

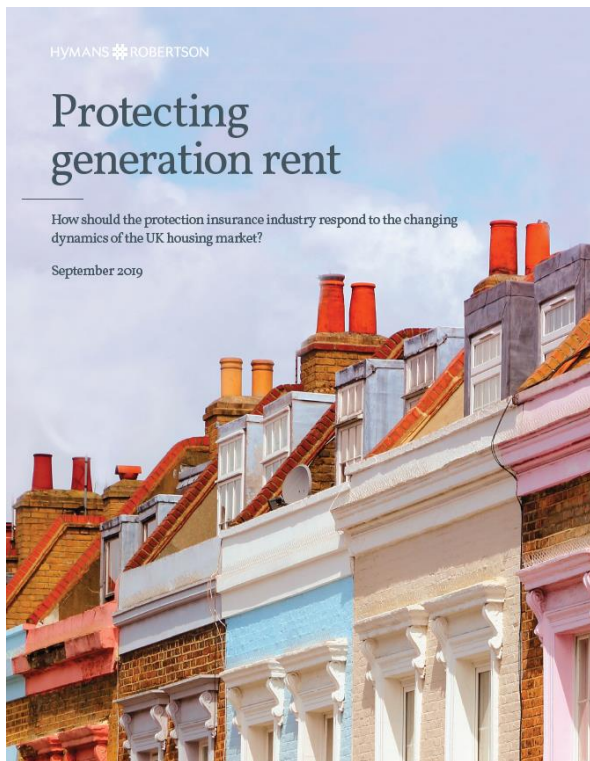


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Protecting generation rent: Are existing protection products fit for purpose?

Richard Purcell, Hymans Robertson
Siobhan Lough, Hymans Robertson

Agenda



1. Why the rental market?
2. Is there a typical renter?
3. What are renters' concerns and needs?
4. An opportunity for the protection industry?
5. Where next for the protection industry?



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Why the rental market?



Why look at the rental market?

Renters are a growing customer segment



An increase of nearly 61% in 10 years

25% of homes will be privately rented by **2021**

Source: UK government and Knight Frank research

Growth drivers

- ✓ Supply of rental property
- ✓ Standards of rental property
- ✓ Flexibility
- ✓ Obligations of home ownership
- ✓ House price increases



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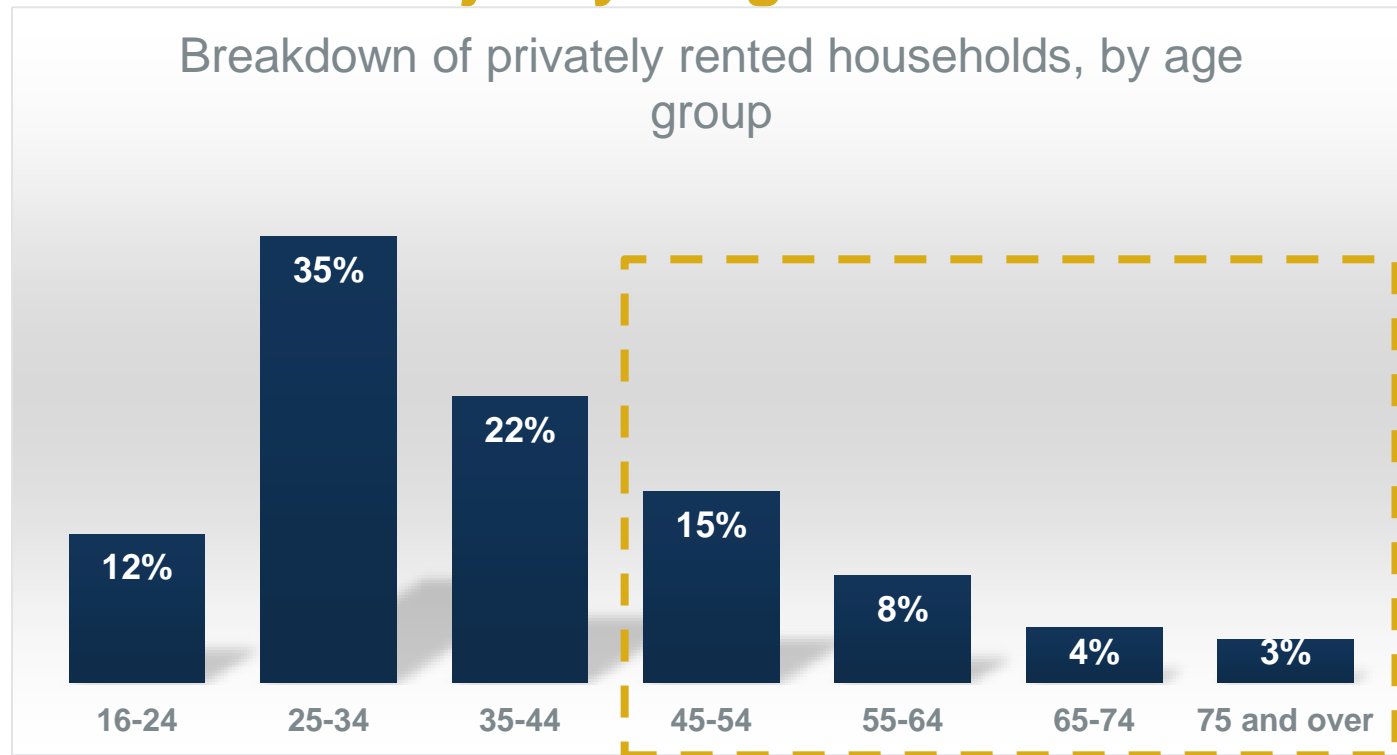


