

Carrier Appointments & Candor (or lack of)

Published via LinkedIn on December 14, 2016



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Regulatory scrutiny and compliance are playing an ever increasing role in the financial services industry and the impact is felt on every level, including producer licensing and appointments. Carriers are doing more than ever to verify the data provided on appointment paperwork, running background checks and trying to learn more before appointing advisors.

While most carriers are open to explanation, the usual first response to unfavorable data is to decline the appointment. In addition, if the advisor fails to disclose something significant, the obvious reaction from the carrier's compliance unit is to wonder what else was not disclosed. Not disclosing important data that is later discovered by the carrier takes advisors down the bumpiest road possible. Worse yet, an incorrect answer to a "Yes / No" question on the contracting form (which is accompanied by a signed attestation that the information is accurate) is typically perceived by the carrier to be a lie and starts the process on very poor footing.

The key for making the process as simple as possible is to provide the needed data up front, with a well prepared and appropriate explanation. Frequently, tax liens, bankruptcies, other financial hiccups, "dirty" U-5s, terminations for cause by other carriers and a host of other blemishes create problems for advisors hoping to be appointed. Because many think their appointment will "slip through the cracks", they opt to not share data and they are disappointed with the outcome.

A Helpful Tip

Before completing the appointment paperwork, with help from BUI, arrange a call with a carrier appointment specialist who can provide insights as to what will be needed to clear the way for appointment with that carrier.