

# MetLife MortgageSafe Sales Process Guide

## For Advisers Only

We have produced this simple guide to help you:

- Identify clients that could benefit from MortgageSafe
- Understand how MortgageSafe can meet the needs of these clients
- Understand the Financial Conduct Authority's expectations

This document is not intended to provide you with full information about the MortgageSafe proposition. Information about MortgageSafe and its features and benefits can be found at [www.metlife.co.uk](http://www.metlife.co.uk).

# Contents

---

Target market	2
Sales process	4
• Know your customer	4
• Fair treatment of vulnerable customers	5
• State benefits	5
• Statement of demands and needs	6
• Personalised explanation	6
• Product information	6
Example wording (Telephone Sales)	7
Sample of Statement of Demands and Needs	11

# Target market

## Who is MortgageSafe suitable for?

MortgageSafe is for individuals who are looking to protect their monthly mortgage repayments in case they are unable to work due to accident and /or illness. The monthly benefit is used to pay the mortgage.

MortgageSafe can be taken out by an individual who is:

- at least 18 and before their 60th birthday;
- resident in the UK;
- employed for at least 16 hours a week, every week, taken as the average number of hours worked per week in the 6 months up to the proposed policy start date;
- in continuous employment or continuously self-employed for at least 6 months, or be on a fixed term contract for at least 24 continuous and consecutive months with their current employer before the start date of the policy; and
- eligible for a mortgage at the time of application and have or will have at least 5 years left on their mortgage.

We know that the proposition particularly appeals to the following key target segments:

- Individuals who are highly dependent on a monthly income and have a mortgage – typically mass market 25-45 year olds.
- Self-employed individuals who don't get sick pay or holiday pay where protection against income shortfalls is critical.
- First time buyers who want peace of mind in case of an accident or illness which means they are unable to work.
- In respect of the additional benefit, families that want additional protection in case they need to take time off work to look after a child that has broken a bone, been hospitalised or been diagnosed with cancer – *excluding less advanced cases*.

### **Who is MortgageSafe not suitable for?**

As well as understanding who MortgageSafe may be suitable for, it's just as important to understand who it may not be suitable for, to ensure your efforts are focused in the right areas. These segments are not our target market, and we do not expect sales to be made to these demographics:

- Those with enough other resources to protect them should they be unable to work.
- Those who have income protection in place already – either individually or provided through their employer, though consideration should be given as to the extent of coverage and what the individual would do if they are unable to work due to accident or illness.
- Those who need unemployment cover should they no longer work due to reasons other than accident or illness.
- Those who are unemployed and / or receiving State benefits, as they are not eligible to take out the cover.

For any client it will always be important to explain what is covered and the key exclusions so that they can make an informed decision.

# Sales process

## Know your customer

The Financial Conduct Authority sets out some rules here to ensure that any products recommended are suitable for the client.

First you need to demonstrate that you 'know your customer' and ensure that you gather information on their circumstances and objectives to understand the needs that they have. A good way to do this is through a Fact Find.

Initial questions to enable the client to think through their needs and objectives should be open questions or conversation starters, for example:

- Have you thought about how you would cope financially if you had an accident or you were ill and couldn't work?
- [If the client has children] What about if your child had an accident and you needed to take time off work to look after them?
- What sources of income/savings would you have to meet your living costs in the immediate future/ longer term if you couldn't work?
- If employed – does your employer provide more than statutory sick pay and for how long?
- Does your employer provide income protection?
- Do you have any personal protection policies including income protection, critical illness, life cover etc? Do you understand in what circumstances these would pay out?
- Do you understand whether you would be entitled to state benefits should you be unable to work?

It is important also consider other aspects such as the following areas:

- The age of the client (and any partner or dependants)
- The health of the client and spouse/partner (if applicable) and any concerns they have
- Existing cover
- Other resources available to the client (i.e. are there any savings which could tide the client over in the short-term/long-term?)

If the client does have one or more existing protection arrangements it is important to establish whether these already meet their needs, or whether there are gaps or shortfalls where additional cover is needed. The benefits could be compared to the client's expected outgoings following an accident/illness (taking account of any sick pay/benefits etc.)

## Fair treatment of vulnerable customers

In February 2021, the Financial Conduct Authority 'FCA' published its finalised guidance for firms on the fair treatment of vulnerable customers (FG21/1). This can be found [here](#).

The FCA defines a vulnerable customer as *"someone who, due to their personal circumstances, is especially susceptible to harm, particularly when a firm is not acting with appropriate levels of care"*.