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Is there a typical renter?



Renters are not just young homeowners in waiting

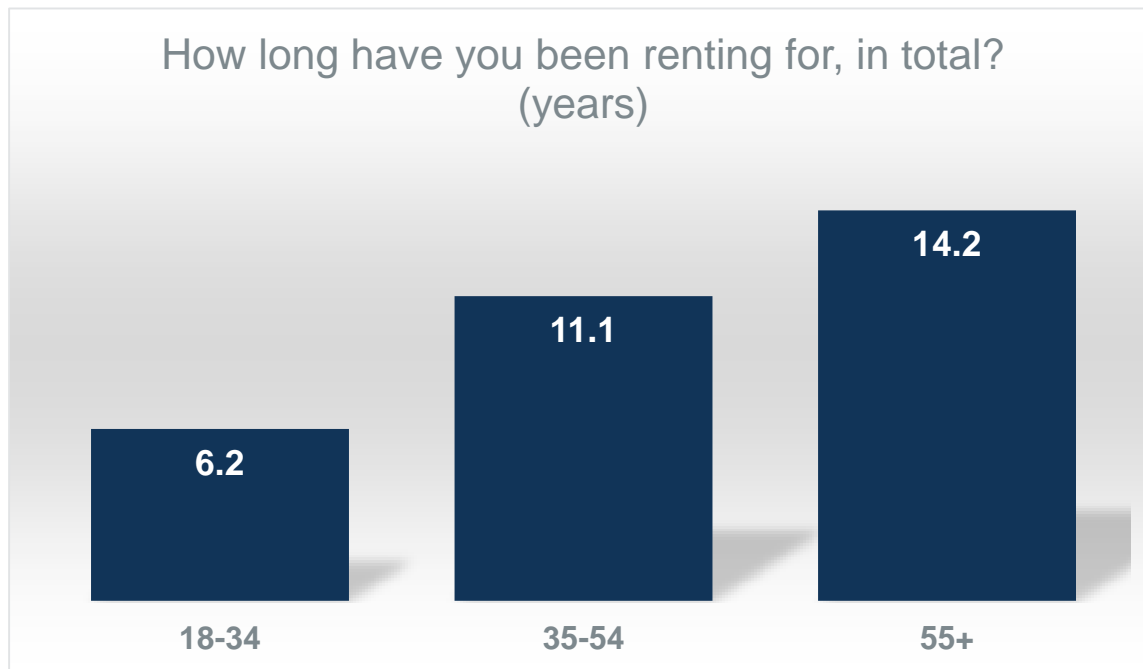


ONS, 2019



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Renting is not a short term solution for many



Hymans Robertson survey results, 2019



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No one single type of renter

Three potential protection customer segments:



**Home-buyer
in waiting**



Young family



**Former
homeowners**





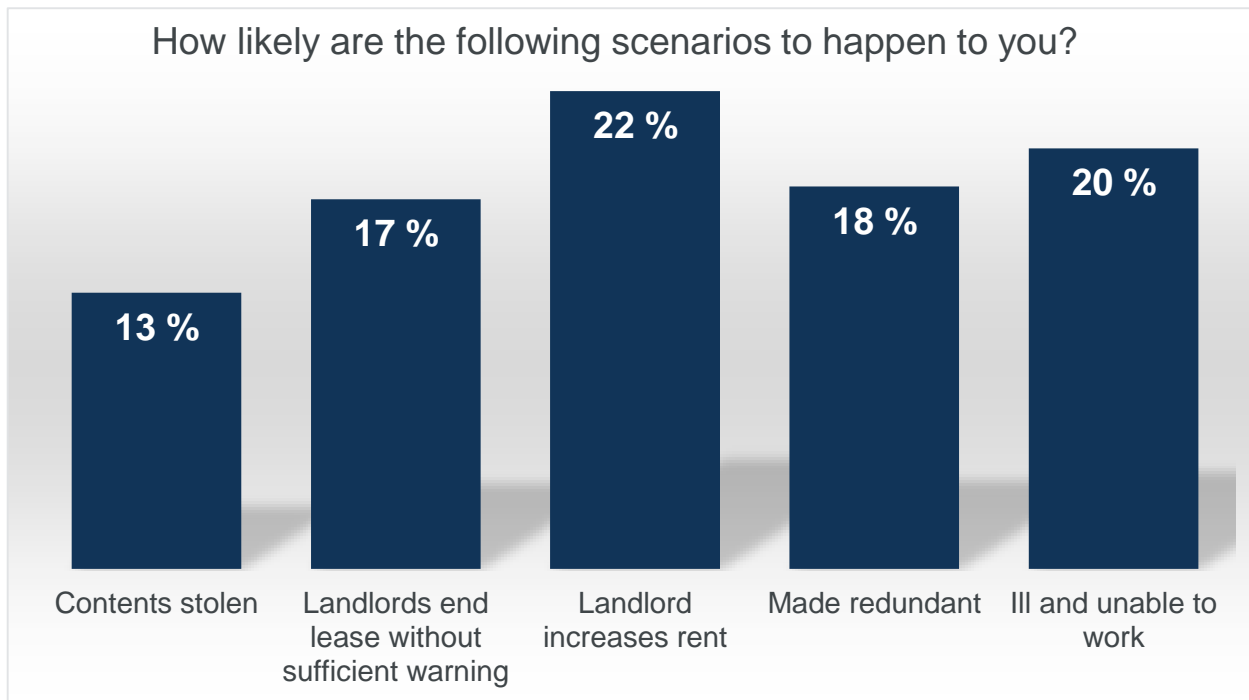
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What are renters' concerns and needs?



What are renters concerned about?

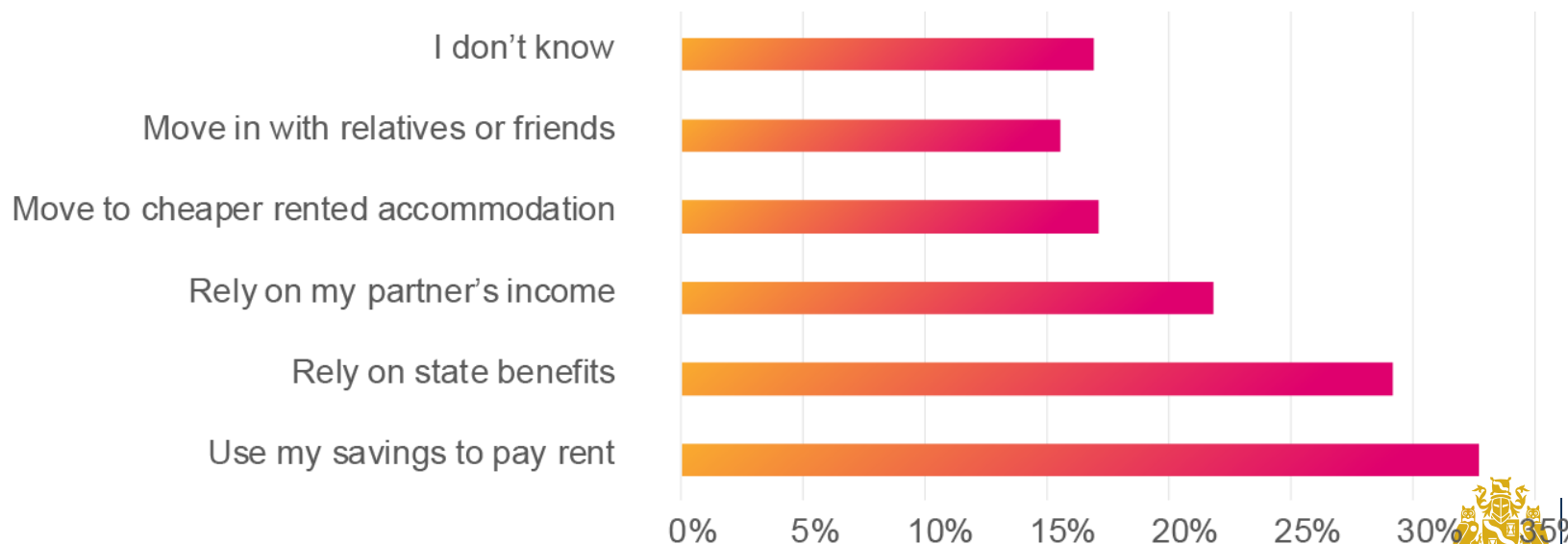
Illness is high on the list of concerns



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How will renters manage in event of illness?

If you found yourself unable to work due to ill health, which of the following would you be likely to do to cover the cost of accommodation?
Please select all that apply.



