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## **Is protecting the roof over our heads becoming a greater challenge?**

Allegedly, from what we hear from our politicians, the 29<sup>th</sup> March will be a watershed moment in British politics. We will, as it stands, have a clear route out of our marriage with the EU which began over 46 years ago on 1<sup>st</sup> January 1973.

Regardless of political persuasion, we have all heard arguments for and against for some time now, and while we do not now appear to be able to influence much since the vote took place, the reality is beginning to have a severe effect on the UK economy. With industrial giants like Ford, Jaguar, Honda and Bombardier all announcing cuts to their relative workforces there will be an impact on most of our doorsteps and with many of our clients.

It is not just the major manufacturers who are suffering. Without wanting to appear too gloomy, according to a survey mentioned on the BBC Business website on 1<sup>st</sup> day of this month, manufacturers are cutting jobs at the fastest pace for six years with confidence in the sector hit by Brexit uncertainty.

Duncan Brock, group director at the Chartered Institute of Procurement & Supply (CIPS), which helped to produce the survey, said: "The UK manufacturing sector continues to suffer the slings and arrows of outrageous fortune as the harsh realities of Brexit uncertainty, challenges in the global economy and a weak pound affect confidence, jobs and overall activity."

So, how does this affect the potential demand for protection sales? Many will know the difficulty in persuading customers to part with their hard-earned cash to purchase protection, given that few wake-up in the morning and put life assurance on their daily shopping list. Protection is a discretionary spend from a consumer perspective and it is thanks to intermediaries who explain its importance to customers that so much gets sold year on year in the UK.

But how can protection products combat the uncertainty? The positive news is that there are still insurers in the market that will provide unemployment cover for clients and Paradigm has links to them. But thinking beyond that, as an 'off shoot' of the current economic issues, many people in all sectors will undoubtedly suffer from stress in the workplace. Typically in the short term, especially in the SME sector, a reduction in workforce numbers places a greater burden on those who remain.

Without the support of the employer in managing these stress levels a domino effect may well occur, meaning more and more of the workforce will be affected thereby affecting output but most importantly the income of the employee.

At a recent Paradigm workshop it was noticeable that the session we did on Group Risk got a huge amount of interest – hardly any wonder when over five million businesses in the UK have less than 10 employees.

UNUM has Unemployment Cover as an option on some of its policies and in addition have an Employer Assistance Programme which will support firms in managing stress in the workplace via early intervention, behavioural therapy or ultimately rehabilitation. Currently around 30% of quotation enquiries come from SMEs with under 50 employees, so it is important not to think of Group Risk policies as options for large organisations – ‘Group’ can mean as few as two lives and the level of assistance given to firms at that level by UNUM is the same as would be given to large employers – thereby protecting the employer as well as the employee’s income.

Clearly in the individual sector more and more providers are supporting individuals with similar rehabilitation programmes built in to their income protection contracts. A large proportion of claims in the IP sector come as a result of stress in the workplace and it is important to remember this when looking at a range of potential life cover scenarios for clients.

Paradigm has seen a huge increase in the sales of income protection policies in the past two years with the provision of cover for stress and mental health could be seen as one of the reasons for this, as stress in the workplace becomes a bigger factor in our daily lives. Clearly the threat of redundancy can be a trigger to that stress. Unemployment can have a devastating effect on an individual and all commensurate liabilities – the mortgage normally being the largest.

However, protection products come in many shapes and sizes to fit a variety of clients. For example, for those landlords with portfolios it is important to remember that tenants who get made redundant may struggle to pay rent too – we often see surveys quoting less than a thousand pounds available in short-term savings were the worst to happen, so it is very much worth remembering that Rent Guarantee policies are available to protect private landlords in the event of non- payment of rent.

It is often quoted ‘where there are problems there are opportunities’ and although we are not totally sure of the economic implications post-Brexit, we do know there are a number of solutions available for quality brokers to support their clients whether they are individual or corporate.

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