UNDERSTANDING THE AIMS OF THE SENIOR MANAGERS AND CERTIFICATION REGIME (SM&CR)

Dan Owen, our Regulatory Development & Policy Consultant, explains how more than 47,000 firms solely regulated by the FCA must also comply with the SM&CR by 9 December 2019. It applies to all firms directly authorised by the Financial Conduct Authority (FCA) across pensions, investments, mortgages and protection.

BUY TO LET:

IT'S TIME FOR CHANGE

Masthaven discusses how lenders should find ways to improve access and smooth the landlord’s transition into the market.

HOW RATE SWITCH WORKS FOR YOU AND YOUR CLIENTS

TSB explains how borrowers need to understand all of their switching options, including product transfers, to make an informed decision.

HOW INCOME PROTECTION HELPS EASE THE STRAIN OF MENTAL HEALTH

British Friendly highlights how income protection can be a key part of your protection strategy.

MEET THE MORTGAGE DESK

This issue we speak to Sam Clayton, Mortgage Desk Consultant
MEET THE MORTGAGE DESK

Sam Clayton, Mortgage Desk Consultant

What do you enjoy most about working at SBG?
I love my work family. We get on great together which makes coming into work every day a joy.

How long have you been with SBG?
I started working for SBG in January 2019, as part of the Mortgage Helpdesk. Even though it’s been a short period of time, I have fitted in really well and feel part of the SBG team.

What makes SBG a good place to work?
The culture - I recently volunteered at our local charity Stockdale’s, doing gardening to brighten up the outdoor space with summer flowers and plants. I was working with other colleagues from SBG, and it was a great sense of achievement by the end of it.

How to you put our members at the forefront of what you do on a daily basis?
I came from a retail background and have 14 years management experience, where I gained invaluable skills in leadership and delivering customer service through face to face interactions. I have brought these qualities to SBG and I want to continue delivering service excellence to our members.

If you had one extra hour of free time a day, how would you use it?
I have the luxury of many local parks nearby, so I would make use of them with long walks, and then indulge in an ice-cream at the end of it.

If you could eliminate one thing from your daily routine, what would it be and why?
Cooking - not my favourite chore to do, I would rather have people cook for me!

If you were the eighth dwarf, what would your name be?
As I am smaller than 5 foot, it have to be shorty!

If you could have your own talk show, who would your first three guests be?
Ellen Degeneres (to get some host tips), the cast of Friends (to be the first to reunite them), and finally, Tom Hanks.

My team is responsible for managing our databases of mortgage criteria, from our panel of over 100 lenders. We aim to ensure the information we hold is the most detailed and up-to-date in the industry. Crucially, we then use this information to help our PMS members to find lenders who will look most favourably upon their customer’s mortgage application. We look to build strong and lasting relationships with all our lenders.

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UNDERSTANDING THE AIMS OF THE SENIOR MANAGERS AND CERTIFICATION REGIME (SM&CR)

The banking industry adopted the Senior Managers & Certification Regime (SM&CR) in 2016, followed by insurers in December 2018. Now, it’s advisers’ turn. By 9 December 2019, more than 47,000 firms solely regulated by the FCA must also comply with the SM&CR. It applies to all firms.

Two words that appear throughout the FCA publications on the subject are “individual accountability” and these go some way to describing the major driving force behind the new regime. Following the financial crisis in the late noughties, the UK Government questioned the effectiveness of the approved person regime regulations in preventing the occurrence of misconduct.

A 2013 report issued by the Parliamentary Commission on Banking Standards, was heavily critical of what it believed was a lack of accountability among senior executives within banks.

The report pulled no punches in describing an “accountability firewall”, whereby executives expressed shock at the conduct issues that emerged during the financial crisis based on the fact they did not know what was going on in their own business. It states: “Many banks had a structure of cross-cutting functions and committees, which meant that key decisions and risks were not owned by single executives but were shared, undermining a sense of individual responsibility.”

Whilst there are some obvious differences between large banks and intermediary firms - in terms of structure and size - there is commonality in the objective of “making senior people in firms more responsible and accountable for their actions”. The FCA’s final notices relating to firms of all sizes over recent years is evidence enough of their concerns regarding individual accountabilities.

Apart from the actions of senior managers, the FCA recognises that other individuals within firms have a significant role to play in the compliant functioning of the firm. Therefore, the new regime introduces conduct rules for all employees conducting financial services activities within firms.

The conduct rules for all staff are not prescriptive in nature, they are five high-level ethical and behavioural standards that all employees within firms are expected to observe when performing their duties within the firm. These are as follows:

1. You must act with integrity
2. You must act with due care, skill and diligence
3. You must be open and cooperative with the FCA, the Prudential Authority Regulation Authority (PRA) and other regulators
4. You must pay due regard to the interests of customers and treat them fairly
5. You must observe proper standards of market conduct

To support these aims, the new rules place more emphasis on firms’ recruitment processes, ensuring that any individuals that they take on are fit and proper. Whilst to some extent firms will be expected to design their own processes and procedures to meet with this standard, the new regime introduces some prescriptive rules to support these objectives including the requirement that criminal records checks must be undertaken before any senior manager appointment and that reference requests must be requested for senior manager and other key “certification” roles.

Beyond the high level objectives of the new regime, the FCA recognise the need for proportionality in the practical application of the new regime. It is recognised that a large investment firm with a defined governance structure and internal committees will not need the same processes and procedures to meet with the objectives of the new regime as a sole trader with no employees. In recognition of this fact, the requirements of the regime will be applied to firms on a tiered basis. The tiers are as follows:

- **Limited scope firms** – including sole traders with no employees and authorised professional firms whose regulated activities are classed as non-mainstream
- **Core firms**
- **Enhanced firms** – including firms with current total intermediary regulated business revenue of £35 million or more per annum, calculated as a three year rolling average

The vast majority of intermediary firms will fall within the ‘core firms’ definition which basically cover firms that fall outside either the limited scope or enhanced definition.

Some of the requirements of the new regime that apply to enhanced firms, such as responsibility maps and handover procedures to be used in succession planning, are not rule requirements for core or limited scope firms; although these may be good systems and controls for firms other than enhanced to adopt.

Whilst the regime will have less prescriptive requirements for other firms, there will still be many new requirements to get to grips with. For example, all firms will be required to put in place statements of responsibilities for their senior managers, a single document setting out what they are responsible and accountable for. This will need to be provided to the FCA before the individual is approved and when there are major changes to their role.

**Are you ready for SM&CR?**

As a member of PMS Mortgage Club, you get access to award-winning compliance support services, brought to you in partnership with the regulatory experts at Bankhall.