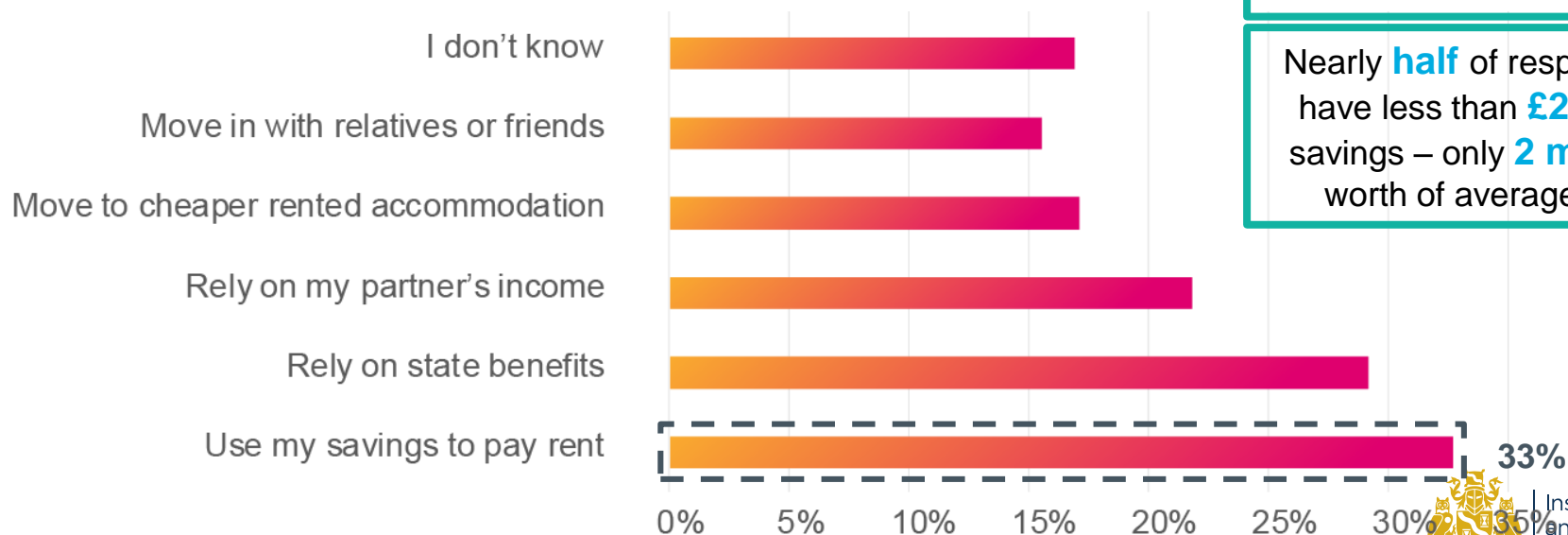
Source: Cover magazine and Hymans Robertson research



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Londoners spend as much as **65%** of their income on rent

Nearly **half** of respondents have less than **£2,000** in savings – only **2 months'** worth of average rent!

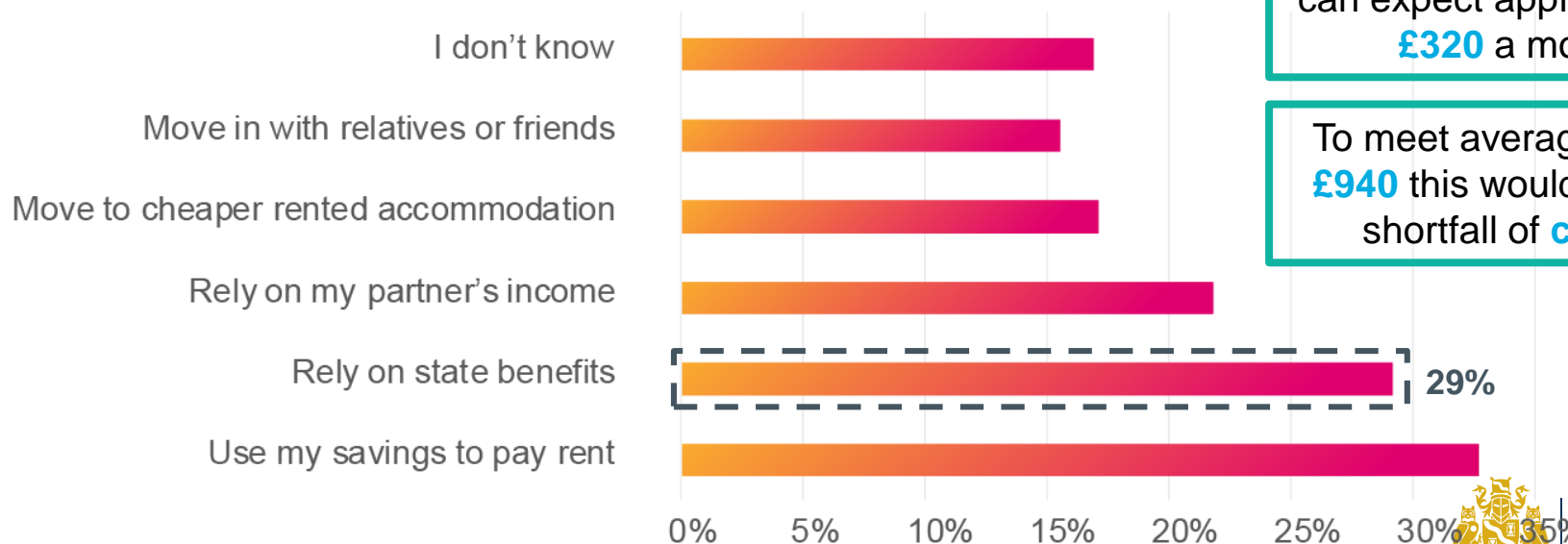
Source: Cover magazine and Hymans Robertson research



