



Institute  
and Faculty  
of Actuaries

# Product Innovation: Home Equity Release Loans for Long Term Care Needs

Speaker: Doug Andrews

The views expressed in this presentation are those of the speaker.

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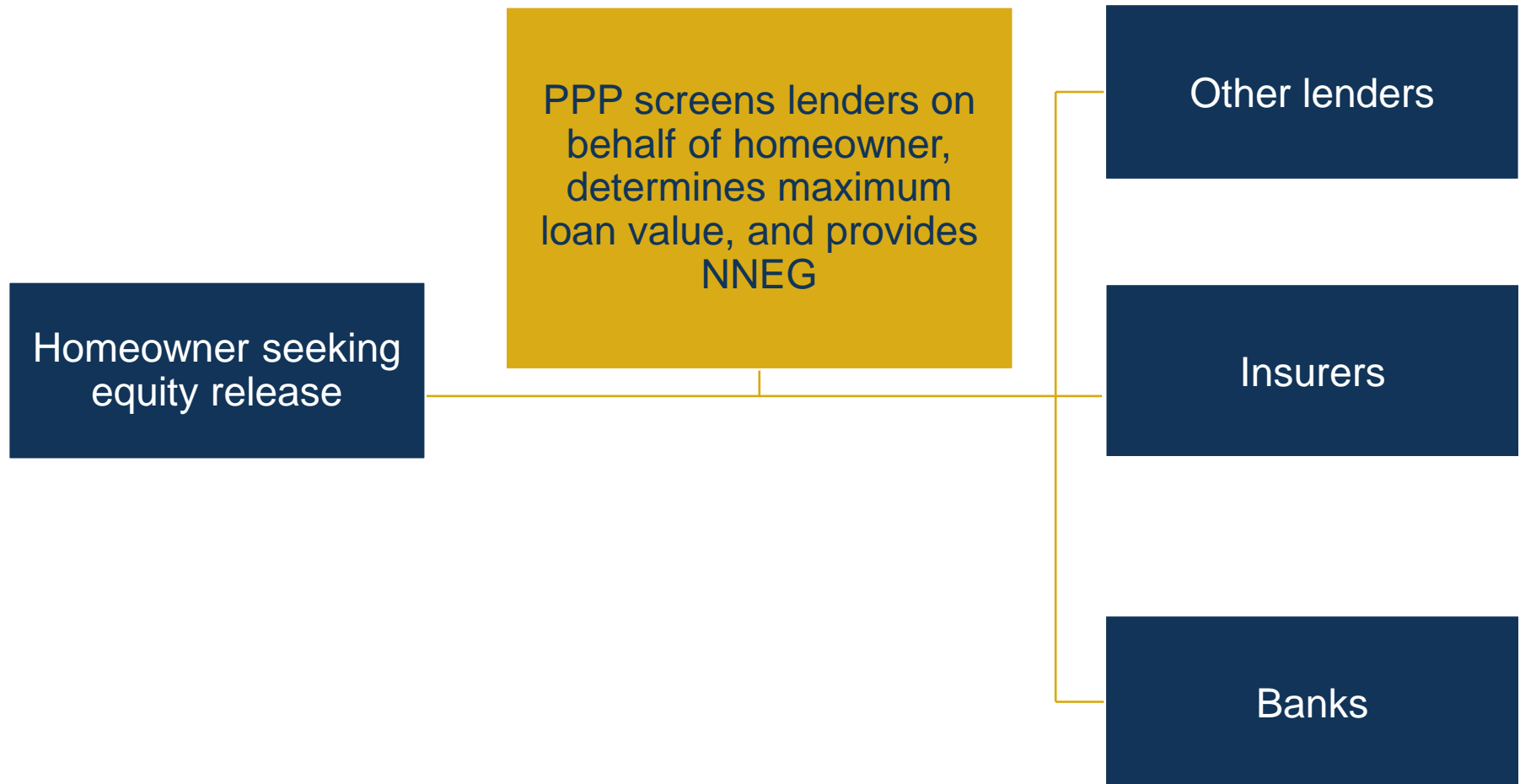
# How Can Home Equity Release Products Be Designed To Enhance Take-up?

