

# Industry Voice

Analysis. Commentary. Trends.

Autumn 2020

#8

## The resilience project

Working through adversity

### Articles from

Aviva, Legal & General, The Exeter, Accord Mortgages,  
Leeds Building Society and Iress



# Welcome

Welcome to our Autumn edition of Industry Voice. We're back with commentary and insight from the mortgage and protection industry. In this issue, we look at the events of the past few months and the impact of the pandemic.

It's been a challenging time. While we've all had to rethink the way we live and work there have been some clear learnings about what we can do as individuals and businesses, to help shape a more positive future. This edition explores some of those themes. We hope you enjoy this issue and you find something that supports or encourages you within the articles. I'd love to hear your thoughts

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Vist the Iress blog to get more perspectives about the issues affecting our industry from our provider and lender partners at [iress.com/industry-voice](https://iress.com/industry-voice)

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“

We're all weighing up what is viable at the moment, but like many businesses we've kept projects moving."

Jacqui Durbin, head of product (the Exchange) at Iress

# Looking through a different lens



Jacqui Durbin  
Head of product  
(The Exchange), Iress

2020 is not over yet but stoic resilience and acceleration of tech use are just part of its legacy.

**D**espite the challenges of 2020, our resilience to get on and still deliver for our clients has been something I'm proud of over this past year. There are lots of things I've learnt. Not least that I'm massively grateful I work for a technology company that could easily adapt to remote working! We are now acutely aware of how good technology is even more central to conducting business. And it led me to think how it might change what we do even after we've come out the other side of COVID.

## The legacy of 2020

### Remote collaboration works

We're all weighing up what is viable at the moment, but like many businesses we've kept projects moving. Like a recent multi-client project for equity

release which has resulted in just as much collaboration - yet all completely remotely. Before the lockdown, projects like this would've involved face to face initiation, project meetings with travel time and high levels of diary juggling.

I'm not saying it has been a breeze by any means, but it has definitely been easier. It makes you think whether we will continue to run collaborative projects remotely more widely after life returns to normal. I know I appreciate the reduction in travel, compared to life before March. Do we get the same result? Absolutely.

### Virtual events actually make good sense

The events industry has sadly been hit hard, and I miss the networking and opportunity to get together. There've

been some creative ways to keep the spirit of events alive. Certainly from my experience, as long as these events are considered they can still be incredibly beneficial, both as an attendee and as a presenter. The scale and ability to interact one on one, to create and build relationships is not there, but in terms of ability to present considered, specific content tailored to your audience, remote events have clear benefits. Plus it's an effective use of time watching live or recorded content for the participant. You've also got the plus that technology allows you to ask questions via video or via anonymous chat so still provides the platform for engagement.

So while I'm grateful that the events industry has, in parts, been able to adapt and continue to provide business insights and opportunities, I'm looking



**Whatever lays ahead, there is an opportunity to help people by providing much needed products and services."**

forward to a time when all the support staff who create, build and run live events, are back doing what they do best. There is a place for both remote and live formats in my view.

### **Agile continues to be our buzz word**

When I said I was grateful to work for a technology company, here's one of the biggies. Our culture of collaboration and agile principles (a way of working through iterative developments with cross functional teams to get the job done) meant the speed at which we needed to respond to product changes through the height of the crisis was delivered. We are not beholden to large waterfall projects planned months in advance, we adopt an agile approach to our work which means we can release developments frequently, ship small changes to our customers and then if we need to pivot and respond to different market and client demands we can do so.

Redundancies and furlough from outside and within our industry, have been a massive concern for us all. No one knows what the long-term impact is going to be after all this, or even the short-term come to think of it. My hope is we will return stronger and that businesses can adapt or pivot to survive. Whatever lays ahead, there is an opportunity to help people by providing much needed products and services for clients whose need for financial protection has never been more apparent. We will be here to play our part so our clients can respond as quickly as they need to, to theirs.

