provision for security,
does not fall within Sec. 19(1), which
defines linked transactions. The taking
out of the policy of insurance is a
linked transaction, and is regulated by
the Act. (Incidentally, the charging of
the policy as collateral security is not.)

Advertising

For sales intermediaries, this par-
ticular section is extremely pertinent as
many of the activities in which they
are engaged will be covered by Part IV
of the Act. It must be remembered
that the Act endeavours to be all-
embracing and is particularly con-
cerned with ensuring that potential
borrowers or hires are not induced into
obtaining credit as a result of mis-
representation in any shape or form
and, in this context, "advertising"
should be interpreted as broadly as
possible.

As the legislature sees it, the object of Part IV of the Act is to enable
debtors and hires to obtain full details of
agreements that they are contempl-
ating entering into and to protect the
debtor or hire from undesirable
ways of seeking business.

Advertising is the main plank used
by creditors or owners to seek business
and the Act provides for close regula-
tion of all forms of advertising, which
includes notices, signs, labels, show-
cards, circulars, catalogues, pictures,
models, films and so forth. It should
be noted here that to avoid an anomaly
relating to the average person's largest
single credit transaction (house pur-
chase), the advertising provisions are
extended so as to include all agree-
ments above £5,000 to individuals that
are secured on land. The advertising
of building societies and other house
purchase financiers is covered by the
advertising regulations, and these rules
apply irrespective of who is advertising
the credit, e.g. a broker, as well as a
lender.

The object of the regulations is to
ensure that all advertisements convey a
"fair and reasonably comprehensive
indication of the nature of the credit
or hire facilities offered by the
advertiser and of their true cost to
persons using them". The latter phrase
should be noted because it is essential
that the whole of the borrowing cost
to the debtor be included. In principle,
this would refer to the cost charged
under the credit agreement itself, e.g.
interest, and also the cost of any
ancillary contracts. In order to enable
the true cost of any transaction to be
ascertained, a cash price must be
quoted so that there is a base from
which the amount of the credit pro-
vided can be ascertained.

Canvassing

Life insurance salesmen should con-
sider the implications of this Section
with particular care and, although in
some respects the Act here is inter-
perted narrowly, it is my view that in
this area the provisions of the Act
should be strictly adhered to, as trans-
gressions in this sphere are more likely
to gain the attention and earn the
wrath of the Office of Fair Trading
than almost any other. Sec. 48 of the
Act states:

"An individual . . . canvasses a
regulated agreement off trade pre-
mises if he solicits the entry . . . of
another individual (the "consumer")
into the agreement by making oral
representations . . . during a visit
by the canvasser to any place . . .
where the consumer . . . is . . ."

However, these provisions apply only
to "regulated agreements". It is made
an offence to canvass debtor/creditor agreements off trade premises unless
a request was made by the consumer
in writing. "Canvassing off trade
premises" obviously excludes can-
vassing in places where business is
conducted by the creditor or owner. Incident-
ally, there are other provisions pro-
scribing the sending to minors of
documents soliciting the use of credit,
or to send to anybody a credit token
unless it has been specifically requested
by him.

17
Life Insurance

The Life Insurance Industry is still having discussions with various government departments as to specific aspects of life insurance, e.g., the applicability of the regulations to policy loans, non-forfeiture clauses and instalment premiums under the Act. It appears certain that at least some policy loans and instalment premiums will be regulated by the Act as consumer credit business. To some extent, the exact position of life insurance companies, is unclear although, more clearly, some of the activities of life insurance salesmen and, in particular, mortgage brokers as identified above are covered. It is worth while, however, to highlight what in my opinion are some of the more sensitive areas for life insurance salesmen:

(i) Where a repayment mortgage is to be converted to an endowment assurance-type scheme, this would be construed as debt-counselling if the mortgage is “re-financed” or re-negotiated. If the amount on the existing mortgage is repaid in full prior to entering into the endowment assurance-type mortgage, this would not be caught under the Act.

(ii) Where a policyholder seeks advice from an employee of a life office and is advised to take a policy loan, that advice would probably constitute debt counselling and an appropriate licence would be required. Obviously, “employee” will include salesmen in many cases.

(iii) It appears that an insurance policy conferring upon the policyholder a contractual right to a policy loan, or which contains an automatic non-forfeiture clause, or where the premiums are paid by instalment premium, will be construed as a regulated agreement and must comply with the requirements of the Act. If a policy loan is granted, however, other than as a contractual right, the policy loan would constitute a regulated agreement in terms of the Act, but the policy itself would not.

(iv) Staff loans would normally be exempt, assuming the rate of interest is below that specified in the Act (expected to be about 10%). However, if an employer introduces an employee to a lender under a staff purchase scheme, the employer will be deemed a credit broker requiring a licence.