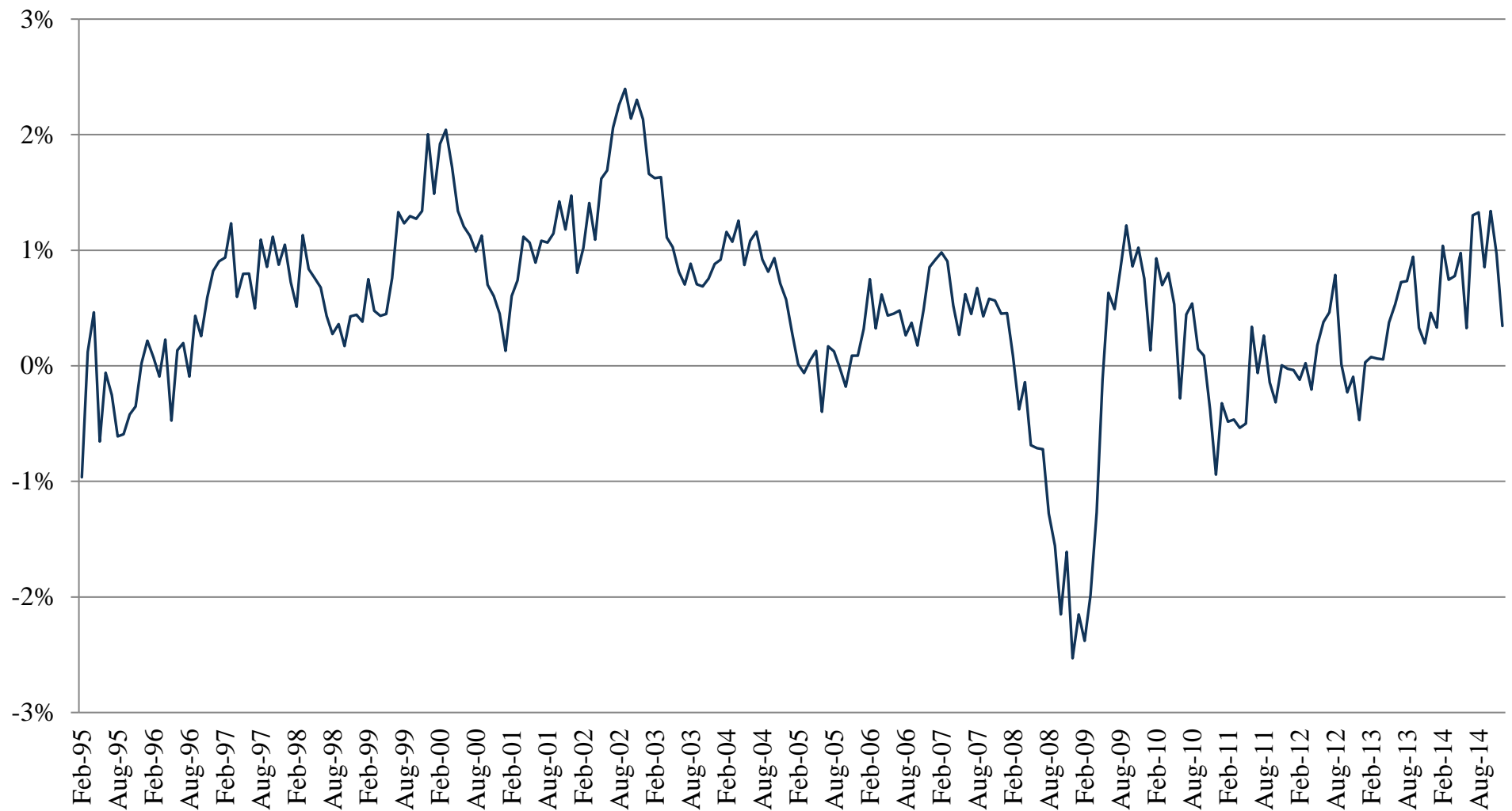
- **Unbundling of risks – with re-allocation to appropriate institutions**
- **More customer – favourable pricing**
- **Broadening appeal to investors**