### **Wellbeing rightfully has more focus**

Time has been given back to us and it's made us all think about things differently. Trying to work and homeschool aside, the lack of commute, precious outside exercise time, the clear diaries at weekends, mean we've had time for reflection and

space to think a bit more about our wellbeing. I know not being able to see our families and friends has been tough and caused real problems for some. But it's brought wellbeing into focus too. The trick will be how we hold on to this when more normal office life returns.

There's been a programme of activities here at Iress to help us all manage our wellbeing and our feelings at this time. We've put a bunch of these into blogs on our [Coronavirus hub](#) if you want to check them out. And we've all been given the license to cut down on screen time, to avoid [Zoom fatigue](#). I'm trying to keep some mornings or afternoons video call free and not assume that every connection with a colleague or client has to be via video. I try to connect more by phone, as I appreciate that other people might feel the same way.

Personally I prefer seeing people's faces mostly, but sometimes choosing to attend a meeting as a walking

participant keeps me fresh and present.

I'm sure many of you have some other observations, so get in touch with us if you'd like to share them. Or if you are looking for more information on the topics that matter to you and the mortgage and protection industry, check out our regularly updated blog at [iress.com/industry-voice](https://iress.com/industry-voice).

**Article by  
Jacqui Durbin  
Head of product  
(The Exchange), Iress**

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**Time has been given back to us and it's made us all think about things differently.”**

# Inclusive capitalism: Making a positive difference to society



**Nigel Wilson**  
CEO, Legal & General

When calling out industries that truly make a difference to individuals and society – the protection sector shines out as a leading example.

**T**he role played by advisers in ensuring that individuals could be financially supported, often at the most challenging times in their lives, cannot be understated especially in the unprecedented times we are currently facing. But we recognise that advice does not simply help people prepare for the worst. Our industry is built on making a positive difference to society and to families – enabling people to access the housing ladder and helping customers to navigate complex financial choices. We also strive to empower people to both plan for the future and prepare for the present.

The protection sector has long striven to be a force for good in customers' lives, offering a safety net depending on the plan chosen, against the unexpected financial impact of a specified critical illness, injury and loss. Between 2015 and 2019, Legal & General alone paid out over £2.9 billion in protection claims and even

during COVID disruption, we have not missed a beat paying all valid claims. Behind these big numbers are real people facing real challenges, to whom our sector offers real support. The work advisers undertake every day to deliver products which make a measurable difference to the lives and financial security of millions of customers cannot be understated.

As an industry we have to have both an economic and a social value. Profit and purpose are not in competition, they are conjoined and mutually reinforcing, making us better at doing business. We have huge opportunities to self-determine our success – at a macro-level across the economy, at a micro-level with our individual customers, and at a middle or meso-level, within our own industry and distribution chain.

Applying this focus to technology is imperative for the financial services industry. Technology isn't about replacing the vital role of human

advice, but advances in AI and robotics mean that we have the opportunity to disrupt ourselves. We can grasp the opportunities that new technologies offer in fintech and insurtech to broaden the reach and impact of the vital expertise offered by advisers so we can help more people.

We also need to think about how we create real assets to pay pensions. For example, this year we completed a £4.6bn pension buyout for Rolls Royce, where we have taken on the promises made to their pensioners. Then we announced a £4bn investment programme with Oxford University to fund postgraduate and key worker housing, plus science and technology parks. Most of those assets will be held against pension liabilities. So, the aero-engineers of yesterday will be funding facilities for tomorrow's aero-engineers to study, research and live.





**Our business and our culture at Legal & General is built around what we call “Inclusive Capitalism”, a phrase which encapsulates positive, purposeful business.”**

Urbanisation is another global trend. We need Future Cities - great places to work, live and play for people of all incomes, all ages. We have, in around 20 different cities across the UK, invested in almost all components for a Future City. These components include modern housing, transport, energy, education, businesses and healthcare - all funded by Pension Savings.

