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PROTECT YOUR ASSETS

Your clients are your greatest asset. We find out from Aussie's James Symond and ALI Group CEO Huy Truong why protecting them is now more important than ever

STORY/ James Mitchell

LET'S CONSIDER a few realities of the Australian mortgage market right now. We are in the midst of significant changes to rates, policy, regulation and potentially broker remuneration. At the same time, we have a number of big banks actively looking to ramp up their proprietary channels and move away from third-party.

Advances in technology are creating new online lending platforms and the threat of digital disruption is ever-present. All of this going on at a time when the Reserve Bank is warning that household debt levels are at a record high.

What's a broker to do?

The answer is pure and simple: build a human relationship with your clients that can withstand the challenges of bank proprietary channels and technology. Protecting your clients gives them peace of mind in a complex market as they go into debt; a product that you can discuss with them in person ultimately adds to your unique selling proposition as a broker; something the banks are providing en masse but few brokers are.

What makes mortgage brokers so valued is the human relationships they have with their clients. Technology can't do that.

"Whether it's in three-years' time or 33 years' time, there is no doubt that the online mortgage broking process will happen," Aussie CEO James Symond says.

"But I can't see it happening anytime soon with the marketplace as complicated as it is. Our business and the industry at large is one that is belly-to-belly, face-to-face.


"It's about humanity and how you make the customer feel. Mortgage protection is part of that."

Australia's largest brokerage partnered with mortgage protection insurance provider ALI Group in 2014.

Mr Symond says mortgage protection insurance has been an important part of Aussie's offering for many years.

"In one form or another we have always tried to have one form of mortgage protection for the consumer," he says.

"It has been a no brainer. Not only have we had personal



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Huy Truong

Aussie's James Symond (left) and ALI Group CEO Huy Truong

experience with people who have needed mortgage protection, we just know that it is the right thing to do.

“Brokers are sitting in customers’ living rooms looking at Mum and Dad, looking at the kids, looking at a family who are about to take the biggest financial step of their lives, in many cases. If something happens to one of them, to the breadwinner, to know that the house that shelters that family can be taken away is, quite frankly, unacceptable to us. It always has been.”

Keep it simple

ALI Group's CEO Huy Truong says the group's alliance with Aussie Home Loans was born out of his own frustration at Australia's underinsurance problem, which is also a distribution problem.

“The vast majority of the mortgage belt cannot afford and do not have access to financial advisers,” Mr Truong says.

“In the CBD they do, but as you go further and further out

it becomes harder. Australia is massively underinsured as a country. You then think about who are the natural advisers that will sit in front of the mortgage belt - it's the mortgage brokers.

“Our mission is to protect mortgage holders with affordable protection and strengthen the human connection between brokers and clients.”

ALI Group has been diligently working to improve and simplify its product and process with mortgage brokers. Based on extensive feedback from national focus groups held across Australia in 2016, the company revealed in March that its core product - the ALI Group Loan Protection Plan - now has extended cover for involuntary unemployment.

This means home owners taking out the policy are covered for the first five years without an increase in premiums. Previously, this cover period was for the first 12 months of the policy only.

In turn, Aussie has embedded mortgage protection into its loan process, enabling its brokers to offer their mortgage clients more peace of mind.

ALI Group has seen a 30 per cent increase in broker uptake - “a terrific result”, says Mr Truong, adding that products are only half of the picture.

“From our perspective, we work with enough mortgage brokers out there - both Aussie and other groups - to know that it's not enough to just provide a product,” Mr Truong says.

“There is a whole system you need to put in place to support brokers have this conversation, because it is not a natural conversation to have.”

Training and education are a big part of ALI Group's ethos, just as they have been a major component of Aussie's success over the last 25 years. Aussie retained its position as the number one brokerage in the country in The Adviser's Top 25 Brokerages 2017 ranking. Mr Symond says educating brokers is the foundation of Aussie's business.

“We put our brokers through an induction process, a training process and leadership training that basically says ‘do the right thing by your customer’. For us, mortgages are the river that runs through our business. However, we have these streams, such as mortgage protection, that are appropriate for the customer,” he says.

Stronger relationships

Mortgage broking has traditionally been viewed as a transactional business. That's shifting. The industry needs to continue evolving to combat digital disruption and the changing needs of consumers.

“It's about cementing the relationship with the consumer,” Mr Symond says. “You can't demonstrate that humanity through an internet portal. Our business is built on human relationships.”

While some brokers may balk at the prospect of offering anything more than a mortgage, there are bigger forces at play - regulatory bodies eager to identify what ‘good outcomes’ the third-party channel is providing to Australian consumers.

This is where mortgage protection can save more than just your clients. It can save you and your business and provide an opportunity to demonstrate your duty of care.

“It's interesting watching the regulators look at this marketplace and look at how mortgage brokers behave and how banks behave with mortgages in the marketplace,” Mr Symond says.

“I'd go so far as to say that there needs to be a regulatory push to ensure that people with mortgages are adequately covered, whether that's through a simple mortgage protection policy or another life insurance policy.

“When you're looking into the eyes of someone who has lost their husband or wife or partner and they are looking down the barrel of potentially having to sell their home and raise their kids with little income ... I've seen that process many times. It's heartbreaking.

“This is 2017. That sort of stuff shouldn't happen, but it does.” ■

Well done Aussie.

Winning '2017 Major Brokerage of the Year - Franchise' is no small testament to Aussie's innovation, passion and commitment to caring for their customers. As partners since 2013, we're glad we've been able to help in our own small way, with mortgage protection that not only helps look after customers when they really need it, but makes them more comfortable when they don't.

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