To find out more about how we can support you in your preparations for SM&CR, get in-touch with the Business Solutions team, who will be happy to talk through your requirements and recommend a tailored solution that works for you and your firm.
HOW WILL THE SENIOR MANAGERS & CERTIFICATION REGIME (SM&CR) IMPACT YOUR RECRUITMENT AND PEOPLE MANAGEMENT?

For all FCA-regulated financial services firms, there will be a need to demonstrate their staff at SM&CR level are ‘fit and proper’ (FIT), along with additional requirements to internally assess and certify the fitness and propriety on an annual basis. The new expectations will focus on an individual’s honesty, integrity and reputation, competence and capability as well as financial soundness.

Competence and capability

Firms will be required to employ staff with the knowledge, skills and expertise necessary for the specific role they are intended to perform. They need to prove robust recruitment and assessment processes, along with demonstrable records and qualifications on file.

Senior managers’ responsibilities should be drafted to set-out accountability for the functions they personally direct, including what they are responsible for and how they fit in with the firm’s overall governance. A job description could be used to outline clarity of roles, including the main purpose of the role and key responsibilities, as well as listing key skills, qualifications and experience required.

Induction, training, development plans, appraisals and all the relevant records will be critical to ensure and demonstrate the competence of staff on joining the firm and ongoing.

Honesty, integrity and reputation

Criminal records checks (CRCs) are an important tool for firms when assessing fitness and propriety. The FCA will require a CRC to be carried out by the firm for every application for a Senior Management Function. CRCs aren’t required for the SM&CR, however, would be considered best practice. Where candidates have spent considerable time overseas in the last six years, firms should consider carrying out CRCs in those jurisdictions. Criminal offences should be considered on a case-by-case basis and in relation to the circumstances.

Firms will need to provide regulatory references for all senior managers and staff in the regime. Firms should request a reference from all previous employers in the past six years using a standard template.

It’s important to understand any gaps in employment and ask for additional evidence, such as travel documentation or proof of job seekers allowance to validate gaps. A reference will provide details of any employment issues, such as if a person has been previously disciplined, dismissed or had any customer complaints.

If a candidate provides false information on a form during the recruitment process, a firm should consider this when assessing honesty, integrity and reputation.

Firms will also need to ensure their employee data privacy notice holds guidance on how all personal data and sensitive personal data will be used, collected and stored within the firm. Retention periods will also need to be defined for data once a staff member has left the company.

Having disciplinary and grievance procedures in place, and ensuring that these are consistently applied, will evidence that any misconduct is dealt with and managed accordingly.

Financial soundness

Evidence should demonstrate any concerns as to whether the person has been a director, partner, or concerned in the management of a business that has gone into insolvency, liquidation or administration.

Firms will also need to determine if an individual has been the subject of any judgment debt or award, that remains outstanding or was not satisfied within a reasonable period or if they have been involved in proceedings relating to bankruptcy. It will be essential that they supply a statement of assets or liabilities.

Further guidance and support

The People Department are able to provide HR services to assist in a number of areas such as on-boarding checks, documentation and policies to provide support to firms, call 0161 884 1888 or email hello@thepeopledepartment.co.uk.

MORE STILL NEEDS TO BE DONE TO CELEBRATE THE BENEFITS OF SHARED OWNERSHIP

Believe it or not, over 75% of millennials do not understand the benefits of Shared Ownership. A term we’re used to hearing on a daily basis, it seems the government’s part-buy, part-rent scheme is still widely misunderstood, research by TotallyMoney has revealed.

 Shockingly, only 28% of young adults understand the concept of Shared Ownership, 38% of buyers said they would not consider purchasing through it, with 35% anxious about possible hidden fees – and we haven’t touched upon staircasing yet.

So, what’s the problem? It is easy to blame a lack of education for hindering the adoption of the scheme. However, this can no longer be used as an excuse. As an industry, we need to work together to devise ways in which Shared Ownership stays firmly at the top of the agenda.

At Newbury Building Society, we suggest a three-pronged approach:

1. Commit to collaboration across the entire housing industry to develop innovative ideas to help revolutionise the market: Working together is the only way we can start to future-proof affordable housing initiatives as well as encouraging buyers to take their first step up the housing ladder. It’s about proving that Shared Ownership is a viable option to become a homeowner.

2. Shout about the benefits of Shared Ownership even louder: Shared Ownership must be viewed as a genuine alternative to renting for those who cannot afford to buy outright. As an industry, we understand it is opening doors for more people than ever before, but are your clients aware of this? It helps first-time buyers; seasoned homeowners; the young; the old; singletons; couples and families take their first, crucial step onto the property ladder. We need to make sure we are shouting about the schemes successes at every opportunity we get.

3. Be an advocate: If you are naturally enthusiastic and passionate about Shared Ownership and how you help your customers; educating consumers is a natural next step. Passionate industry experts The Mortgage People (TMP) and Aster Housing are prime examples of this. Both organisations create content with the aim to help their customers as well as to increase the visibility of affordable housing in the UK. Both are also heavily involved in the weekly #SOchathour Twitter thread which brings the mortgage industry together to discuss ways to spread the word about the benefits of Shared Ownership and to keep the conversation going.

How we can help your clients

As one of the few lenders who provide products up to 95% LTV on Shared Ownership across England and Wales, we are proud to be a ‘lending veteran’ with over fifteen years of experience in this particular market. We:

• Lend throughout England and Wales
• Lend on flats and houses up to 95% of share, including new-builds
• Have fixed and variable rates available
• Have Shared Ownership and Help to Buy remortgaging products

If you have clients who are looking to obtain a mortgage, Newbury Building Society is here to help. Our Helpdesk is available, 9am-5pm, Monday to Friday, by called 01635 918000 to speak to one of our BDMs. You can also email brokerenquiries@newbury.co.uk.

Visit our website: www.newbury.co.uk/intermediaries

Kate Sparkes
Head of HR & Development

Matt Long
Senior Business Development Manager
HOW RATE SWITCH WORKS FOR YOU AND YOUR CLIENTS

Borrowers need to understand all of their switching options, including product transfers, to make an informed decision.

If a rate switch is the right option for your client, it can be a quicker and smoother process than a remortgage, allowing them to move to a competitive deal without the fees and form filling.

The appeal to the borrower is obvious, but what about the broker position?

Change for the better
Working with their broker partners, lenders have made this sector more intermediary-friendly, with retention proc fees now paid by many providers, including TSB.

We recognise that you still need to carry out an up-to-date factfind and search the market for your client, whether they end up applying to their existing lender or a new one.

It's right that you are paid for your time and expertise on product transfer business.

Who suits product transfers?
Product transfers are a straightforward way to get a new deal, so they suit the many clients who want to avoid SVR but would rather not spend time and money going through a full remortgage process.

They particularly suit borrowers who have undergone a change in circumstances since they took out their last deal - especially if those changes limit their remortgage options.

