

# CloseUp

## In search of a silver lining?



Jeff Randall, the respected financial commentator, has recently written on how the credit crisis arose from what he sees as a collective failure of common sense.

By Tim Wilson, Sales & Marketing Director

During the good times, he says, many people focused on "making a fast buck" and took unjustifiable risks. They piled up debt to buy assets which were obviously too expensive – and the current correction was the inevitable result.

The flipside of this is that many people are now behaving in an equally irrational way by following their fear rather than common-sense. The Bank of England championed this view at the end of April when it said that many banks have become too cautious over credit.

Though it may seem surprising, this could be good news for some. Because the general mood is pessimistic and credit is tight, there are opportunities for those who have access to finance. If you're looking for a new house and you have funds available, lower prices make it a good

time to find a bargain. In our own market, if you are a broker with access to a secure and reliable source of premium finance, that's likely to be more attractive than ever to your clients.

Close is in a strong position, because we have the solid, long-term financial stability to weather the current market. If you look at our recent press coverage, for example, you'll see that our group has recently acquired two significant businesses – Commercial Acceptances Group and Amber Credit, the latter a premium finance provider which will be merged with our own operations. Close is one of the only banks in the City currently making acquisitions and together, these represent £145m of loan assets.

The purchase of Amber Credit underlines the group's commitment to premium finance and the insurance

sector. It is also a measure of the resources that Close commands, even at a time when many other premium finance providers are finding market conditions challenging. We have stable, long-term access to funds, which makes us a reliable partner, and we always ensure that we have good coverage for our liabilities.

I urge brokers to ask tough questions of all premium finance providers about their stability, continuity of ownership, and continued access to funding. We have always stressed our long-term partnership with brokers. The fact that we are making acquisitions provides tangible evidence of both our resources and our commitment to premium finance. I believe that makes us a unique and ideal partner for brokers who want to take the opportunities that tougher market conditions offer.

## Off to the Caribbean?

Broker staff recently had the opportunity to win some exciting prizes, including 2 Caribbean holidays and 5 x £250 holiday vouchers, in our "Are you on board yet?" competition. Aimed at motivating staff and increasing business for brokers and Close, the competition ran between 1 November 2007 and 31 January 2008.

To enter, staff simply input their loans through i-prompt as normal, with every 5 deals counting as 1 entry into our prize draw. We have now drawn our 27 winners so watch out for a letter or a call as you may be a winner!

Thank you to all the participants and congratulations to the winners, in

particular to Julie Hillier and Lawrence Hill on winning the Caribbean holiday prizes. To see a full list of our winners, visit our website, [www.closepf.com](http://www.closepf.com) or email [marketing@closepf.com](mailto:marketing@closepf.com)

 **Close**  
Premium  
Finance

No-one else is Close.



## Frontline talk – Talking premium finance with the client

With over 30 years experience in premium finance, we understand the importance of the broker “talking payment” with the client early on in the proposal. We thought we’d share with you some pointers on introducing premium finance.

### 1. Include premium finance in all new quotes and renewal invitations so that the client has all the options at the earliest stage

Show the rate, the corresponding APR, the monthly payment and number of installments, as well as defining premium finance and providing the benefits.

### 2. Raise the subject of payment upfront when talking to the client, and explain the benefits

For example: “Have you considered your payment options? With premium finance, we can combine various policies into one monthly direct debit

with a payment date of your choice. And now with the credit crunch making borrowing tougher, it means you don’t need to use your existing cash resources.”

### 3. Use the Cost Benefit Calculator (and its accompanying guide) at face-to-face meetings with key clients

– the calculator provides a financial comparison and shows the benefits of premium finance over cash, overdraft or bank loans.

### 4. Make premium finance prominent in your overall client proposal

Ensure premium finance is the first option when listing payment choices in your proposal and remind clients of the advantages, either with a large section showing the benefits or by including Close’s client flyer (available from [marketing@closepf.com](mailto:marketing@closepf.com)) with the invoice.

## Tips to remember

- Explain the product – while we know what premium finance is, your client may not. Always assume it is an unknown product when dealing with new quotations.

- When providing info, ask yourself “does the customer have everything needed to make an informed decision?” Omitting the number of installments or the APR could result in your client losing interest.

- If clients ask about other payment methods, such as insurer interest free, point out the counter benefits, for example: interest free only covers certain policies and you can’t combine all of your policies, and the broker fee, into one

monthly payment – with premium finance you can. Renewals are also more complicated as you will need new paperwork if using a different insurer.

- Where you need an improved rate on a specific larger deal, consider whether you can wait longer for the money – say to 35 or 42 days, rather than 28 days. This will improve rates for ad-hoc big deals.

If you have any other tips you’d like to share with us, email these to [marketing@closepf.com](mailto:marketing@closepf.com). The 5 best tips will each receive a bottle of champagne and we’ll publish these in the next CloseUp.