# Outline of Design

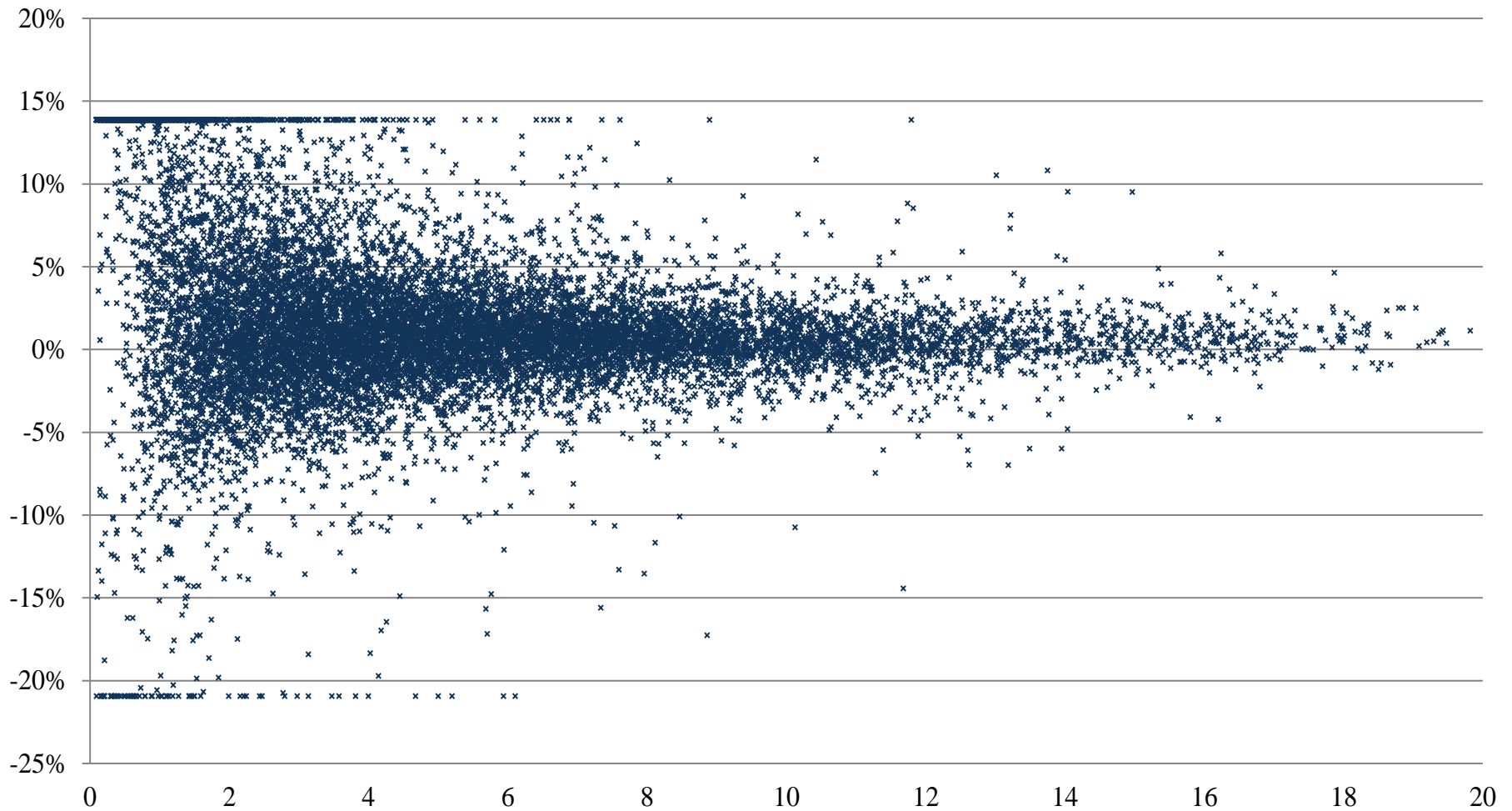
- Targeted to individuals and couples who
  - *Have equity in their home*
  - *Wish to age in place*
  - *Have a “care” need requiring equity release*
- Loan rate tied to return on regional House Price Index
- NNEG included

# Intermediary Role of the PPP





## Monthly House Price Index Returns



## Annualised Return Differences by Time between Transactions



**Questions for  
discussion**



**Comments are welcomed**

- **Does this design fulfil a need?**
- **Do you think it is viable?**
- **How might the design be improved?**
- **What institutions would find this product attractive?**
- **What would be an ideal structure from investors' viewpoints for holding the assets in this product?**