

The need to protect your home

As a nation of Homeowners, we have always been particularly sensitive to the effect that accident, sickness and unemployment could have on our lives.

In view of this, it is surprising, if not alarming to note that out of the 11 million mortgage borrowers only 20% currently have some form of independent insurance to protect their mortgage payments.

This low percentage is mainly due to the fact that a large number of borrowers incorrectly assume that State Benefit will protect their mortgage payments in the event of accident, sickness or unemployment:

Only 30% of claimants receive State Benefit in respect of their mortgage payments and this is primarily due to the following restrictions:

- *If you took out your mortgage on or after the 1st October 1995 you will not receive any State Benefit for the first 9 months of any accident, sickness or unemployment.*
- *If you took out your mortgage before the 1st October 1995 you will not receive any State Benefit for the first 2 months of any accident, sickness or unemployment. Then, subject to eligibility, you will only receive 50% of the full entitlement for the next 4 months.*
- *If you and/or your partner have more than £8,000 in savings, you will not receive any State Benefit (restrictions also apply if you have more than £3,000 in savings).*
- *If your partner works for more than 16 hours per week, you will not receive any State Benefit.*

Important note - State Benefit assistance only applies to your mortgage interest payment. It does not cover any capital repayments or any of the premiums on a life policy/savings plan linked to your mortgage.

Mortgage Payment Protection Insurance

If you fall behind with your mortgage payments and you are unable to repay the debt, you could end up losing your home. That's why the Council of Mortgage Lenders are now encouraging all mortgage borrowers to consider the benefits of taking out independent mortgage payment protection insurance.

Independent Mortgage Payment Protection Insurance will help you to protect your mortgage payments and insurance premiums for up to 12 months if you become unemployed or suffer a disability (accident or sickness).

How the policy works

- You choose the amount of monthly cover you need.
- You choose the type and level of cover you need.
- You choose how long you want to wait before claims are paid.
- You pay your premium as it falls due.
- We pay a fixed monthly benefit for up to 12 months if you are unemployed or disabled for longer than the excess period.

When you can make a claim

You will normally be able to make a claim under the policy if:

- you have lost your job due to circumstances beyond your control and you are registered as being unemployed; or
- you are unable to work due to a disability and you are under the regular care and attention of a doctor or consultant.

Like every insurance, there are certain circumstances when you will not be able to make a claim. Details of all the exclusions are provided in the policy conditions (a copy is available on request).