They may have experienced a reduction in income, for example, or perhaps their home's value has fallen and they're left with little equity.

Product transfers can also help those who last took out a mortgage before the Mortgage Market Review or MCD, and now find themselves on the wrong side of lending rules.

For whatever reason, if remortgage eligibility is restricted, a product transfer gives borrowers an alternative option, without having to jump through tighter affordability hoops or endure a potentially protracted process.

And with TSB, they can also avoid paying legal fees, or Early Repayment Charges if they are within the last three months of their mortgage deal.

The Rate Switch process
If your client wants to proceed with a Rate Switch, TSB makes the process quick and easy.

We've streamlined the online process and it's backed up by broker support from our mortgage experts.

Rate Switch is available on our two-, five- and 10-year fixed Residential mortgage products as well as two- and five-year Buy-to-Let deals.

Simply log on to our system and complete the product transfer application quickly online.

You can track the case in real time through TSB Mortgage Pro and will be paid a proc fee on completion.

If you need extra support your BDM and office-based BDMs are on hand to help you through the process and answer any questions.

Don't miss out
The only way your client can make an informed mortgage decision is if you give them all their options - including fee-free product transfers as well as remortgages.

Visit intermediary.tsb.co.uk or call us on 0345 307 3355, option 3, to speak to one of our experts.

CROSSING THE FAMILY DIVIDE...

It has recently been reported that the Baby Boomer Generation have nearly doubled their wealth over the past ten years, with now one in five baby boomers being millionaires. The majority of this wealth has been due to ongoing growth in property prices with their main financial asset being their family home. When this generation were first time buyers they themselves bought in the 1970s or early 80s, the average house price was £39,500 it is now £228,147.

Yet when we look at homeownership trends for the younger generations such as the Millennials or Generation Y, there is a stark difference. The prediction from the Resolution Foundation is that one in three of this generation will never own a home, with many forced to live and raise families in the private rental market.

At the Buckinghamshire Building Society we operate in the mutual sector which prides itself on its ethos of helping as many people as possible to own their own home. Recently our focus has been to assist with this inequality of property ownership wealth across the generations by offering intergenerational loans.

As a Society we have taken time to develop a selection of lending solutions that help the younger generations to get on the property ladder. Examples of these would be our family assist products.

For some time, Buckinghamshire Building Society has accepted a gifted deposit or gifted equity from parents and grandparents. We have seen that there can sometimes be reluctance among the older generation to contribute a deposit in circumstances where it is in effect being partially contributed to the child's partner in the event of a subsequent relationship breakdown. To alleviate this concern and to facilitate these inter-generational "assists", our solution is that parents or grandparents can contribute by way of a borrowing secured with a second charge on their property. This allows the donors to ensure their contribution is protected.

Tim Vigeon, Head of Lending, said “One of our recent cases was a daughter who could afford a mortgage for £200k, but she needed to use what would have been her deposit to cover her moving costs. In order to enable her to borrow 100% of the purchase price and use her savings for moving costs, her father was able grant a charge on his property”. “Lending up to 100% of the purchase price is possible with the parent/grandparent using their property to provide additional security equal to 20% of the value of the property being purchased. This helps the older generation who wish to keep their savings liquid or if there are penalties/taxes associated with raising the cash or if they expect to downsize in the not too distant future.”

Another way in which the Society can cross generations is using a Joint Borrower Sole Proprietor option. Family members can act together to buy a house for either older parents or the children, with up to 4 applicants on the mortgage and with those living in the property on the deeds.

As a Society we understand that a computer scoring system would probably have rejected these types of case at source. All of these complex cases work well when placed with a lender who individually underwrites and assesses each case based on a set of lending criteria and using underwriter discretion. At Buckinghamshire Building Society we work closely with brokers and mortgage networks across England and Wales to understand their complex cases and find innovative solutions to help people buy a home.

Finally, although home ownership is challenging for the young and in some instances older borrowers, at Bucks we are continually coming up with a range of solutions that can help families help each other to re-distribute inequities by giving them a helping hand on to the property ladder.

For further comment or information contact Tim Vigeon, Head of Lending on 01494 877250, or email: timvigeon@bucksbs.co.uk. Website: http://www.bucksbs.co.uk/


Andy Sykes
Head of National Accounts

Tim Vigeon
Head of Lending
JOINT BORROWER SOLE PROPRIETOR

There’s no place like home, so the old saying goes, and ultimately that’s what we all want. The problem for today’s younger generation is that getting that place of their own is now a real challenge. Even saving for the deposit on a property you can barely afford in the first place is a major obstacle. No wonder then that the average age of the first time buyer has spiralled upwards in recent years.

The answer to this taxing problem for many younger buyers often comes in the shape of supportive and financially stable parents. That’s why we first got involved in lending through joint Borrower Sole Proprietor arrangements back in 2016. They’ve since proved so popular that we launched four dedicated products for the JBSP market.

Head of sales and marketing Carolyn Thornley-Yates said: “We believe the launch of these products made us an even more attractive proposition to JBSP applicants. As well as parents helping sons and daughters, we also consider non-family members as joint borrowers. “Our manually underwritten processing and absence of any maximum age at term-end brings a JBSP mortgage within the reach of many families and friends.”

We appreciate that JBSP applications are rarely simple but they can benefit from the unique approach Hinckley & Rugby has to assessing robust but niche and extraordinary cases. If our Business Development team think the case has merits, they send it for further discussion at the Mortgage Referrals Committee, which comprises our senior decision makers.

Since the launch of our JBSP products we’ve had a steady flow of successful applications. The case below is a good example of how the approach outlined above can pay dividends for your clients:

The father and son applicants had requested a JBSP mortgage of £215,000. Dad wanted to help his son, a first-time buyer, onto the property ladder but, for affordability purposes, the son required a 25-year term which took his father up to the age of 92.

The result? Mortgage approved! We manually adapted our usual affordability process to confirm the son could afford the mortgage once his dad retired, by which time the loan would have reduced by £55,000. We approved at 90% LTV.

Aran Aulja, Business Development Manager, said: “This is another great example of our manual underwriting process and willingness to lend where we can. By manually assessing this case we discovered that the son would be in a position to afford the mortgage on his own and, on that basis, were happy to offer the 25-year term requested.”

Our approach proves that JBSP lending is only a problem if you make it one. By adopting a common sense approach and devoting a little more time to each case, it’s perfectly possible to achieve a successful result.

Contacting H&R for Intermediaries is easy. Phone our BDMs on 01455 894084 or visit hrbintroductory.co.uk for more information. You can also tweet the basic details of your client’s case to twitter.com/mortgagerequest including #RequestAMortgage.

