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In last month's article the focus was on how to protect buy-to-let clients using life cover where an SPV had been chosen to hold properties, and the opportunities therein for brokers to help those clients. We established via several sources that the majority of purchases were now being made via these SPVs and we also examined the impacts on tax changes for clients stating that many clients may be better off from a taxation perspective using SPVs and landlords quite rightly were looking for the 'best deal' for themselves.

However, the fact remains that whether individual landlords have purchased one or two properties as their 'pension' or whether they have become 'accidental' landlords via inheritance there exists a more immediate product required to protect their asset – General Insurance (GI). In considering the scope of opportunity here, *The Guardian* wrote in May 2016 that there were 1.75m landlords in the UK and we were further told that there are some 5.25m houses in the UK in the private rental sector.

These properties require landlords' insurance at best to protect the asset for the client and at worst to avoid large bills which can easily turn a profitable portfolio in to an unprofitable one. It is estimated that many landlords have either not reviewed their current buy-to-let insurance requirements for many years, and subsequently are not aware of the poor quality cover they may have taken out, or in some cases, have simply ignored the need for quality insurance cover.

At a time when portfolios are being reviewed by many brokers for their clients it would seem sensible and appropriate to look at the covers they hold for GI whether they be portfolio landlords or genuinely private. There is little doubt that costs are increasing for landlords across the board and any savings identified by brokers would be welcomed.

The next question for brokers is of course that related to compliance. Brokers will need to comply with the most recent Insurance Distribution Directive by February 2018 and at a time when many other things will be in the minds of brokers relating to data protection, etc it would be easy for these requirements to slip under the radar from a compliance perspective.

Questions such as the following are all highly relevant to brokers either currently operating in this space or looking to move in to the market:

- Should I offer advised or non- advised GI?
- What is Whole of Market v Limited Range v Single Insurer?
- How do I access quotations and from where?
- What are my disclosure requirements?
- What are my CPD requirements for GI?
- Do I need to disclose commissions?

GI products may not be seen as complex as other areas of insurance but in many cases, they are. Simple decisions like whether to offer common policy wordings or different policies and whether GI providers offer a range of products to all letting types (DSS, students, etc) and UK-wide pricing policies are all key factors in determining which insurers to choose, especially if a single tie is one of the options under consideration.

In addition, and of course one of the most rudimentary factors, will be what will it cost, and can this be profitable business stream? Paradigm has recognised that these decisions will be vital in deciding whether to offer clients this service and has developed a range of compliance services offered for free to brokers in this space.

Whilst using a quality referral service from one of the many providers in the market is a clear option, 'giving away' valuable annualised commissions should be a key determining factor based on the scope of opportunity for each firm. Brokers wanting to build valuable long-term income streams to offer a real value to the business on exit have long considered GI to be more effective than both mortgage broking and the sale of life assurance, especially where the latter is taken on indemnity terms.

Buy-to-let has been a major income generator for many brokers over the last few years with the numbers living in rented accommodation doubling in the relatively recent past - quality brokers need to make sure their landlord clients understand the importance of protecting their long-term investments and ensuring the right 'quality' cover is in place, while protecting themselves from a business and compliance perspective.

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