These cover only some of the more relevant examples of the sort of activity that would provoke the necessity of having a licence to avoid a transgression of the Act. It must be recognised, however, that there are many situations where a borderline interpretation may eventuate and it is my opinion that the Office of Fair Trading will take a view more sympathetic to the consumer than to the intermediary. In all cases of doubt, therefore, either seek reassurance by inquiring from your own company and/or legal adviser or from the Office of Fair Trading direct.

Licensing

This is the most important part of the whole Act as far as life insurance salesmen are concerned. It is an offence to carry on any of the various categories of business covered by the Act without a licence as and from the Appointed Day. Although licences may be held by an employer covering employees or quasi-employees, it is very much the duty and responsibility of each life insurance intermediary to satisfy himself both as to the extent to which the nature of his activities requires a licence and also the extent to which he may or may not be covered by a licence held by his employer or quasi-employer. Remember also that licences are not transferable. Perhaps the best way to draw the reader’s attention to what is required would be to list the various categories of licences and the action that should be taken to obtain the relevant cover.

(i) Consumer Credit Business

If you lend money, offer credit or allow time for the payment of goods or services, you may be carrying on a consumer credit business. Any form of credit is included, including instalment sales, cash loans, overdrafts, mortgage agreements, credit cards, budget accounts, H.P. (but, of course, facilities extended to limited companies are not covered). Into this category fall retailers, banks, finance houses, pawnbrokers, moneylenders, mail order firms, credit card companies and firms offering loans to their employees.

(ii) Consumer Hire Business

If you hire out or lease goods under transactions that may last
for more than three months, you may be carrying on a consumer hire business. Examples include businesses leasing goods such as TV, cars, office or factory equipment or vending machines.

(iii) Credit Brokerage
If you arrange credit with other people for customers or clients, you are a credit broker. Typically, this would include an estate agent negotiating a mortgage on behalf of a client with a building society, or retailers arranging H.P. facilities for their customers. You will be regarded as a credit broker if you make introductions to virtually any source of credit or hire. It should be noted that the normal restriction of the Act to credit sums not exceeding £5,000 does not apply to mortgages for house purchase, where the Act applies irrespective of the sum involved. Typical examples are mortgage and insurance brokers as well as accountants, estate agents and motor dealers. As mentioned earlier, the Act helps its readers by giving numerous examples of various transactions caught by the statute but space precludes citing these here.

(iv) Debt Adjusting and Debt Cancellation
If you help people with their debt problems, whether by negotiating on their behalf or assuming responsibility for their debts, you will need a licence to cover this category. Typically, accountants, solicitors, mortgage and insurance brokers are consumer agencies put forward under this heading.

(v) Debt Collecting
You do not need a licence to collect your own debts. You will need a licence, however, if you collect the debts due to others if the debts arise from credit or hire agreements.

(vi) Credit Reference Agency
You will require a licence if you collect information about the credit-worthiness of people in order to make it available to others. Obviously, keeping records of your own dealings with customers would not be included. One should note, however, that if one member of a group of companies supplied credit information to other members in that group, a licence would be required.

It should be remembered that, as stated above, transactions involving limited liability companies as purchaser or borrower are not covered by the Act, and where the credit involved exceeds £5,000 the Act will not apply (with the exception of the references made to house purchase). The Office of Fair Trading has set out a timetable showing dates on which licences should be applied for and from which dates licences will be required. I set out the table below:

Effectively, group licences are unlikely to be favourably considered by the OFT, as the OFT have so far only considered group licence applications from the law societies and the Citizens Advice Bureaux. It is expected that life insurance companies will be required to apply for a standard licence to cover one or more of the six categories listed above. The licence will cover the employees and quasi-employees of an office, but will not cover subsidiary companies, each of which must be separately licensed. The OFT has agreed to accept one application by the head office to cover all its branches.

Own Interests
Whether or not direct salesmen employed by a company fall within the category of employees or quasi-employees will depend upon the individual circumstances covering the relationship of the salesman to his head office. Broking houses employing salesmen would find themselves in an analogous position. It should be stressed, however, that the parent company may well be applying for licences specific to its type of business whereas the individual salesman may in the course of his duties be fulfilling functions covered by licences under a different heading. In such a circumstance, it may well be in his own interests to take out a licence to protect himself from a possible transgression of the Consumer Credit Act.

Licences will normally be granted for three years and the fee will be £45 when the application relates to one category of business only. There will be an additional fee of £10 for each additional category listed. It should be noted that where the application also asks for the right to canvass agreements off trade premises, there is a further fee payable of £10. This right must be asked for specifically and I would assume that in most cases salesmen should make application for this additional authorisation.

As a general principle, I would urge all those seeking a licence to ascertain exactly what licence or licences they require by contacting the Consumer Credit Licensing Branch, Office of Fair Trading, Government Buildings, Bromyard Avenue, Acton, LONDON W3 7BB, for clarification. The onus has been put fairly and squarely upon the "broker" and that is an onus we should all conscientiously discharge in the interests both of ourselves as individuals and of the industry as a whole.