All customers are at risk of becoming vulnerable, and this risk is increased by 4 key drivers related to the characteristics of vulnerability: health, life events, resilience, and capability.

As a financial intermediary, you must treat customers fairly, and this includes vulnerable customers. This means vulnerable customers experience outcomes that are as good as those for other customers, and receive consistently fair treatment.

For example, you should ensure you are clearly explaining the insurance policies you are selling, and that they are understood by your clients.

## State benefits

Based on current DWP guidance, where an insurance policy benefit is used to cover mortgage costs, like MortgageSafe, then the amount paid to the lender either directly or by the policyholder is disregarded, and only any excess (potentially including any premium refund) is considered against any eligible Universal Credit amount.

In July 2019, the Department for Work and Pensions 'DWP' provided this additional guidance to the Association of British Insurers 'ABI' regarding payment protection policies and how they are treated under Universal Credit.

Universal Credit was introduced from October 2013, with the aim of encouraging people to work, simplify the system to be easier to understand and cheaper to run, reduce the number of people in work and still living in poverty, and reduce fraud and error.

It replaced child tax credit, housing benefit, income support, income-based Job Seekers allowance, income-related Employment Support Allowance and working tax credit.

The Government also introduced Personal Independence Payment 'PIP' to replace Disability Living Allowance, and applied a cap on benefits to ensure households cannot receive more in benefits than the average wage for working families.

As a financial intermediary, it's important you consider State benefits when discussing the protection needs of your client, as benefits from insurance policies, including income protection, critical illness cover and policies like MortgageSafe, can impact a household's eligibility for State support.

You should also consider there are other factors that can impact a household's eligibility for State support, including an individual's ability to work, and receipt of income from other sources, such as from a spouse or partner.

### **Statement of demands and needs**

Once you have obtained information from the client and ensured the policy is consistent with their demands and needs, you must provide the client with a statement of their demands and needs. The statement of demands and needs must be clear and accurate and will usually be provided in writing.

### **Personalised explanation**

If a personal recommendation is being made you must take reasonable care to ensure the policy is suitable for the client's demands and needs, when doing this you should consider the level of cover, cost and exclusions of the policy. Please note that MortgageSafe is a Pure Protection policy, so you will need to inform the client of any demands and needs that are not met. (ICOBS 5.3.2)

If you have provided a personal recommendation you must provide the client with a personalised explanation of why the policy best meets their demands and needs. This is in addition to the Statement of Demands and Needs (ICOBS 5.3.4). The personal recommendation should also be provided in writing, or another durable medium.

### **Product Information**

You must ensure that the client is given appropriate and easy to understand information about the MortgageSafe policy in good time so they can make an informed decision on whether to purchase the policy.

Where a MortgageSafe policy is proposed, this information should include the Policy Summary and Additional Important Policy Information document, as well as a personalised illustration which contains the price information. This can be printed from the MetLife application screen.

This information should be provided to the customer in writing or another 'durable medium' (different rules apply to Distance Contracts sold in accordance with the Distance Marketing Directive).

Please ensure you provide your customer with an up to date illustration before the policy is applied for, as the premium is subject to alteration if information changes, for example if a birthday has passed or the mortgage repayment term (in years) reduces

## Example wording (Telephone Sales)

The following is some sample wording that can be used to explain MortgageSafe on the telephone. This wording is not a script but may be used as part of a sales process conducted in accordance with the Distance Marketing Directive. You must ensure that your sales process is compliant with FCA requirements, in particular ICOBS 3.1, ICOBS 4, 5 and 6.

All the required regulatory information concerning you and your link with the firm and a description of the financial service being provided should also be covered with your client. You must ensure that you establish your customer's needs and that the product you are recommending is suitable and affordable. The Statement of Demands and Needs, personalised explanation and Policy Summary and Additional Important Policy Information document should be provided to the client in writing, immediately after the telephone discussion if the sale is in accordance with the Distance Marketing Directive.