Emily Smith
National Account Manager

BESPOKE SMALL AND LARGE HMO MORTGAGES

Here at Leeds Building Society we understand that a “one size fits all” approach isn’t always best. That’s why we launched our new and improved House in Multiple Occupation (HMO) mortgage range earlier this year.

What makes an HMO small or large?
• Small HMOs are classed as properties housing up to and including six occupants.
• Large HMOs are classed as properties housing more than six occupants.

Occupancy is determined by the maximum occupancy specified in the HMO licence, not the number of occupants currently residing in the property.

We’ve also improved our qualification criteria to open up HMO to even more of your clients:
• Higher LTV: we’ve increased the LTV for HMOs to 75%, meaning your clients have access to greater purchasing power.
• Increased maximum loan size: a maximum loan size of £750,000 reflects the fact these types of properties tend to be more expensive.
• Number of bedrooms: by increasing the upper limit of bedrooms to eight, we help HMO landlords access a greater range of properties with multiple occupancy potential.

In addition, to account for increased property maintenance, running and management costs, the minimum ICR on HMO properties is now 165%.

Your choice of HMO product drives our type of valuation
As we use specialist valuers and underwriters to provide a service that’s tailor-made for both Small and Large HMO properties we wanted to give you an overview of how our valuations work.

To underwrite your application we need to carry out the appropriate valuation. This is based on whether you select a “Small HMO” or a “Large HMO” product when you apply.

On inspection, our specialist valuer provides two estimated valuation figures; a market value and a rental value.

Rental value
This is the gross rental income based on 100% occupation of the total number of letting rooms, let on standard AST. This is the same for both Small and Large HMO properties.

Market value
The approach to calculating a HMO property’s market value differs for Small and Large HMO properties as follows:
• Small HMOs - the market value will normally be calculated on a comparable-basis, with the value based upon the average value of other comparable investment properties being sold in the locality.
• Large HMOs - the market value will be calculated on an investment basis, with the market value considering the sustainable rent at an appropriate yield, based on local evidence.

If you’re at all unsure, talk to your BDM before you make your selection.

Find out more on our bespoke Small and Large HMO mortgages at leedsbuildingsociety.co.uk/intermediaries/hmo

Matt Bartle
Director of Products

Emily Smith
National Account Manager

DISCOVER MORE

ISSUE TWO 2019

Buy to Let

Leeds Building Society

PMS 10
Buy to Let

EXPAT BUY TO LET - A GROWING SECTOR

Almost five million British citizens live or work outside the UK – some temporarily and some permanently - and many of them want to own property in their home country. It can seem difficult to get a mortgage in the UK if you are a British expatriate, but it’s certainly not impossible.

Many expats are looking to invest in buy to let property whilst living abroad, sometimes as a way to generate a passive income in retirement and sometimes to provide the security of a home for their return to the UK. Or individuals working abroad may buy UK properties for their families to live in, often where children are being schooled in the UK education system.

Expats can earn higher salaries and enjoy lower costs of living abroad than they would do in the UK, sometimes with all accommodation costs covered by their employer. Therefore, they may well have more disposable income than they would if they were living in the UK.

Landlords have needed to take certain measures in order to minimise the impact of recent tax changes, such as increasing the rent on properties where the tenants have been paying under market rents, looking for new property in higher yielding areas, such as in the North and Midlands and diversifying their property type to include stronger yielding HMOs and MUBs. Expats need flexible criteria to be able to invest in these more complex property types.

Vida is able to assist brokers looking for flexible Expat BTL criteria, helping applicants residing in over 180 FATF-member countries or confederations, borrowing as an individual or using a Special Purpose Vehicle. Vida will consider more complex properties such as HMOs and MUBs, underwriting with a no minimum income policy and can offer a loan size of up to £1,000,000.

BTL expat customer - typical example

After working for the RAF, Alex successfully applied for a 3-year contract to work in Saudi Arabia. He and his family moved to a rented property in Riyadh, but also wanted to own a British property to provide a home when they returned to the UK. Alex decided to purchase a property on a buy to let basis with his brother Chris (a UK resident) and together they set up a Special Purpose Vehicle (SPV) of which both were directors. They had a 25% deposit available. Initially Alex and Chris struggled to get a buy to let mortgage as lenders generally insist that all SPV directors have to live in the UK and only a limited number lend up to 75% LTV. However Alex and Chris’s broker recommended Vida because it will allow a director or shareholder of a UK registered SPV, to be residing overseas. Vida will also lend up to 75% LTV.

If you have a customer who is currently living abroad or planning to make the move, please feel free to have a chat with us here at Vida. To find out more please contact the Telephone Business Development Team on 03300 264 246 or visit http://www.vidahomeloans.co.uk/intermediaries/meet-the-team to find your local Key Account Manager who would be happy to visit.

BUY TO LET: IT’S TIME FOR CHANGE

Reports of the death of buy-to-let (BTL) are premature – the market’s simply in need of reinvigoration, says Masthaven’s Sales Director, Rob Barnard.

Don’t believe the hype. While some say buy to let is beyond repair, I’m here to calm your nerves. It isn’t. It just needs some fine-tuning.

Yes, while in recent years we have seen some change from the top which is having a knock-on effect on landlords – chief among which are changes to mortgage interest tax relief and stamp duty on second homes – responsibility for driving the BTL market does not solely rest on the shoulders of the government.

Lenders too must look at their own houses when it comes to the shape and direction of today’s buy to let sector. Here are three areas where I think buy to let needs to improve.

Greater product clarity

Sometimes, searching for the BTL product that truly meets borrower need can be a little like searching for a needle in a haystack. I think a lot of this is down to the number of different BTL products on the market – there is almost too much choice.

And then there’s the language used. Too many BTL products are hamstrung by overly complex phraseology – particularly off-putting for completely new landlords looking to make their first entry into the market.

What’s needed is a slimmed-down suite of BTL mortgages that offers two or three products to choose from, presented with clarity of communication and expression. In turn, making BTL a more realistic, easy-to-understand proposition for borrowers and brokers alike.

Real, modern criteria

Take a look at some BTL mortgages and you’d be forgiven for thinking they haven’t been updated since the 90s. The fact is that the UK’s rental sector is, today, extremely diverse and varied – there are individual, mid-level and professional landlords, all kinds of tenants and properties in all sorts of shapes and sizes.

Flexible affordability

Improved affordability rules brought in during the wake of the financial crisis are there for an important reason and I’m not for one minute arguing that the rulebook should be ripped up.

Instead, I’d like to see more ‘real world’ thinking when it comes to affordability - let’s take the time to rigorously assess cases, think outside the box a little bit and strive to say yes to applicants – when the intelligence suggests that lending makes sense.

If new landlords are finding it harder to enter the market and existing ones are finding it harder to grow their portfolios, the onus should be on lenders to find ways to improve access and smooth the landlord’s transition.