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A single claimant over 25 can expect approximately **£320** a month

To meet average rent of **£940** this would mean a shortfall of **c.£620**

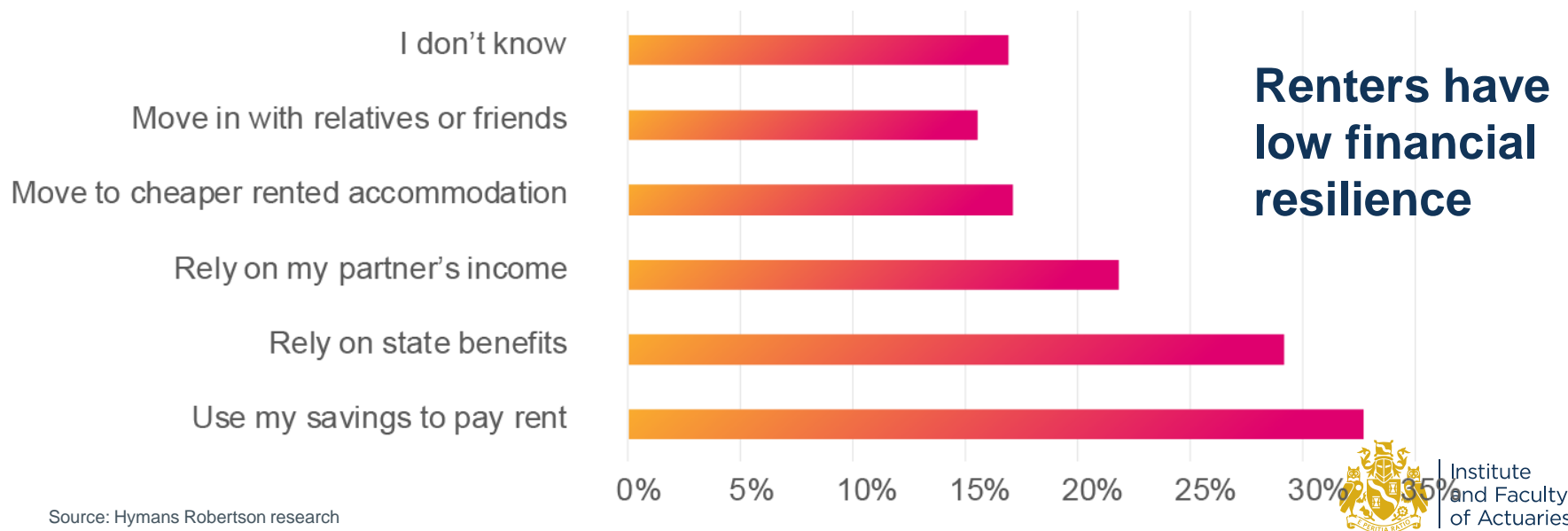
Source: Hymans Robertson research



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An opportunity for the protection industry?



Rental market presents a significant opportunity



How could products evolve?



