

# Selling MPPI



MortgageProtector

# MPPI products you can sell with confidence

## Help your customers understand the importance of MPPI

Times are tough for intermediaries and competition with the banks and internet is fierce. However, with just 18% of mortgage holders<sup>1</sup> having Mortgage Payment Protection Insurance (MPPI), there is a large protection gap in the market and a huge opportunity for you to boost your income and add value to your service right now, by selling MPPI to both your new AND existing mortgage customers.

### Just look at the facts...

- The average household debt in the UK is £58,040 (including mortgages).<sup>2</sup>
- A property is repossessed every 11.4 minutes.<sup>2</sup>
- The Council of Mortgage Lenders believe there will be 205,000 mortgage borrowers in arrears and 53,000 repossessions during 2010.<sup>3</sup>
- On average the duration of Paymentsshield MPPI claims is 5 months for accident claims and 6 months for sickness claims.
- Paymentsshield protect over 210,000 homes in the UK and are currently paying over £1 million in claims payments every week to our MPPI customers, helping around 6,000 people stay in their family homes.<sup>4</sup>

### Want to know more?

Turn the page for an easy guide to selling our MPPI. You can also contact your Paymentsshield Territory Manager for help and advice or contact our Intermediary Sales Team on **08450 615 700**.

<sup>1</sup>Council of Mortgage Lenders 'CML cuts 2009 repossession forecast to 48,000' 12.11.09

<sup>2</sup>Credit Action, 'Debt Statistics', March 2010

<sup>3</sup>Council of Mortgage Lenders, 'Possessions fall and arrears flatten in second quarter', 14.8.09

<sup>4</sup>Paymentsshield Claims Department, March 2010

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 **paymentsshield**  
we've got it covered

## STEP 1

Choose the right Paymentsshield MPPI product to suit your client

Whether your customers have an existing mortgage, or are about to enter into a new mortgage deal, Paymentsshield has an MPPI product to suit their needs:

- **MortgageProtector** is our MPPI product for new and re-mortgaging customers\*, underwritten by Aviva Insurance Ltd and recognised by Defaqto with a 5 Star Rating placing it as one of the best quality policies in the market.
- **MortgageProtector Solo** is for existing mortgage borrowers\* who have had their mortgage agreement in place for more than 30 days, underwritten by Pinnacle Insurance plc.

**Top Tip:** Use the Paymentsshield Broker Toolkit to contact your new mortgage clients and your back-book too. There are letter and email templates available for you to download for both our MPPI products, plus a cross-selling guide that's packed full of ideas to help you sell. Just visit: [www.paymentsshield.co.uk/intermediary/toolkit](http://www.paymentsshield.co.uk/intermediary/toolkit)

## STEP 2

Establish the importance of MPPI

Ask your client how they would be able to pay their mortgage if they became unable to work due to an accident, sickness or unemployment? Advise how taking MPPI means they can avoid falling back on their savings, or stop them from further borrowing (e.g. credit cards) should the unexpected happen. Many people insure their pets, their holidays, their mobile phones, but they do not insure themselves against protecting arguably their most important investment, their home.

**Hint:** Find the most appropriate way to sell MPPI based on the customers' age, their employment, their dependants, their savings and commitments. Younger customers may not have any savings, whereas older clients may want to protect their savings. By varying your approach according to the needs of the customer, you can ensure you highlight the needs that are relevant to each of them.

## STEP 3

Establish the cover your client needs and how long they require cover for

Both of our MPPI products are flexible and you should choose the level of cover which suits your clients' needs according to their current contract of employment. For example, investigate the cover their employer provides and you can then tailor their cover for Accident & Sickness and Unemployment based on their employee benefits, so they only get the cover that's right for them as an individual. For example, if your client is in new employment and would not secure a substantial redundancy package if they were to become unemployed, they may wish to cover themselves for Unemployment from the first day they are unable to work. However, they may benefit from 6 months sickness cover within their employment contract. In this case, based on your clients needs, you can advise them to select Accident and Sickness cover with 180 days excess and Unemployment with 30 days 'back to day one' cover. This means their MPPI policy will start paying out for Accident and Sickness once their employer stops paying them but they can claim for redundancy from the first day they are either registered for a Jobseekers Agreement or, if they are not eligible for this, are registered as unemployed and are actively seeking work. This ensures they are getting the right level of cover to meet their needs.