‘Death of buy to let?’ Far from it. It just needs bringing into the 21st century.

Sally Wright
Corporate Sales Manager

Rob Barnard
Sales Director
INCREASE YOUR BUY TO LET BUSINESS WITH BUY TO LET TOP SLICING

Post Office for Intermediaries offers brokers more opportunities to submit Buy to Let business.

The Buy to Let market is going through huge regulation and licensing changes. The government imposed a new tax regime and phased in much more stringent regulatory requirements over the last few years. The 3 percent stamp duty surcharge in April 2016, followed by the new limits to mortgage interest tax relief in April 2017, has hit landlords’ profits hard. It’s become much more expensive to both buy and continue to finance Buy to Let properties. Further to this, lenders now need to apply a more detailed approach when underwriting a case for a landlord with four or more mortgaged properties. More information is required to approve new mortgages, so your role as a broker is, more than ever, crucial to delivering the best results for your Buy to Let customers.

Silver lining - a buoyant remortgage market

The Buy to Let remortgage market showed resilience in 2018 and is expected to pick up over this second half of 2019. The 3 year deals of those who purchased before the 2016 stamp duty increase will soon be reaching maturity and there’s also significant enthusiasm for fixed rate deals to ward off possible rate rises.

Buy to Let remains a solid investment option with strong potential for an attractive and profitable return on capital. As demand for rental housing is stronger than ever, the cost of borrowing remains relatively low, and the housing shortage looks set to continue.

New Buy to Let proposition

Post Office for Intermediaries has widened their Buy to Let proposition and now offers brokers and their customers the choice of a Buy to Let ICR (Interest Cover Ratio) or Top Slicing mortgage. Backed by a reliable and fast service, brokers can submit more Buy to Let business faster.

Buy to Let Top Slicing – cover a shortfall and boost the loan amount

Top Slicing is designed to cover a shortfall in rental income by taking the borrower’s personal income into account when assessing affordability. This lets customers borrow more flexibly rather than being limited to what the rental income from a property alone would cover. Top Slicing is also an attractive option for those who are worried they might face difficulty remortgaging due to stricter ICR calculations.

Buy to Let ICR - no minimum income required

Buy to Let ICR mortgages are also available. They’re tested solely on the rental income of a property, so your customer can borrow without the requirement of minimum earnings.

Tools to help you

Post Office for Intermediaries has launched two new calculators on their website. The simple calculators give you an indication of how much your customer could borrow with either a Top Slicing or ICR mortgage.

A solid investment here to stay

Buy to Let remains a solid investment option with strong potential for an attractive and profitable return on capital as demand for rental housing is stronger than ever, the cost of borrowing remains relatively low, and the housing shortage looks set to continue.

https://www.postoffice4intermediaries.co.uk/new-customers/buy-to-let/

Iain M Smith
Head of Intermediaries
Retail UK - UK Mortgages

HealthWise connects members with medical experts at their convenience, so they feel better faster.

We’ve tailored HealthWise to the needs of our members and the type of cover they have, so they get the most from the service.

Benefits include:

- GP on demand
- Second medical opinion
- Physiotherapy
- Mental health support
- Lifestyle coaching
- Nutritional advice

HealthWise is available to all members of The Exeter and their immediate family, without the need to make a claim.

Simply download to a smartphone or tablet. Members will need their policy details in order to activate their HealthWise account.

Call our sales team on 0300 123 3207 or email sales@the-exeter.com

Find out more at the-exeter.com
WHY WE NEED TO BE BOLDER FOR OLDER BORROWERS

People living longer, healthier lives means the older borrower market is growing fast. In 2016, total homeowner equity in England reached an estimated £2.6 trillion, of which £1.8 trillion belonged to households where the borrower was aged 55 or over.1 Looking ahead, £1.2 trillion of housing wealth held by the over 55s is forecast to practically double.2

This, coupled with the growing number of interest only mortgages reaching maturity with repayment unlikely to be met, means that older borrowers are developing increasingly complex needs that must be met by financial services providers.

This year alone, it is estimated that over 81,000 interest only mortgages will mature, totalling around £9.2 billion in value.3 These changes in the market give lenders the opportunity to provide new products for older borrowers, innovating in what will be an ever-changing landscape.

Assessing older borrower’s needs & affordability

The needs of older borrowers must be looked at differently to those of other buyers. Their income is different, their needs are different and often their borrowing requirement supports a desire to remain in their existing home or to release wealth from the property to support their plans in retirement.

When it comes to assessing affordability for older borrowers, a flexible yet responsible approach is needed. At Marsden Building Society, we look at a range of options for affordability. We look at pension income in retirement – the steadiest form of income, or for clients approaching retirement, we look at employed or self-employed income to support pension income up to the age of 75 and have, in certain cases, gone beyond this.

We accept income from property and investments (when evidenced) and accept downsizing as a repayment vehicle for retirement. We accept income from property and investments (when evidenced) and accept downsizing as a repayment vehicle for retirement – the steadiest form of income, or for clients approaching retirement, we look at employed or self-employed income to support pension income up to the age of 75 and have, in certain cases, gone beyond this.

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Innovation in later life lending

As strong advocates of later life lending, innovation within the market is key. Being bold, we must continue to develop new products, evolving and finding new ways to meet the needs of older borrowers now, and in the future should their circumstances change.

The introduction of products such as Retirement Interest Only (RIO) mortgages alongside conventional mortgage ranges available to older borrowers certainly provides more options. It also puts more emphasis on the way we should operate and the responsible approach we should all take to make sure our products are truly right for our borrower’s needs.

As customers get older, vulnerability tends to increase, with 53% of 65 to 75-year olds and 77% of those aged 85 or over likely to show signs of vulnerability.4 While we must continue being bold in the criteria and products we develop to make the most of opportunities later life lending presents, we must balance it with the sensitivity needed to do what’s right for our clients – a bold move in itself.

1/2 Equity Release Rebooted White Paper – Equity Release Council
3 FCA Interest Only Mortgage Review – Financial Conduct Authority/Experian
4 Financial Lives Survey 2017 – Financial Conduct Authority
WHAT’S DRIVING THE SECOND CHARGE MORTGAGE MARKET TODAY?

It’s almost impossible to start any financial article without mentioning the “B word”, so let’s get that out of the way… Brexit. No matter which side of the percentage split you sit on, most agree that overall political uncertainty has driven an increase in second charge business. Clients often mention their concerns regarding Brexit when speaking with our advisers. But I would not say that this is the only reason that Positive has seen an uplift in seconds; I think that the potential for a base rate hike or two in the next 12 months also plays on customer’s and intermediaries’ minds. With borrower uncertainty, we are currently seeing a lot of consolidation of credit and a gearing towards 5 year fixes.