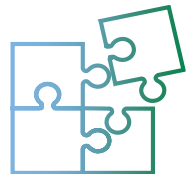
Flexibility in cover term -
allow protection to be
taken out for 2 years



Flexibility in cover amount –
allow for changes in cover
without additional underwriting



Complementary covers –
combine multiple covers
to protect a range of risks



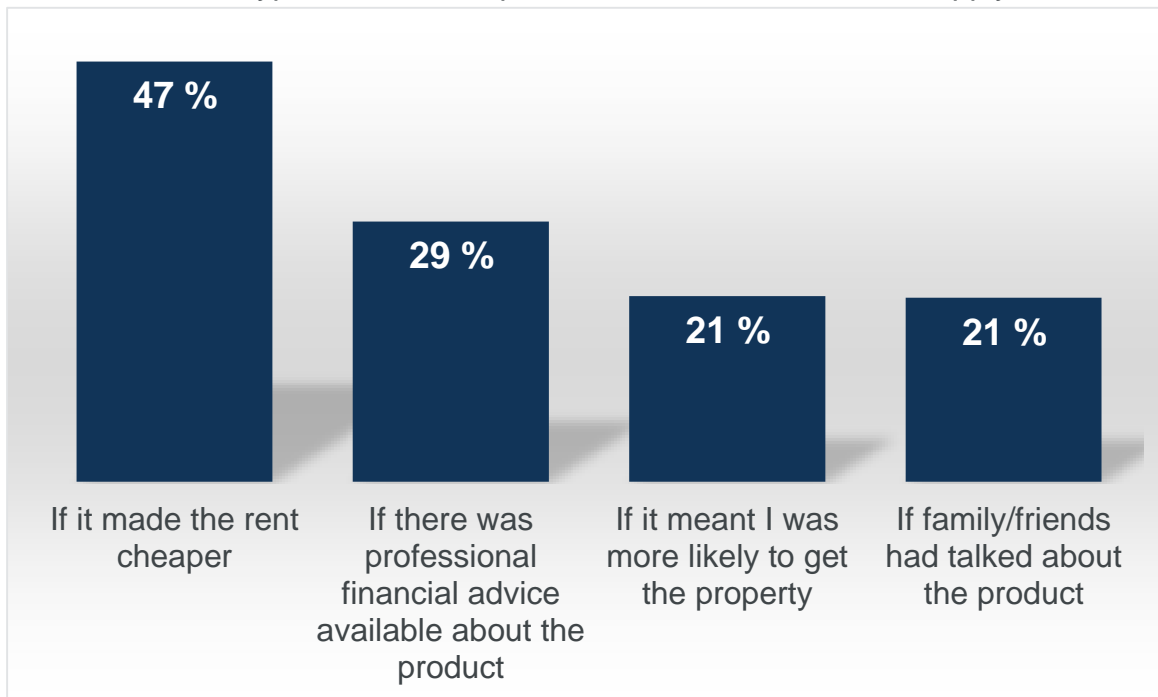
Pricing – survey
respondents willing to pay
£14-17 a month for cover



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Can we make existing products more appealing?

Which, if any, of the following would make you more likely to purchase this type of insurance product? Please select all that apply.



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Renters use different ways to find a home

How did you find your current rental property?



33% letting agent



23% property websites



23% family and friends

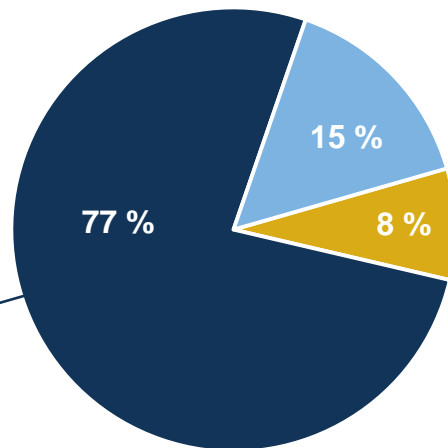
Hymans Robertson survey results, 2019



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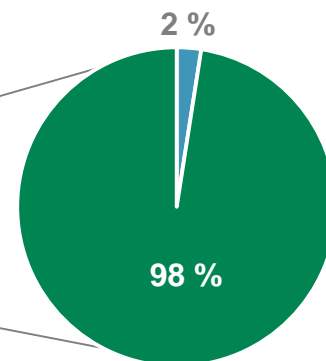
Renters are open to a conversation

Were you informed of products that would cover the cost of rent if you became ill?



Of those that were not made aware, 81% said they would have found it useful

How useful was this information?



■ Not useful ■ Useful

■ Yes ■ No ■ Can't remember

Hymans Robertson survey results, 2019



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Renters want to be engaged before signing a lease



At what stage of renting would you prefer to receive information about insurance products that would cover the cost of rent if you became ill?

Hymans Robertson survey results, 2019

Rental journey



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Letting agents and banks have a role to play

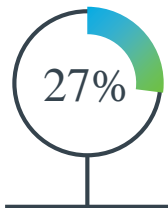
Which of the following would you trust to provide advice about this type of insurance product?



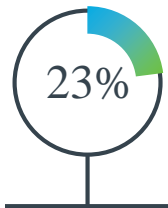
Someone who is independent of my letting agent



My bank



Online specialist websites



Friends and family

Hymans Robertson survey results, 2019



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Where next for the protection industry?



Where are we now?