**Top Tip:** Before selling Paymentsshield's MPPI products, familiarise yourself with our MPPI reference guide 'MPPI Overview'. This details all the main features of both our MPPI products, contains some helpful information and is a great guide to use alongside these sales tips. You can even show the MPPI Overview to your clients whilst you're going through the sales process. In addition, our Policy Documents also contain more detailed information on the features and benefits of the product as well as significant exclusions and limitations.

## STEP 4

Does your client have a single or joint mortgage?

Both of Paymentsshield's MPPI products provide cover for both single and joint mortgage holders. Ask your client if they have a single or joint mortgage. If they have a joint mortgage and only one of them is in employment, they must opt for single cover. However, if your clients are joint mortgage holders and they both work and would like joint cover, then offer this option to them. If one of them earns more, you can choose to split the cover, for example 70/30. In this instance, in the event of a claim by the higher earner, they would receive 70% of the insured benefit.

## STEP 5

Establish the amount of cover they need

Ask your client how much their monthly repayment is. You should then ask if your client would like 'Additional Cover'<sup>†</sup> to help protect other household costs up to the maximum monthly benefit for their chosen product, as shown below:

- **MortgageProtector** - covers their monthly mortgage repayments and offers further cover to protect their other mortgage related insurance premiums (i.e. Life Insurance and Buildings & Contents Insurance). You also have the option to take Additional Cover<sup>†</sup> of up to 33% of this amount up to a maximum of £3,000 per month (subject to not exceeding 75% of your clients gross monthly income).
- **MortgageProtector Solo** - covers their monthly mortgage repayments plus the choice of up to an additional 33%<sup>†</sup> of their mortgage payment amount up to a maximum of £2,000 per month (subject to not exceeding 65% of your clients gross monthly income).

## STEP 6

The cost of the premium

The cost of the premium depends on:

- the amount of monthly cover your client needs
- the type of cover they select (ASU, or AS only cover)
- qualification period selected
- how long they select to receive benefit in the event of a claim (12 or 24 months)

**Hint:** If your client can't afford the extra right now, ask them just how difficult things might be if they weren't earning? If budgets are tight your client doesn't even have to cover their full mortgage payment. Covering just 50% or 75% of their mortgage payment could still make a huge difference if times get tough. Plus, **MortgageProtector**, our product for new mortgage borrowers\*, offers 3 and 6 month Deferred Premium Payment Period Options, where customers can benefit from paying just nine or six monthly premiums in their first year of cover.

## STEP 7

Closing the deal

The conversation you've had with your customer should tell you whether or not either of Paymentsshield's MPPI products meets their needs. Based on your client's responses, you may now be in a position to recommend they take out a new policy with Paymentsshield, either **MortgageProtector** or **MortgageProtector Solo**.

Let your clients know the features and benefits of a Paymentsshield policy, paying attention to details that other providers may not offer, such as 'Carer cover' being offered as part of Unemployment cover, or how Paymentsshield protect over 230,000 homes in the UK. **When selling MPPI please ensure you inform your clients of the exclusions and limitations of the relevant policy (MortgageProtector or MortgageProtector Solo), as well as the policy features and benefits, in order for your clients to make an informed choice.** If they are happy to go ahead, then input their details into Inertia in order to get an accurate quote.

\*New mortgage borrowers include those completing an application for a new mortgage or re-mortgage, or applying for MPPI up to 30 days after the mortgage agreement start date. Existing mortgage borrowers include those who have had a mortgage or re-mortgage agreement in place for more than 30 days.

†Additional Cover may vary if mortgage payment and/or related premiums change depending on the amount you have chosen.