Example wording	
<p><b>MortgageSafe</b></p> <p>What MortgageSafe is and why it is important</p>	<p>MortgageSafe can help you cope financially by providing a monthly benefit to pay your mortgage repayments for 12 or 24 months if you suffer an injury or illness which means you are unable to work for at least 4 weeks, depending on the level of cover you select. An accident is a sudden event which happens by chance and couldn't be expected.</p> <p>There are other types of policies that are designed to pay a regular income if you are unable to work due to accident or illness and there are policies that pay out a lump sum if you are diagnosed with a specified illness. We can discuss whether these may be more appropriate for you depending on your circumstances and needs.</p>
<p><b>Basics</b></p> <p>Summary of MortgageSafe</p>	<p>MortgageSafe can be tailored to your needs, with 3 levels of cover providing up to £1,500 per month of benefit for 12 or 24 months in respect of you being unable to work as a result of accident and / or illness.</p> <p>You can also choose to cover your children that pays out a lump sum for broken bones, hospitalisation and diagnosis of cancer – <i>excluding less advanced cases</i>.</p> <p>For accident only cover, there are no medical questions when you take out the policy and the cost will not increase as you get older, or if you claim.</p> <p>For accident and illness cover, there are a short number of health questions you would need to answer to apply for the policy. Once MetLife accepts you for cover, the cost will not increase as you get older, or if you claim. MetLife will review the premiums every 2 years.</p> <p>The policy will continue if you pay the premiums and remain a UK resident, up until the end of your mortgage period, but no later than your 70th birthday.</p>



Example wording	
<b>What is covered</b>	
Core Cover (if selected)	MortgageSafe Core Cover pays a monthly benefit for 12 months if you have an accident which means you are unable to work for at least 4 weeks.
Essential12 (if selected)	MortgageSafe Essential12 pays a monthly benefit for 12 months if you have an accident or illness which means you are unable to work for at least 4 weeks.
Essential24 (if selected)	MortgageSafe Essential24 pays a monthly benefit for 24 months if you have an accident or illness which means you are unable to work for at least 4 weeks.
Optional Child Cover (if selected)	Optional Child Cover is also available, which covers your children in case of broken bones, hospitalisation and diagnosis of cancer – <i>excluding less advanced cases</i> . Benefit under this cover is paid as a lump sum payment, not a monthly benefit payment.
<b>What is not covered</b>	The policy does not cover unemployment or loss of earnings that is not as a result of an accident or illness.
<b>Significant exclusions</b>	As with any insurance there are several exclusions, where MetLife would not pay a claim. Full details of these can be found in the policy terms and conditions, policy summary and additional information documents that I will send you/have provided you with.
Explain the most significant or relevant exclusions	<p><b>Main Cover</b></p> <p>There are several exclusions, the main ones being:</p> <ul style="list-style-type: none"> <li>• Any claim arising from any injury or illness which commenced or occurred prior to the start of cover</li> <li>• An excluded cause as shown on the policy schedule as a result of underwriting</li> <li>• Self-inflicted injury or attempted suicide</li> <li>• Active participation in an actual or attempted illegal act, including road traffic offences</li> <li>• Participation in some sporting activities including playing professional sport and contests of speed</li> <li>• War or act of foreign enemy</li> <li>• Aerial flight (other than as fare-paying passenger)</li> <li>• Where alcohol was a significant factor</li> <li>• Certain tasks undertaken during employment or self-employment, including (but not limited to) diving, demolition, or working on an oil or gas rig</li> <li>• Any form of military service</li> <li>• Shielding or self-isolating where you do not meet the definition of being unable to work are not covered under the policy. Shielding and / or self-isolating mean you are staying at home at all times and avoiding any face to face contact.</li> </ul> <p>There are also some restrictions that you should be aware of:</p> <ul style="list-style-type: none"> <li>• If you are unable to work on the policy start date due to accident or illness, MetLife will not provide cover for any claim caused by that particular accident or illness until you have returned to work for at least one working day.</li> <li>• Where benefit is paid directly to your mortgage lender, any shortfall resulting from your monthly benefit being less than your monthly mortgage repayment amount is your responsibility.</li> </ul>

MetLife will not be responsible for any additional costs owed to your mortgage lender, for example, late payment or penalty fees, in connection with any payment made by us to your mortgage lender.

- The maximum benefit payment period for monthly benefit is 12 or 24 months dependent on level of cover selected.
- Once the benefits have been paid for the benefit payment period either during one continuous claim or for several linked claims, no further policy benefit will be payable until you have returned to work for at least 6 months.
- The policy does not cover unemployment and / or loss of earnings that is not as a result of an accident and / or illness.
- MetLife may increase or decrease the premium no more than every 2 years to reflect unexpected changes in our actual and expected experience of claims, expenses, lapses, investment income or any change in the law affecting the policy or MetLife.
- MetLife may also vary the policy terms and conditions in respect of any errors or omissions, on request by a regulatory authority or if there is a change in the law or regulation affecting MetLife or the policy.

