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JUST.

MORE PEOPLE COULD BENEFIT FROM MEDICAL UNDERWRITING THAN YOU THINK

The best advisers know the importance of offering a personal service. Advances in medical underwriting mean you can give your lifetime mortgage clients a bespoke offer reflecting their unique personal, health and lifestyle circumstances.



There's often a big difference between an individual's calendar age and their medical age which can have important implications for financial planners.

Age and, especially, life expectancy are not just important for pensions and insurance but for borrowing in later life too.

A lifetime mortgage lender uses a client's life expectancy to estimate the length of the loan and calculate the likelihood of the total amount owed becoming greater than the property's value, triggering the no negative equity guarantee. If a client's medical age is higher than their calendar age, their life expectancy reduces and they may be able to borrow more or pay less in overall costs of borrowing.

Life expectancy is therefore a key factor in lending decisions. Typically, that has been based on calendar age meaning two clients of the same age with similar homes were likely to be offered similar deals.

But our medical underwriting expertise has enabled us to focus in on each client's unique situation, allowing us to better understand their medical age and more accurately calculate their life expectancy.

Our experience suggests around six in 10¹ of those considering lifetime mortgages could benefit from medical underwriting.

We've introduced medical underwriting across our Just For You Lifetime Mortgage range so clients could have this option.

This is such a leap forward that we fully expect medical underwriting to become the norm across the industry within a few years, just as it's now normal among retirees seeking secure incomes from their pensions.

The demographic of lifetime mortgage clients reinforces the logic of medical underwriting. Over the next 15 years the size of the UK population aged 85 years and over is projected to increase from 1.6 million (2.5% of the total population) to 2.6 million (3.5%)². Looking at those in or close to retirement highlights the prevalence of the most common medically underwritten conditions:

- One in two adults aged over 65 have high blood pressure³ (a reading of 140/90 or higher).
- Almost three-quarters of 55-64 year olds in England are either overweight or obese⁴, and obesity is believed to be the biggest cause of Type 2 diabetes⁵.
- In 2017-2019, on average each year more than one in three of all cancer cases in the UK are diagnosed in people aged 75+ with peak rate of cancer cases between ages 85 to 89⁶.

These facts reinforce the value of taking a client's health and lifestyle into account when considering a lifetime mortgage.

Gathering this information is not onerous – we've developed a set of around 20 easy to answer questions that have been aligned to other question sets within the market. They're easy to answer, and you don't need to be a medical specialist to answer them.

The results can be dramatic in terms of helping people achieve their objectives. Please see the client scenario overleaf.

Client scenario

Anika, 64 widowed lives in a three bedroom terraced house in Halifax worth £125,000. She was diagnosed with bowel cancer 12 months ago and is looking to release £50,000 to repay her mortgage. She's also keen to maximise the amount she can borrow to go on a holiday with daughters and grandchildren while she still can.

Her adviser thinks Anika's health condition could make a difference to her initial quote of 36% maximum LTV.

By completing the health and lifestyle questions on the Just Adviser portal, she's offered a 41% maximum LTV, an uplift of 5%.

Finding the most suitable deal for clients is important and going through the medical underwriting process will help you design a solution that really does reflect their circumstances. You could potentially achieve a better deal and help you meet the regulator's challenge for personalised advice.

To find out more about how medical underwriting can help meet your clients' needs, visit [justadviser.com](https://www.justadviser.com)

¹ Just Group analysis from proprietary database of circa two million person years

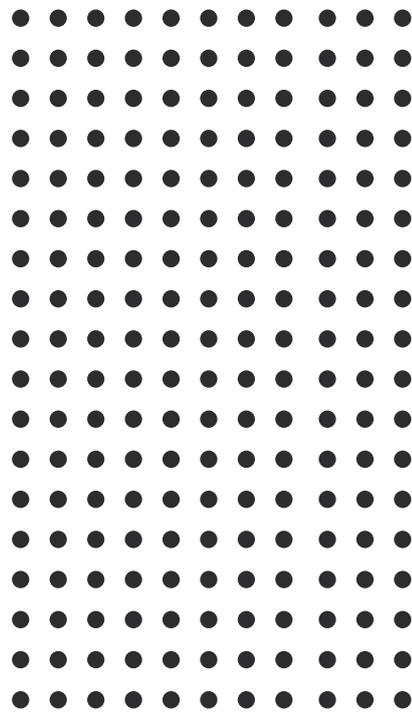
² Office for National Statistics (ONS), released 30 January 2024, ONS website, statistical bulletin, National population projections: 2021-based interim

³ Age UK, 21 June 2024

⁴ UK Parliament, House of Commons Library, January 2023

⁵ Diabetes UK, October 2023

⁶ Cancer Research UK, December 2024



FOR MORE INFORMATION

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Lines are open Monday to Friday, 8.30am to 5.30pm
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