In Salford, our real asset investment has immensely improved a part of Manchester, where across the city we are investing £3bn. A hundred years ago Salford was a busy dock with low-skill, low-pay jobs. Then in the 1980's it became a de-industrialised wasteland. Now it is Media City, a digital hub with

highly-skilled, highly-paid jobs.

The rising incidence and ever-increasing awareness of mental health also raises the question of how products should evolve and how our sector can meet this challenge. One in four people are now affected by mental ill health and last year it was recorded as the third highest illness claimed against a Legal & General Income Protection product. There is a growing recognition that wellbeing among employees is good for business, which is why we are calling for employers to take action in addressing mental health in their own workplaces. This will reduce absenteeism, improve productivity, and promote inclusive,

thriving workforces. Firms that provide mental health support may be seen by employees as better places to work.

Inclusive capitalism, driven by intellectual curiosity and honesty and underpinned by purpose, enables us to use financial power to engage with societal problems. We can turn policy failures and broken markets into opportunities and solutions. Together we can be at the front line of inclusive capitalism.

**Article by  
Nigel Wilson  
CEO, Legal & General**

# Income protection is a better option than state benefits



**Steve Bryan**  
Director of distribution and marketing  
The Exeter

Never has income protection been more important with the COVID-19 pandemic continuing to add uncertainty with incomes.

**W**ith nearly ten million jobs being put on furlough and almost three million claims being made under the Self-Employment Income Support Scheme<sup>1</sup> during the coronavirus pandemic, awareness of how unexpected events can wipe out our income has arguably never been higher.

But what happens when the support ends? With so many people turning to the Government for help, are we in danger of creating a false picture of over-reliance on the state to help us when we are unable to work?

## Why we shouldn't bank on state support

The Government's financial support package during the coronavirus pandemic was an exceptional response designed to help UK workers in exceptional circumstances, replacing up to 80 percent of salary

at the peak of the pandemic. But this level of income replacement is far higher than is normally paid should we be unable to work due to illness or injury. And despite the growing awareness of our financial fragility, how many of us really consider what life would be like if we had to live off benefits such as Universal Credit?

## State benefits are designed to exist on not live on!

Average employee earnings reached £585 per week in April 2019, equivalent to roughly £30,420, according to data from the Office for National Statistics<sup>2</sup>.

This is more than the £594.04 monthly standard allowance on Universal Credit that a couple aged 25 or over could receive, and far higher than the £409.89 a single claimant aged 25 or over could get<sup>3</sup>. The government temporarily increased Universal Credit benefit to these figures for

12 months from April 2020 due to the coronavirus crisis, but this extra support could be removed.

## Mind the red tape

Inevitably with government funding, the qualifying criteria means assessing eligibility can be extremely complex.

Some of the many stipulations relate to savings and income.

If an individual, or one of a couple, has savings of more than £6,000 or receives other income, then Universal Credit payments are reduced, and applicants are entirely ineligible if someone has £16,000 saved up<sup>3</sup>.

A study by the New Policy Institute found that 46 percent of the 260,000 income protection (IP) policyholders it analysed would not be eligible for Universal Credit due to their personal circumstances<sup>4</sup>.



This means tens, or even hundreds, of thousands of people seriously need to consider what they would receive from the state if they could not work.

### **It's time to take control**

Everyone needs to take greater responsibility for their future financial health, which includes considering how they could afford their outgoings if they were unable to work.

With IP, policyholders can protect a much larger proportion of their income than they would receive under state benefits. This provides policyholders with a greater financial cushion should they experience a drop in income due to illness or injury.

IP doesn't penalise people for responsibly building up a savings pot and payments can start on the first day of an illness, unlike Universal Credit, where the first payment

routinely takes five weeks to arrive.

Beyond this, IP policies are far more flexible than Universal Credit. Payments can be made until claimants are 70, whereas receipt of Universal Credit stops at the individual's state pension age. In addition, IP claims are only assessed on the policyholder's income, not that of the household. IP claims are also based solely on the policyholder's ability to do their own occupation, meaning they can concentrate on their recovery rather than having to find alternative work to make up for a shortfall in income which may happen under Universal Credit.