#### **Optional Child Cover**

The exclusions under the main cover also apply to Optional Child Cover. In addition, MetLife would not pay a claim under the Optional Child Cover for the following:

- Less advanced cases of cancer (in line with the ABI minimum standards)
- Broken bones if caused by osteoporosis, brittle bone disease, or other degenerative bone disorder
- Soft tissue injuries and dislocation of bones of the fingers, thumbs and toes
- Stress fractures and bruised bones
- A broken nose
- Hospital stays in non-UK hospitals
- Hospital stays for:
  - optional surgery
  - pregnancy and childbirth
  - sickness during the first 12 months of the Optional Child Cover

#### **Limitations**

- The maximum benefit payable for hospital stays is 90 days per condition or event.
- Hospital stays must be for at least 24 hours for benefit to be payable.
- Cancer benefit is not payable under Child Cover if the child has previously been diagnosed with any form of cancer, or had tests or investigations, that lead to the diagnosis of cancer within 90 days of the cover start date.

	<ul style="list-style-type: none"> <li>If a single accident results in a claim for any combination of multiple policy benefits in respect of an eligible child, the maximum paid is £10,000 (i.e. equal to the policy benefit for diagnosis of cancer - <i>excluding less advanced cases</i>).</li> </ul>
--	---

<p><b>Underwritten policies</b></p>	<p>Note: If the policy is being underwritten, you should explain that MetLife will liaise with the customer directly if any additional information is needed.</p> <p>Please also explain that, depending on the outcome of the underwriting assessment, additional exclusions could be applied.</p> <p>We may also need to share limited medical information (but not medical reports or other medical evidence) relating to underwriting decisions (exclusions) with you as the intermediary, to enable you to properly advise them as to the suitability in accordance with their needs, and to assist with any uncertainty about what exclusions are, and how accepting revised terms (subject to exclusions) will impact them.</p> <p>Unless your customer states otherwise, or they have specifically sent medical information themselves directly to MetLife without intervention by you, then you are able to accept the terms (subject to exclusions) on behalf of your customer. Such acceptance will be required prior to proceeding.</p>
-------------------------------------	---

<p><b>Premiums</b></p> <p>The amount and basis of the premium</p>	<ul style="list-style-type: none"> <li>Premiums are payable monthly by Direct Debit and are dependent on your age, Body Mass Index (BMI), smoker status, occupation, mortgage term and level and amount of cover you select.</li> <li>You can add Optional Child Cover for £3 per month.</li> <li>Once your policy has started, the premium is payable until the end of your mortgage period but no later than your 70th birthday unless you become ineligible or you decide to cancel the policy and give up the benefits.</li> <li>Over the term of the policy the total premium payable would be £XXXX. This is based on &lt;£xxx of cover plus optional child cover&gt;</li> </ul>
---	--

<p><b>Cooling off period</b></p>	<p>Once you have bought the policy you have 30 days to change your mind and cancel the policy. If you do this, you will be entitled to a full refund of any premiums paid up to that time providing you have not made a claim.</p>
<p><b>Disclosure &amp; completion of application form</b></p> <p>The importance of answering all the questions carefully, to the best of your knowledge and belief, and the consequences of not doing so</p>	<p>If you are happy to proceed, we will submit your application online.</p> <p>MetLife asks questions about your medical history as part of your application. When we are completing this it is important that you answer all the questions, I ask you carefully, to the best of your knowledge and belief as insurance companies can refuse to pay a claim or your policy may be void if the information you provided was incorrect (whether deliberately or innocently).</p>
<p><b>Policy Summary</b></p> <p>Explain the importance of reading and keeping the Policy Summary</p>	<p>All the information we've discussed is contained in the Policy Summary and Additional Important Policy Information document I will send / have sent to you. It explains clearly how your policy works, what it covers and what's not covered. This also covers MetLife's complaints process, information on how you can make a claim, tax and information on the Financial Services Compensation Scheme should MetLife be unable to meet its liabilities. Further information is available on request.</p> <p>Please read the document carefully and then keep it safely.</p>

## Sample of Statement of Demands and Needs: for non-advised sales of MortgageSafe Core Cover

### Important note

We have provided you with the information in this document to help when you are writing a statement of demands and needs for non-advised sales of MetLife MortgageSafe Core Cover.

As stated earlier in this document, if a personal recommendation is being made (i.e. advice is being provided), you must take reasonable care to ensure the policy is suitable for the client's demands and needs, when doing this you should consider the level of cover, cost and exclusions of the policy based on their specific circumstances. On that basis, any wording used should be tailored to each client, but the example wording below may be referred to.

