

LIS Group

Lenders Insurance Solutions Group LLC

Ethics First

It seems, during this past year, the Financial Services industry has been under the microscope for inappropriate solicitation and sales of financial products and services. We know how valuable Payment Protection can be for our customer; however, it's also a question of ethics; how are we advertising, soliciting and offering protection products? Years ago selling was characterized by the Latin term *caveat emptor* which means "let the buyer beware". Fortunately, the perception of selling has changed and since the 1960's *caveat emptor* has given way to *caveat vendor*, "let the seller beware". What this means is the sales professional has taken on more of a "consultative" approach to offering products/services based on the **needs** of the customer and less of an approach to "just sell something and get the commission". There are multiple factors around what is considered "ethical sales practices"; however, let's try to simplify. From an ethical perspective; ask yourself this question, "*what is the ultimate good of this product/service for my customer and will it improve their financial well-being?*"

As professional financial advisors, as with any profession, we need to provide the following: possession of specialized knowledge, maintain a "service before income" attitude, and adhering to a code of professional ethics. In short, professional ethics is built around integrity that includes honesty, fairness and competence.

Honesty

A professional, ethical sales presentation should include the following: A balanced presentation of both the benefits provided and the cost of those benefits as well as identifying the advantages AND disadvantages, if any. Terminology used to describe the product should also be considered; do the words imply what the product will do; i.e. Payment Protection, it *protects your payment*. Avoid phrases such as, "*it will pay off your balance*" and/or "*it will make your monthly payment*". What if the payment and/or balance exceeds the maximum limits? The implication in the presentation could be misleading if their balance and payment is higher than the maximum benefit.

Fairness

Simply put, is your sales presentation just and impartial? As a sales professional, you must align your vision with that of the customer in order to best service them. Providing all of the facts that impact the sale, thus allowing the customer to make an informed decision.

Competence

The sales professional must possess the skills required to competently effect the sale. This requires the sales professional to not only possess a minimum skill level, but maintain an appropriate level of knowledge with continued training and skill development. As mentioned earlier, the sales arena has changed significantly over the decades from *caveat emptor* to *caveat vendor*, meaning it is up to you to ensure your presentation provides the most up to date information for your customer. Even the most seasoned sales professional has the ethical responsibility to keep up to date on Payment Protection product benefits, premiums and policy language.