### **Putting income first**

At The Exeter, we believe that it's time we put income first when it comes to every client conversation. Thankfully, record sales of IP policies suggest more people are putting plans in place, but the prevalence of

coverage may mean too many people still have blind faith in the state.

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**“How many of us really consider what life would be like if we had to live off benefits such as Universal Credit?”**

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**Article by  
Steve Bryan  
Director of distribution and marketing  
The Exeter**

Sources:  
<sup>1</sup> gov.uk  
<sup>2</sup> ons.gov.uk  
<sup>3</sup> moneyadviceservice.org.uk  
<sup>4</sup> abi.org.uk



**When the initial lockdown was eased, physical valuations started to return. This meant that we were able to resume up to 85 percent LTV lending for purchase and remortgage for residential mortgages."**

Martese Carton, head of intermediary distribution, Leeds Building Society

# Responding to market challenges with technology



**Martese Carton,**  
Head of intermediary distribution,  
Leeds Building Society

Within the mortgage industry, uncertainty has defined the past few months. It's been a challenging time for both intermediaries and homebuyers, with the pandemic and lockdown affecting mortgages, valuations and moving dates.

**H**ere at Leeds Building Society, we're doing everything we can to address the issues intermediaries are facing. An important part of this was reaching out to them through our Intermediary TalkingPoint panel\*, so we could understand how the pandemic has affected them.

We asked intermediaries to identify their top challenges throughout the first months of the pandemic. Our findings show that these ranged from fluctuations in customer demand to criteria changes from different lenders; but we strongly believe that the resulting digitisation of the industry means there's cause for optimism.

## 1. Reduced LTVs

The feedback indicated that the biggest challenge for intermediaries was the reduction in LTVs across the market. This was largely because physical valuations weren't possible during the first phase of lockdown, so lenders turned to automated and desktop valuations. This made it harder for lenders to get a more detailed understanding of the property, so higher LTV loans were restricted.

When the initial lockdown was eased, physical valuations started to return. This meant that we were able to resume up to 85 percent LTV lending for purchase and remortgage for residential mortgages.

However, the emergence of contactless valuations during lockdown had also enabled many low LTV sales to continue when restrictions eased. This hints at the exciting possibility that contactless technology could be developed further to accommodate higher LTV property purchases in the future - therefore lessening the market's dependence on physical valuations.

## 2. Change in customer demand

Another challenge identified by intermediaries was the change in customer demand. Various factors prevented completions and changed people's plans at the beginning of



# Because of the fast-changing environment, lenders have been reviewing and modifying their criteria more often than usual."

lockdown. This, as well as the general uncertainty, lowered demand for new mortgage applications.

But remortgage and product transfer applications were able to continue. In fact, we actually saw an increase in demand for these. One supporting factor was that these types of products didn't necessarily need a physical valuation. Then, once the initial lockdown eased, estate agents and the new build sector were able to return to work, helping the housing market begin to move back towards normal.

The changes in demand meant that support for intermediaries was crucial and we've received some great feedback on our service, which combines digital solutions such as Broker Chat with more traditional support from our Mortgage Service Desk and our dedicated BDMs.

Some lenders have launched online resources, such as the Leeds Building Society Mortgage Hub, which is designed to make it easier to submit and track new business cases online.

### 3. Criteria changes

Because of the fast-changing environment, lenders have been

reviewing and modifying their criteria more often than usual. In some cases, this has caused confusion for intermediaries, who listed criteria changes as another top challenge. The changes can happen quickly, so it can be difficult to keep up-to-date with different lenders.

That's why we believe timely and clear communications are critical, so intermediaries can continue to provide a great service to their customers. We see digital solutions as an important part of this. For example, we've kept our coronavirus page updated with the latest lending criteria, and we've issued regular bulletins with details on all the key changes. Of course, our BDMs remain on hand to answer any questions.

### 4. Issues with pipeline cases

Social distancing measures introduced in March meant that Land Registry offices were closed and physical valuations were impossible. As a result, some existing applications unfortunately couldn't be progressed.