<table>
<thead>
<tr>
<th>Category of business</th>
<th>Earliest date for sending applications</th>
<th>Latest date by which applications should be sent</th>
<th>Date from which a licence will be required (the appointed day)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit reference agency</td>
<td>2 February 1976</td>
<td>30 June 1976</td>
<td>3 August 1976</td>
</tr>
<tr>
<td>debt collecting</td>
<td></td>
<td>(now extended to August 3)</td>
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<td>debt adjusting</td>
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<td>debt counselling</td>
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<td></td>
<td></td>
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<tr>
<td>Consumer credit business</td>
<td>3 August 1976</td>
<td>31 January 1977</td>
<td>1 April 1977</td>
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<tr>
<td>Consumer hire business</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit brokerage</td>
<td>1 April 1977</td>
<td>30 September 1977</td>
<td>1 December 1977</td>
</tr>
</tbody>
</table>

* The first appointed day (3 August 1976) has been laid down in an Order made by the Secretary of State for Prices and Consumer Protection. The other two will be laid down later.
"Education, main thrust of LIA activity, is a two-edged sword: education of the public and education of ourselves. Yet another LIA service to its members is in store for us when...

SEPTEMBER
SEES
LAUNCH
OF
INSURANCE
TRAINING SERVICES”

says CHRIS CHRISTIAN, ACII, MInstM, MBIM

Author of “Selling Life Assurance”, Editor of “Sell-Tech”,
Founder of IETC and an actively selling life broker

Anyone who’s not had his head in the sand for the past few years must have realised that the main thrust of LIA activity has been in education. In recent months, the spotlight has been on educating people outside the profession—the public on the prevalence of under-insurance, school-children on the mysteries of money and so on.

But education is a two-edged sword and the LIA has long recognised that if we are to increase our impact as a representative body, the profession must be constantly striving to improve its own sales and marketing standards—hence the introduction of the CII/LIA examinations syllabus last year. In September another significant step forward in this area is to be taken with the launch of a new company, Insurance Training Services Limited.

ITS, retained and supported by the LIA, starts operations by holding two residential courses entitled “Tax Planning and the Life Assurance Salesman” at Gatwick on 17-19th September and at Worcester on the 22nd-24th October. Starting as they mean to carry on, with an emphasis on personalised in-depth tuition, ITS say that the number of members on each course will be limited to thirty. Under the supervision of (Managing Director) “Chris” Christian, the Company aims to make available the experience of tutors whose complementary skills are designed to increase the effectiveness, and consequently the profitability, of in-the-field sales personnel.

Says Christian, “Without blowing our own trumpet too much, I think our great strength is experience. Nearly everyone involved in our residential and correspondence courses has a proven track record in the actual day-to-day selling of insurance—and those who haven’t are acknowledged experts in related fields such as accountancy, the law, etc.

“All are experienced in training. We feel this knowledge of the industry will be of value not only to the delegates to our courses but to their companies as well. For example, our residential courses are timed and situated to involve the fewest possible inroads into selling time.”

Chris is probably best known to most of you as the author of “Selling
higher rewards

Clearly, ITS are attempting to get to the very root of the essential problem of our business—how to sell more insurance. The Company’s logic sounds simple: better selling techniques lead to a greater public demand for insurance, which in turn leads to higher rewards for the salesman and increased profitability for the insurer. But at a time when the average man still has only £1,000 of life assurance, and insurance generally is grossly undersold, this approach is refreshing.

Certainly, too, ITS have an impressive list of names, but what about the crunch question: how much will their services cost? That’s where the LIA comes in. Through the Association’s support, it will be possible to keep the cost of both residential and diploma courses at a level well below those normally offered.

increasing sales

Let’s leave Chris Christian with the last word: “As recently as last April’s General Meeting, Ken Clark pledged to provide more membership benefits and to strengthen the LIA’s position as a representative institution. By supporting ITS, we feel the LIA has taken a positive step on both fronts. On our part we know we can demonstrate through the most effective means possible—by actually increasing individual sales—that we are capable of helping the Association to achieve its stated objective of affording all salesmen and saleswomen the opportunity of equipping themselves in all aspects of professional selling.”

TAX RELIEF FOR LIA MEMBERS

The LIA’s auditors have now received formal notification from the Inland Revenue that the Association has now been “approved” and that therefore members’ annual subscriptions are regarded as qualifying for tax relief with effect from the tax year commencing 6th April 1975.

To qualify, your subscription must be paid out of the income you receive from the work or business that qualifies you for LIA membership or, put the other way round, the activities of the Association must be relevant to the occupation that produces the income that is reduced by the whole of your LIA annual subscription for tax purposes.

You should now apply to your Tax Office without delay, giving details of your subscription and claiming the tax relief due in respect thereof.

Additional Lecturer on ITS Courses
will be Derrick T. Rodgers, FCA, ATII. A practising partner in a West End specialist practice, he will be lecturing on the courses, “Taxation and the Life Assurance Salesman”.

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... of the LIA?

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