Text in blue is optional or requires an input from you to tailor to the client. Brackets indicate that some action should be taken, or information should be entered if the sentence is included.

**The information is provided as a suggestion only. You are responsible for ensuring that the content is accurate and personalised to your client, and that it adheres to all regulatory guidelines.**

### Your demands and needs

You do not have enough insurance or other means to cover your mortgage repayments should you have an accident that results in you being unable to work for at least 4 weeks.

[Include if optional child cover has been selected]

Based on your circumstances, you have an additional need of financial support to help you through disruption to your normal life if <your <child/children> have an accident or suffer an illness.

Please let me know as soon as possible if your needs are not reflected here correctly as this may mean the policy is not suitable for you.

### MetLife MortgageSafe policy – Core Cover

The MetLife MortgageSafe policy will help meet your mortgage protection needs by providing a monthly benefit to pay your mortgage in the event of you suffering an accident which means you are unable to work for at least 4 weeks.

The cost is known up front and you can select up to £1,500 per month of cover depending on your monthly mortgage repayment amount. You have selected <xxx> per month based on your monthly mortgage repayment amount. I have informed you of the total cost of the policy and you confirmed that you can afford the monthly premium of (£XX per month).

## Exclusions

As with any insurance there are several exclusions, where MetLife would not pay a claim. We have discussed these, but you should also refer to the policy summary and the policy terms and conditions for further detail. [Include details of any particularly relevant exclusions here – for instance check whether the client carries out any excluded activities as well as checking the activities they undertake in their employment/self-employment.]

## Child cover

You told me that you would like to cover your <child / children> in case of accidents or illness, to help you through the disruption this may cause to your normal life, for example if you need to take time off work to look after them. To meet this need you can add Optional Child Cover. This will cost an additional £3 per month. This covers all your <children/step-children>.

### Child cover Exclusions

There are also exclusions in relation to the Child cover benefit, where MetLife would not pay a claim. We have discussed these, but you should also refer to the policy summary and the policy terms and conditions for further detail. [Include details of any particularly relevant exclusions here – for instance check whether the client's child carries out any excluded activities.]

## About MetLife

MetLife Europe d.a.c. is an affiliate of MetLife, Inc. with a financial strength rating of A+ by Standard & Poor's<sup>1</sup>. MetLife Europe d.a.c. has been in the UK since 2007, providing innovative protection, employee benefits and retirement solutions.

With over 150 years of experience, MetLife, Inc. is an innovator and recognised leader in protection planning and retirement saving solutions around the world.

MetLife, Inc. has established a strong presence through organic growth, acquisitions, joint ventures and partnerships in over 40 countries worldwide and is trusted by tens of millions of customers<sup>2</sup>.

MetLife Europe d.a.c. provides the policy referred to in this document.

Services are delivered from MetLife Europe d.a.c.'s head office in Ireland, and from offices in the U.K. For more information about MetLife Europe d.a.c., you can visit the company's website at [www.metlife.co.uk](http://www.metlife.co.uk).

Sources: <sup>1</sup> [https://www.standardandpoors.com/en\\_EU/web/guest/home](https://www.standardandpoors.com/en_EU/web/guest/home)

<sup>2</sup> MetLife Worldwide: [https://www.metlife.com/about-us/corporate-profile/global-locations/?WT.mc\\_id=vu1133](https://www.metlife.com/about-us/corporate-profile/global-locations/?WT.mc_id=vu1133)

## Unmet needs

[If there are any unmet needs you should detail these in this statement.]

## **Questions on MortgageSafe?**

**Call: 0800 917 2221**

**Email: [protection@metlife.com](mailto:protection@metlife.com)**

**[metlife.co.uk/mortgagesafe](https://metlife.co.uk/mortgagesafe)**

---

Products and services are offered by MetLife Europe d.a.c. which is an affiliate of MetLife, Inc. and operates under the "MetLife" brand.

MetLife Europe d.a.c. is a private company limited by shares and is registered in Ireland under company number 415123. Registered office at 20 on Hatch, Lower Hatch Street, Dublin 2, Ireland. UK branch office at Invicta House, Trafalgar Place, Brighton BN1 4FR. Branch registration number: BR008866. MetLife Europe d.a.c. (trading as MetLife) is authorised and regulated by Central Bank of Ireland. Deemed authorised by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the Financial Conduct Authority's website.

**COMP2879.4.Sep22**