I believe that the second charge market will grow as borrowers fix in longer terms in the first charge mortgage, there will undoubtedly be those looking to capital raise during the term of the longer fix but who will not want to pay Early Repayment Charges (ERCs) to replace the existing debt.

What is the future for second charge mortgages?
Before I look to the future, I should look back to the past. I have been in the second charge market for 27 years, back to the days when it was known as secured loans. So much has changed for the better. Regulation is here and imbedded into the cultures of all responsible master-brokers and lenders. The FCA’s upcoming review should be welcomed by the sector. Pricing today is low, in fact it has never been better in my quarter of a century experience. Fees are reasonable and (I speak for Positive) completely transparent. The future of second charge mortgages is one of maturity and growth. As first-charge loan terms stretch out, second charge will play an even more vital role in allowing clients to raise capital.

This month, I was incredibly proud that Positive’s Second Charge Team won Mortgage Strategy’s ‘Best Secured Loan Broker Award’ for the second year in a row. We are looking to the future and offering the very best product options and service to SBG members.

To book your ‘second charge’ appointment with Positive’s field team, call 01202 850 830.
their home in return for a lump sum or regular payments. The client can live rent-free in the property until they die, when the plan comes to an end the property is sold and the sale proceeds are shared according to the remaining proportions of ownership.

Why should I offer an equity release solution to my clients and how do I do this?

Lifetime mortgages allow clients to remain in their own home and release some much needed cash, they can be a valuable lifeline for clients who fall out of conventional lending categories.

Referring clients to a specialist equity release referral partner allows you to help your clients in need that may otherwise fall out of your usual core business. It also provides you with an additional income stream as you will gain a generous commission from completed cases.

You don’t need any specialist qualifications to refer and usually only need to provide your clients name, age and contact details, it’s as simple as that.

What sort of clients should I be looking out for?

For mortgage brokers the most common client situations that equity release will be beneficial for are:

- **Interest-only mortgages** – there are around 40,000 interest-only mortgages maturing each year until 2032.
- **Gifting house deposits to help first-time buyers** – the bank of mum and dad helped over 300,000 first-time buyers in 2018, equity release can help to get loved ones on the property ladder.
- **Purchase a home, second home or holiday home** – equity release can be used to purchase a holiday home or second home and can be even taken out on the property your client wishes to purchase (providing this is their main residence).
- **Pay out a partner in the event of a divorce** – clients can take out an equity release plan to pay out their partner in the event of a divorce if they want to remain in their current home.

What do clients use equity release for?

Equity release has really taken off over the last few years; increased innovation, competition in the market and the number of plans available have meant that there are now a variety of uses, some of the most common are:

- Paying off an outstanding interest-only mortgage or unsecured debt
- Pay out a partner in divorce
- Purchase a car or go on a holiday of a lifetime
- Purchase a new home, second home or holiday home
- Gifting to family member e.g. for a house deposit
- Supplement retirement income and day to day living

How do I target customers and what’s the qualifying criteria?

The basic criteria for equity release is:

- Clients must be over 55
- They must own their own home in the UK and be UK residents
- Their house must be valued at over £70,000
- They must be looking to release up to 58% loan-to-value

To target customers and create equity release campaigns, check through your client banks to see if you have any clients with interest-only mortgages and don’t forget to mention that you can provide this solution to your clients.

Make sure you register with a referral partner and get some customer facing material to keep in your business and utilise any tools or campaign materials they may provide such as letter and email text templates.

Your referral partner is there to support your business, if you need any help identifying opportunities or have any questions around equity release be sure to contact them.

Key Partnerships are the UK’s most trusted equity release referral partner with over 7,000 registered introducers. To refer simply give us a call on 0800 138 1663, email refer@keypartnerships.co.uk or submit it online 24/7 through our online portal.

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**Equity release** is the combined name of two products which allow clients over the age of 55 to access the equity (tax free cash) tied up in their homes. Clients can choose to take the money released as a lump sum, in smaller amounts (drawdown) or a combination of both.

The two types of equity release plans available are:

**Lifetime mortgages** – these are by far the most popular form of equity release, this is where clients take out a mortgage secured against their property and retain ownership of their home. Clients can choose plans that protect inheritance for loved ones or allow them to pay off interest. Typically the interest rolls-up and is paid back when the client dies or goes into long-term care.

**Home reversion** – these account for a very small portion of the market, this is where clients sell a percentage of
Mental health illnesses such as depression and anxiety can have a life-changing effect on workers across the UK, and can be just as debilitating as any physical illness or injury.

The number of people prescribed anti-depressants in the UK has more than doubled since 2008, with an estimated 71 million prescriptions issued in 2018 according to recent NHS figures.¹ This shows that illnesses such as depression and anxiety are staggeringly common and affect people from all walks of life.

This is why your clients’ mental health should never be taken for granted, especially when it affects their income. 15.4 million working days were lost in 2017/18 due to work-related stress, depression or anxiety, showing that problems at work can be one of the first effects of poor mental health.²

This is where Income Protection can be a key part of your protection strategy, helping your clients retain up to 70% of their income if they’re ever unable to work due to a mental health illness.

Unlike Critical Illness cover, Income Protection helps cover your clients for a variety of mental health illness. At British Friendly we have a proud record of helping our members cope with mental health related incapacity, evidenced by the fact 11% of our claims in 2018 were due to psychiatric conditions; our doubling number of antidepressants doled decade double-decades figures show.

So next time you’re recommending an Income Protection provider, make sure you choose a provider that supports your clients mental health and well-being, as well as their physical health.

Learn more
For more on how we can help protect your clients’ income, find out about our Income Protection products here.

To find out more about the additional support we offer for your clients through the Mutual Benefits programme, click here to view our Mutual Benefits brochure.

With this service your clients can book up to 4 counselling sessions per year, either face-to-face, virtually, or via phone and proactively address any concerns they may have about their mental health.

Your clients can also access the LifeWorks app through Mutual Benefits. LifeWorks provides personalised wellbeing tips and articles alongside cost-saving offers and discounts including high-street brands, mobile phone contracts and even gym memberships.

This shows that mental health illnesses such as depression and anxiety are staggeringly common and affect people from all walks of life.


Protection insurance is a promise we make to our customers to protect them and their loved ones if the worst should happen, and paying claims is what being an insurer is all about. It’s not at the top of the list of the most desirable products, but the positive effect it can have at some of the worst times is immeasurable.

This is why, while it’s important for transparency that we publish our annual claims statistics, we need to move on from obsessing around the latest decimal point improvement and start telling the story better.

I’m not convinced that talking up our claims paid numbers really helps demonstrate the impact protection has had for those that need to use it, or the safety net it provides for those who haven’t. Our own research with customers, the ultimate users of our products, suggests that the message isn’t right, with people still believing insurers only pay 34%* of all claims.