Recent developments in the industry

- L&G launched Rental Protection Plan
- HSBC launched Select And Cover – a subscription based product
- Aviva launched adviser support material
- Building Resilient Household Group lobbying for change on Universal Credit



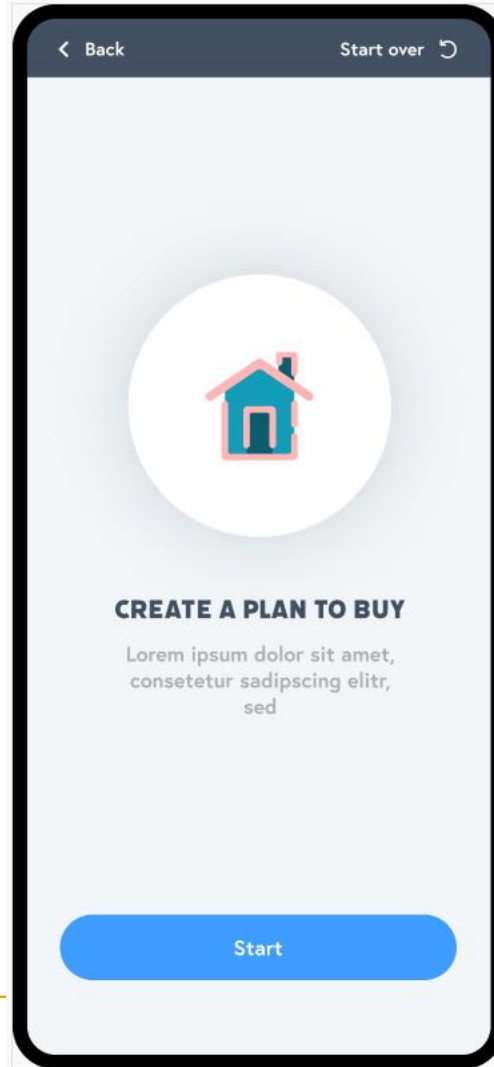
How can we engage would-be home owners?

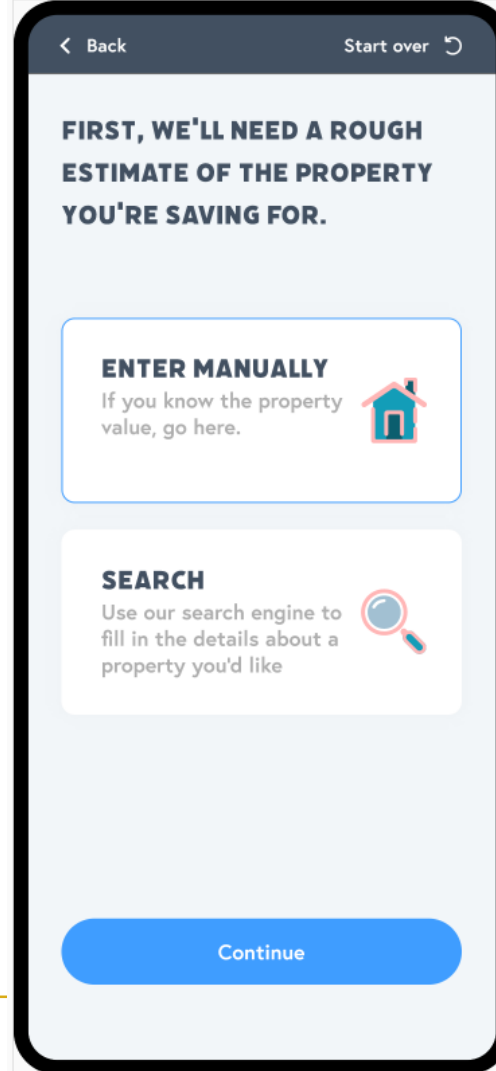


**Home-buyer
in waiting**



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LET'S CALCULATE YOUR SAVINGS GOAL.

Property value

£200,000

Deposit


10%

Have you started to save?

Yes

No

YOUR SAVINGS GOAL

**£20,000**

Continue

< Back Start over ↺

LET'S CALCULATE YOUR SAVINGS GOAL.

Property value

£200,000

Deposit

10%

Have you started to save?

Yes No

How much have you saved?


£4,000

YOUR SAVINGS GOAL

£16,000

Continue

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YOUR SAVINGS GOAL
£20,000

FIND OUT HOW TO TAKE IT FROM HERE...