Luckily, the Land Registry e-service was available in England and Wales, helping to keep applications moving

forward. For applications in Scotland, we worked with customers on a case by case basis. And, along with other lenders, we've also progressed applications using automated and desktop valuations. We see the digitisation of these processes as a positive sign for the future of the industry.

We're pleased that the solutions we implemented helped to support intermediaries through these challenging times. Moving forward, we know it'll be key for us all to continue to work together and adapt to new technology and circumstances. We're committed to making sure we're here for intermediaries when they need us.

**Article by**  
**Martese Carton**  
**Head of intermediary distribution**  
**Leeds Building Society**

\*Based on an online survey undertaken in April 2020. 34 intermediaries were surveyed by Leeds Building Society via our research panel 'TalkingPoint Intermediary'.



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A laptop screen in the background shows a video conference with several participants. In the foreground, there is a dark-colored mug. A large, thick red graphic element, resembling a stylized 'L' or a corner bracket, is positioned in the upper left quadrant of the image.

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**Most brokers I speak to are positive about the future and having been through challenging times previously, are reassured that they will be able to weather this storm as well.”**

Jeremy Duncombe, director of intermediary distribution at Accord Mortgages



# Growing through adversity



**Jeremy Duncombe**  
Director of intermediary distribution  
Accord Mortgages

Brokers have used the coronavirus pandemic to upskill, outreach and grow their business. Advisers have turned the crisis around despite considerable challenges along the way.

**T**his Autumn is traditionally a time to reflect. A new academic year for many of us signals a fresh start and this year is no exception.

Except the circumstances are exceptional! What a six months we've had, yet most of us have probably not taken the time to acknowledge what has happened, the challenges we've faced and just how well we have adapted to our whole lives changing in a very short space of time.

Every day I hear stories from advisers which fill me with confidence that our industry, despite everything it has been faced with since March, is fighting back. Demand is high, advice is essential and brokers are inundated with both new and returning clients. But what has made us so resilient?

## **We've been here before**

The thing that will ultimately make the difference to a customer is how they feel after they have interacted with us. Delivering excellent customer service will, in the end, be the thing that our customers remember after the transaction is over. It is what will bring them back again next time. I am sure we have all seen the studies that tell us that happy customers buy more, more often, are more loyal and will tell their friends to buy too. Deliver bad customer service and you can be pretty sure your customer will tell others. And in today's connected world, that negative experience is likely to be shared online reaching a wider audience than ever before.



Most brokers I speak to are positive about the future and having been through challenging times previously, are reassured that they will be able to weather this storm as well.

### **We're more efficient**

The use of technology has improved dramatically over the past few months. Lenders are offering better processes and communication channels – how many of us have become reliant on compliance-friendly webchat as a way of getting quick responses to queries?

The necessity to replace physical meetings with virtual felt strange at first, but the benefits are clear. Less time travelling means we're being more productive and reducing our carbon footprint. Even though social distancing restrictions are lifting, I suspect most of us will settle on a hybrid of physical meetings and screen to screen catch ups to make better use of our busy days.

### **We're focusing on the future**

When the market came to a standstill in April, the industry came together to offer support. Networks and clubs launched new training hubs, offering online sessions to help brokers learn new skills and develop in areas they perhaps hadn't worked in before. The

fact intermediaries can now earn CPD points by taking a half hour break from their day to attend a seminar, rather than losing a day in the office and travelling across the country is clearly a much better approach to professional development.

We're also seeing brokers taking positive steps to prepare for an unsettled future in order to give themselves the best chance of success. Whether it's expanding your business into niche areas or using free tools like the Accord Growth Series to learn new skills like website optimisation and social media to help generate new leads, there's plenty of evidence to suggest we are doing everything we can to get through the next few months relatively unscathed.