How do we change that perception and engage with a much wider audience than ever before?

Positive stories in the mainstream media really show how an insurer’s product makes a difference. For example, in 2017 an AIG children’s critical illness claim made a huge difference to a couple and their child, with a payment funding implants that allowed their child to hear for the first time, just before his first birthday.

One of our own claimants, a 27 year old new mother recently diagnosed with multiple sclerosis received a critical illness pay-out that has allowed her to take time off work for treatment, and to set money aside in case additional support is needed in the future. We’ve made a very difficult time for that young family much easier.

Just recently I was told an amazing story about a new protection application being submitted for underwriting. As part of our standard assessment, we check to see if any existing policies are in place. Not only was there existing cover in place, but the condition being underwritten was covered by that original policy. The underwriter quickly passed the case over to the claims team, and rather than an extension of cover, the claim was paid, mortgage paid off and one more customer’s life changed.

We pride ourselves on our wider core proposition, facilitating the right experts to support customers throughout their time as policyholders. From the fantastic offering from Christine Husbands and Red Arc in supporting customers emotionally and practically, to the Macmillan financial guidance support team. A recent cancer claimant, referred to Macmillan by their claims assessor was taken through a financial fact find, which resulted in them receiving an increase of over £4000 annually and a lump sum of £400.

These are the stories that make us proud of being part of the protection insurance industry. The unsung heroes across claims teams that strive each day to give customers the very best service and the partnering with experts to give full support at such a difficult time.

We should be especially proud, not only of the claims we’ve paid but the difference we make to the lives of our customers every day, providing security to families. That’s what’s important, not just the numbers and paid rates.

Visit adviser.scottishwidows.co.uk/products/protection/claims for more information on Scottish Widows 2018 claims.

*Scottish Widows Protection Research 2018

Debbie Bonser
Senior National Account Manager (Midlands)

Scott Cadger
Head of Claims and Underwriting Strategy
Simple underwriting is a blanket term applied where there are many differing types of simple underwriting journeys.

Twenty years ago, insurers had one option: a paper application reviewed manually by underwriters. Products, application processes and underwriting methods have evolved and now there are many different routes to buying insurance that can be adapted to suit a particular market or group of customers. The majority of journeys are now online making it easier to buy insurance from different places, including comparison sites with ‘buy now’ prices. Underwriting is an important tool in managing risk, price and customer experience so it shouldn’t be one-size fits all. Part of the challenge of development underwriting is understanding different customers and providing the appropriate solutions.

Customers have individual needs and lifestyles so it’s great that as an industry we can offer various solutions to reflect this and provide insurance to more people.

What simple underwriting is

Simple underwriting is a blanket term applied where there is either a reduced question set or increased automation. This covers a broad spectrum of scenarios ranging from a five question underwriting journey as part of a mortgage application to a fully underwritten shortened application form. The proposition, price and underwriting stances can be vastly different.

The key advantage to simple underwriting is that it reduces the time taken and evidence needed to get insurance. Some simple underwriting solutions can provide cheaper alternatives for people on different budgets or people who need a more basic product. Other simple underwriting solutions will mean a more expensive product as more of your clients the insurance they need.

Pre-existing conditions are allowed

Simple underwriting doesn’t mean we turn away clients with pre-existing medical conditions, as more than 85% of people who apply for Instant Life Insurance get cover1. There are over 500 expert online underwriting rules working behind the scenes to offer as many people as possible access to insurance, in a quick, easy and affordable way1.

- 94% of people who tell us they have raised blood pressure are accepted for Instant Life Insurance
- 94% of people who tell us about their experience with stress, anxiety or depression are accepted for Instant Life Insurance
- People with a BMI of up to 44 can be accepted for Instant Life Insurance1

Making sure it’s suitable

Every person is different so we need to make sure that we have different underwriting processes and products to fit. There are scenarios where people may not be offered one simple underwriting product but this doesn’t mean they can’t get access to other products with different product parameters or underwriting rules. For example, someone with a complex medical history might be better off applying for life insurance through a fully underwritten product that gives providers like AIG access to medical records so an underwriter can assess their case individually. Only you can know which type is best suited to your client and it’s good to understand how underwriting works, so that you can get more of your clients the insurance they need.

Find out more

If you would like to know more about Instant Life Insurance, or any of AIG Life’s other protection solutions, please call our Sales team on 0345 600 6829 or email: sales@aiglife.co.uk

Helen Croft

Underwriting and Claims Strategy Manager

CEO ON THE ROAD

Over the last few weeks I’ve had the pleasure of meeting a broad range of advisers, face to face, from right across the country. I’ve certainly put in a few miles, and I must’ve spoken with hundreds of advisers to better understand the challenges they face when having protection conversations.

What pleased me most was the deep-held belief from pretty much every adviser that protecting their clients properly is important and their ambition to help their clients feel secure and confident in their protection policies. But I recognise that there are still several issues we face as an industry. As I look forward into the rest of 2019 the primary issues I see are:

- Improving the consumer’s perception of the insurance industry, establishing a sense of trust back into the claims process.
- Tackling the protection conversation itself, trying to uncover the real risk appetite of a client when discussing their protection needs.
- Making sure it’s suitable

At Guardian, we had the unique opportunity to create a protection proposition from scratch, looking at the short and long-term issues advisers and clients face when identifying a protection provider. We’ve delivered a huge amount of innovation to make life better, for both customers and advisers. The conversations I’ve had with advisers on the ground have provided me with some very important feedback on their experience when writing a Guardian policy.

The three key messages of feedback have been:

1. How supportive we have been in helping advisers to educate their customers on risk. Whether that be through engagement with our underwriters, BDMs or servicing teams, making it less stressful.
2. The ethical nature and fairness embedded through our simpler definitions and unique propositional features, helping to increase certainty of payment at claim. This breeds confidence for customers.
3. The ease of use of our systems and how they support advisers in taking less time to close the sales process.

Where advisers haven’t yet used us, there was a keen interest to understand more. Even those who hadn’t found the time to understand our new offering yet, had a general belief that the proposition we’ve brought to the market should help to encourage more and better protection conversations.

While the question of price was raised, almost all advisers started to get their heads around some of the valuable and game-changing innovations we offer customers. They began to understand the cost/risk/value assessment recognising that a Guardian proposition does deliver better outcomes at fair value for customers.

I would of course say we have the best proposition in the market. But I’ve also heard from many advisers these last few weeks that they also believe this to be the case. They’ve explored the F&I and CI Expert tools and started getting client feedback based on improved customer understanding and confidence. And are now willingly engaging at the value and quality end, which is where Guardian is firmly positioned.

Do try Guardian, as I know that your clients will not be disappointed. We’re here to help you build your business and support quality long term relationships with your clients, built on trust.