Calculate by

Savings


Date

I want to buy in

July / 2023

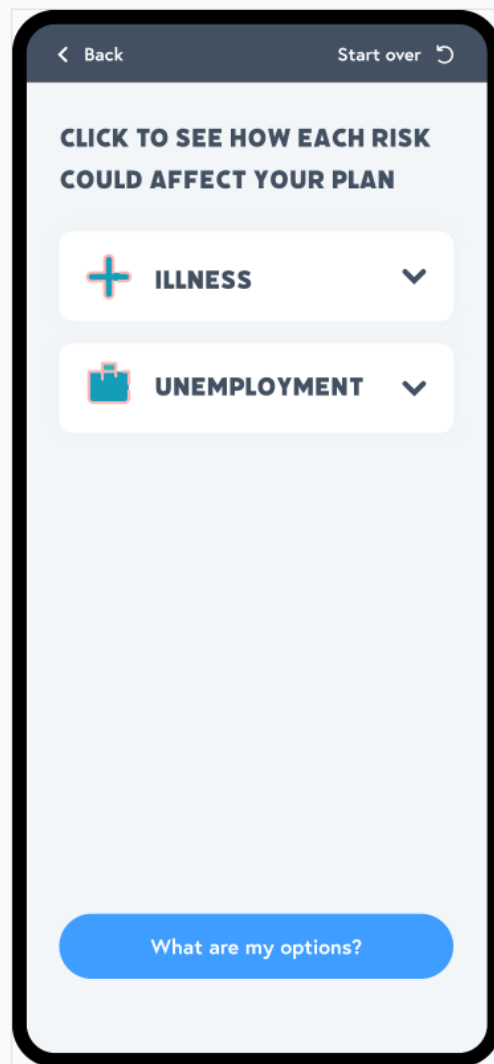
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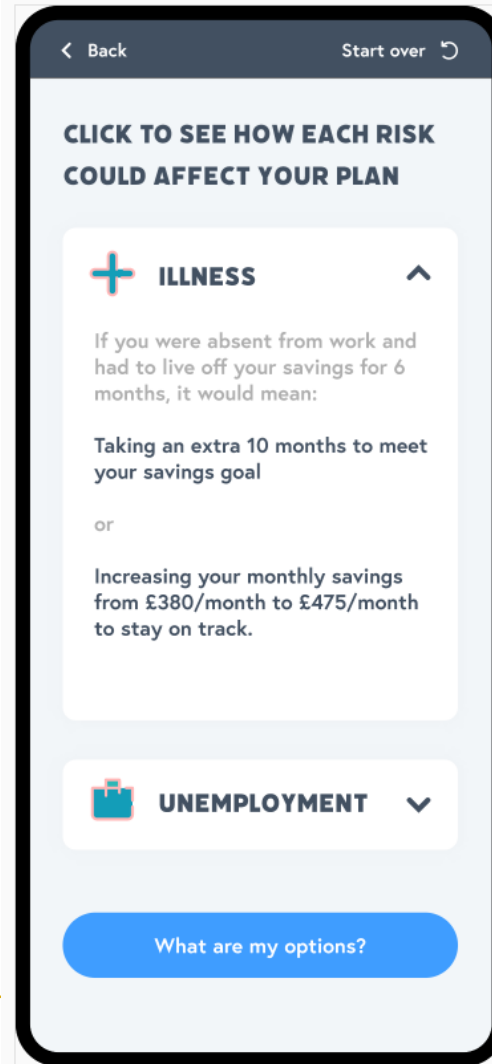
YOU'LL NEED TO SAVE



£380
PER MONTH

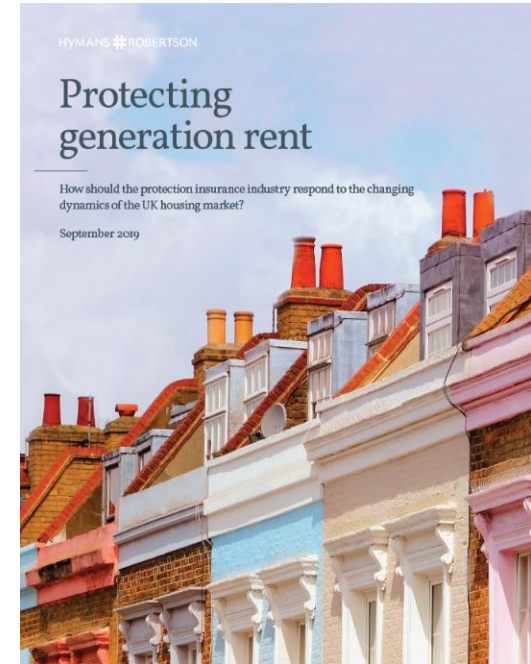
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Final thoughts

1. Renters are a forgotten but increasingly significant customer segment
2. No single type of renter. Three segments: Home-buyer in waiting, young family, former homeowners
3. Renters are concerned about illness, but have low financial resilience
4. Rental market presents a significant opportunity for protection industry
5. Opportunities to evolve products and distribution



<https://www.hymans.co.uk/insights/research-and-publications/publication/protecting-generation-rent/>



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Questions

Comments

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