Client retention has been something I feel very strongly about and has proven invaluable over the last few months. Advisers with an active customer contact strategy have been able to maximise opportunities within their customer databases, reconnecting with old clients and offering vital support in these uncertain times. When the purchase market stalled, the brokers who had forged solid relationships with their client base were able to shift their revenue stream to managing product transfers and remortgage business with ease.

### **We can all help each other**

Nobody could have predicted the events of this year and unfortunately nobody can tell us with any certainty how the next few months, even years, will play out. However, it's important to acknowledge the impact it has had on both ourselves and our clients and take

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**“We should continue collaborating to make things better, sharing hints and tips and not being afraid to ask for help.”**

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pride in the way we have dealt with adversity upon adversity.

Remember there is no right way of managing this situation, so we should continue collaborating to make things better, sharing hints and tips and not being afraid to ask for help when we need it. By being proactive and positive and accepting that change is inevitable, you can give yourself and your business the best chance of succeeding through these very uncertain times.

**Article by  
Jeremy Duncombe  
Director of intermediary distribution  
Accord Mortgages**

# How to support clients out of isolation



**Paul Brencher**  
Managing director - individual protection  
Aviva

A house too full... or too empty? Aviva offers practical guidance on how advisers can help manage clients' feelings as we negotiate an ever changing situation and learn to live with the pandemic.

**T**he biggest impact of pandemic lockdowns for many of us is being based at home. When children were off school and family members placed on furlough, our own homes perhaps became crowded and noisy places! However, for clients who live alone, or in remote areas, lockdowns can create an almost unprecedented isolation. With restrictions easing, then stepping up again, but still allowing some socialisation, some clients may feel anxious and continue to keep their distance and stay away from others.

## People power

This isolation has been particularly prevalent amongst the older members of society. Those of pension age, living alone, may have relied on shopping trips or activity groups for social interaction. Without these avenues they might have found themselves alone for days, or even weeks, at a time with only a minimum of human contact.



**Even seeing a face on a screen can help alleviate those feelings of isolation."**

### **Keeping in touch**

Many advisers have said their focus is on looking after their existing clients\*. They may have worries about their investments or retirement income due to market volatility, but not want to "bother" you.

So what can you do? Make sure they know you're still available whenever they need you. It might not be possible for them to visit, but they can phone, text or email just as they always have. Sending a quick message suggesting a chat can give clients the reminder they need to stay in touch. Or be proactive and schedule regular calls to a client, for a quick check-in and catch up.

If you have tech-savvy clients, can you arrange regular video chats? Even seeing a face on a screen can help alleviate those feelings of isolation.

People respond far more positively to seeing the face of the person they're talking to, as opposed to just listening to their voice. It's also a great way of reading someone's body language - communication can often be more about what's not being said.

If your clients aren't comfortable with computers, could you talk them through how to set up a video call? If they just prefer face to face chats, how about arranging to meet at their local park or a café with outside tables? You can maintain social distancing whilst still keeping in contact.

### **Easing the isolation**

As lockdown measures hopefully ease there are more opportunities for everyone to get out and about. For some, perhaps the elderly or vulnerable in particular, their home has become

their "safe space" and they may be unsure about leaving it. Whilst staying healthy remains the top priority, it's worth reminding your clients that human interaction (even from a safe distance) can be a major benefit to physical, emotional and mental wellbeing. Going for a walk together, sitting on a park bench for a chat, or even meeting in their favourite coffee shop - human contact can make all the difference in the world.

**Article by  
Paul Brencher  
Managing director - individual protection  
Aviva**

\*Sources Panacea Adviser Covid Survey, April 2020



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Going for a walk together, sitting on a park bench for a chat, or even meeting in their favourite coffee shop – human contact can make all the difference in the world.”



At Iress, we believe technology should help people perform better.

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From entrepreneurial and established advice firms to challenger banks, digital disruptors and the world's most iconic finance brands, businesses of all sizes choose Iress technology to enhance their impact, performance and customer relationships. Together, we help them find better ways to manage investments, navigate financial markets, deliver high quality financial advice, simplify mortgage applications, find and compare insurance and create better customer experiences.

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