Discover more at advisers.guardian821.co.uk

Helen Croft

Underwriting and Claims Strategy Manager

Simon Davis

CEO
WHY RELEVANT LIFE INSURANCE COULD BE IDEAL FOR BUSINESS-OWNER CLIENTS

For Britain’s millions of entrepreneurs, relevant life insurance should be the go-to protection product, says Aviva’s Mark Cracknell.

Whereas once we were described as a nation of shopkeepers, today it might be more apt to call us a nation of business owners. The number of UK start ups is at a record high, with over 663,000 new companies established in 2018, according to Companies House data analysed by the Centre for Entrepreneurs (CFE). And according to House of Commons research, there are now 5.7 million businesses in the UK.

Small businesses may offer no sick pay, meaning employees potentially just have limited state benefits to fall back on if they couldn’t work, and their families may be solely reliant on their income. This could make the business owners prime candidates for relevant life insurance; there is an opportunity for them to offer individual protection policies for their employees.

A clever route to holistic financial advice

In the past, advisers might have urged their business-owner clients to plump for regular personal life insurance policies. However, many intermediaries could consider relevant life insurance as a way of providing tax-efficient cover for their clients’ employees as part of a holistic protection package.

Relevant life insurance could result in tax savings for the employer when compared to the cost of funding a personal life insurance policy for an employee.

Based on a monthly premium of £100, an employer providing a relevant life policy for an employee paying the same premium when compared to the cost of funding a personal life insurance policy for an employee.

Other benefits to consider

Besides the benefits outlined above, there are other reasons to recommend relevant life insurance to business-owner clients that advisers may not have considered.

Unlike group protection policies, any pay-out from a relevant life policy doesn’t count towards the employee’s pension lifetime allowance - and there’s usually no income or capital gains tax to pay on it either. What’s more, our relevant life policy gives the option to boost the protection by adding employee significant illness cover. This pays out if the employee needs to retire from their role after suffering one of the serious illnesses covered and could prove an invaluable benefit without having an impact on the pension lifetime allowance.

Entrepreneurs at risk

Today, in our nation of business owners, it’s still the case that too many people don’t have sufficient financial protection. Most advisers will have clients who run their own businesses, so it’s worth considering this client base and whether all their financial planning needs have been met. If not, it’s time to start the conversation.

* Tax treatment and savings will depend on the individual circumstances of each client and may be subject to change in the future.

1. Don’t assume that your clients know about everything you do. Be clear about the scope of your advice and the services you offer from the very first appointment. Explain to your client that you will research both their mortgage and their protection requirements as your role is not just to get them into the house, but also to help to keep them there. This means protecting their finances against loss of income, such as being unable to work due to illness or redundancy, or anything happening to their house and contents, such as a flooding for example.

2. Remember it’s a requirement of all lenders that there is buildings insurance in place, in fact it’s the only compulsory product in the whole mortgage process. So, make it easy for your client and offer to find the best deal for them. Make it clear that you will be able to liaise with the solicitor to help the mortgage process, including the requirement to have buildings insurance in place, to run smoothly – taking any potential kinks out of the process.

3. Build your expertise by taking advantage of all the resources around you, including your regional sales managers and telephone business development managers. It’s their job to help you to grow your business, so ask for them for guidance and information.

IMPROVE YOUR GI SALES

The rate of remortgages and product transfers is expected to slow down next year, according to Richard Rowntree, chair of the mortgage product and service board at UK Finance.

Speaking at the UK Finance Annual Mortgage Lunch last month, he said: “We do expect remortgaging and product transfers to continue to be strong in 2019 as they were in 2018, especially as previous 2 and 5-year fixed rate products come to an end. But with a move to over half of all new mortgages going on to 5-year fixed rates, the rate of churn will not continue at the same level into 2020.”

This might come as concerning news for advisers, who have benefited from a remortgage boom propping up their business in recent years as property transactions have stalled. With no clear uplift for the housing market in sight, this anticipated cut in remortgage activity puts much greater emphasis on the importance of diversifying income within your business.

One such way is by advising your clients on general insurance (GI), including building and contents insurance. By offering professional advice on these products you can help ensure your clients purchase the most suitable policies for their circumstances, which might not necessarily be the case if they were to rely on a price comparison website, for example. It can also provide you and your business with a valuable source of recurring revenue. So, how can you improve your GI sales? Here are our top 10 practical tips:

1. Don’t assume that your clients know about everything you do. Be clear about the scope of your advice and the services you offer from the very first appointment. Explain to your client that you will research both their mortgage and their protection requirements as your role is not just to get them into the house, but also to help to keep them there. This means protecting their finances against loss of income, such as being unable to work due to illness or redundancy, or anything happening to their house and contents, such as a flooding for example.

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Many providers also provide free tools and resources on their websites to help advisers.

4. Use these tools that are freely available to you to help explain the process to your clients. For example, our Buyers Guide to Home Insurance includes information about the benefits of buyer’s insurance online and the limitations of price comparison websites. These tools can help you to demonstrate that you have invested time and effort in thinking about the home insurance process and care that they achieve the best outcome.

5. Set clear objectives and processes for your business to ensure that GI is always a consideration. For example, a very simple take is to make that, on every case, your process is to either advise on GI or refer the case to a GI specialist.

6. Prepare three indicative quotes for three alternative levels of cover in advance for your clients to help facilitate a conversation. Providing examples for budget, standard and premium levels of cover is a great discussion tool and will help your client to understand what they are buying for their money. It helps to demonstrate the value of more expensive cover by articulating the added benefits at the outset.

7. Remember that you won’t win 100% of the time, so don’t be disheartened. Advising on GI is just like any other sales process in that it’s a numbers game. The more clients you talk to about GI, the more quotes you will provide and the more you will sell.

8. Make sure you revisit a conversation about GI once the mortgage offer has been issued. Ask whether they would be interested in cutting the cost or improving the level of their cover, to meet their current circumstances, on both purchase and remortgage business.

9. Make it easy to incorporate GI into your daily routine by integrating it into your CRM system. This may take a little work, but it will pay dividends if it increases your GI sales.

10. Be proactive. Think about marketing campaigns that you can run to your clients to encourage them to think differently about how they purchase GI. Remember to focus on the value of the cover they buy rather than just the cost. Cheap insurance can be an expensive waste of money if it’s not fit for purpose, so place the emphasis on value and appropriate cover.
The changing financial landscape has meant an increase in the number of people looking to remortgage. Our 5 star award-winning mortgage service and proposition includes:

- a competitive remortgage package – free valuation and either free legal fees or £300 cashback*
- simplified processes, resulting in quicker application-to-offer time.

* Exclusions apply.

Find out more at scottishwidows.co.uk/bankremortgage