## Some benefits to cover with your client:

- Premium finance is an additional line of credit allowing clients to preserve existing cash resources
- Mid term adjustments are easily added to the loan – no forms to sign
- No signed forms needed for renewals and clients are not tied to one insurer long-term
- As an off-balance sheet facility, it enhances the client’s access to credit
- Commercial clients benefit from corporation tax relief on the finance charge

Remember, every client has a distinct payment requirement so if you know a client’s concern is around cover amendments and renewals, point out the ease of renewing and managing mid term adjustments. If his focus is the credit crunch, offer our credit crunch flyer and explain how premium finance helps.

If more information is requested, offer our client flyer or direct the client to the “Have a loan with Close?” section on our

website, [www.closepf.com](http://www.closepf.com). And if you have processed a loan for the client, inform him that he will receive a welcome pack with a copy of the agreement and a payment schedule from us.

If you or your team require further training on promoting premium finance, contact your account manager. For more copies of our client and credit crunch flyers, email your request to [marketing@closepf.com](mailto:marketing@closepf.com)

## Make our “Working with You” pack work for you!

You’ve probably read about our product literature in past newsletters and received a copy of the “Working with You” pack from your account manager. Now here are some examples of how this pack can save you time and make your life easier!

### You have a new starter but there’s not enough time for extensive training.

We recommend your new starter has a good read of our pack, including the quickstart guide to i-prompt (page 36 in the full document). The pack provides comprehensive product information at the start and is ideal to refer to as a refresher too.

### You plan to offer finance on some new M&D business and know that a box needs to be ticked on i-prompt to indicate this, but are there any other requirements?

Our general guidelines page lists the requirements, which include the need for at least 80% of the loan to be secured against cancellable, refundable policies and for these policies to exclude life or short-term travel insurance. This section also shows who to contact to progress your M&D loan.

### You’ve heard Close will quote for big deals so what’s the process for this?

Big deals are quoted for by our Credit Team, based on your estimate of the total premium finance required. Page C12 explains the requirements.

### You have some Lloyd’s business and need to know if Close would finance this?

Close has a strong association with Lloyd’s and we have agreed terms with various motor syndicates – details are provided on C15.

### You have a cancellation on a personal non-recourse loan and need to know how our shortfall claims process works.

Simply look up pages P33 and P34 for details on the process and to see a copy of the claim form which can be downloaded from i-prompt.

### You are new to premium finance and an existing PL client wants to arrange a mid-term adjustment but how to do this?

Mid-term adjustments are added to existing loans on i-prompt with no paperwork required – page P21 details the quick and easy process.

### Your PL client is in arrears and you need to call him – what should you cover off?

As explained on page P26, clients on a first time default should be informed that we will represent for collection and won’t cancel the loan if this is successful. Clients who have received a default notice from us, should call our 24-hour credit card telephone number to arrange the payment.

### Your client wants more info on premium finance but you don’t have any material to give him, can we help?

Good news – page 40 shows our client flyer and explains how to order copies of this

(email [marketing@closepf.com](mailto:marketing@closepf.com)). In the meantime, direct the client to our website, [www.closepf.com](http://www.closepf.com) for info, or download a copy of the client flyer from the product library section of the site.

These are just a few of the subjects covered in the Working with You pack so keep it at hand and refer to it with any premium finance questions – and if your product question isn’t answered in the pack, speak to your account manager or email [productquery@closepf.com](mailto:productquery@closepf.com)



# Dr Knowledge

To get the most from our products, try thinking like James Bond.

What kind of career might James Bond take up when he tires of the endless round of casinos, car chases and country-saving? Perhaps broking is not the most obvious option, but he would certainly understand the importance of taking out watertight insurance to protect against the unexpected.

As a broker, he would seek out the most reliable partner and look for products that work in the most demanding of situations. So what better role model could we choose to evaluate our products? Here's what he might be looking for – and some of the key features that might also be useful to you.

**BOND: "I'm thinking about commercial business and I need finance on a non-recourse basis for general insurance policies of 12 months or more that are cancellable and 80% refundable. What can you offer?"**

• **A self-approval limit** (typically of £250,000). Bond is used to having a free hand with money and this option allows for the automatic acceptance of the majority of loans.

• **Bespoke quoting** for big deals over the self-approval limit. Useful when you're working with serious players who are not afraid to put large sums on the table.

• **Flexible payment options.** Bond likes to be in control, so he would expect us to offer a choice, with the option of payment into brokers' accounts after 14, 35 or 42 days alongside the standard 28 days.

• **Better rates for small loans** using the bordereau system. Never mind Bond, who wouldn't want better rates?

**BOND: "I see a lot of young drivers who have big car insurance premiums (and with the cars I'm used to, you need serious insurance). So I want to know what you can offer for personal business for cancellable and pro-rata policies of twelve months or more."**

• **Risk options** are always likely to be important to Bond, who can assess risk like no-one else. You can either manage the risk yourself with our recourse product, or use our non-recourse option and be risk-free.

• **Flexible product profiles.** In "The World Is Not Enough", a suitcase full of cash blew a hole in the wall of MI6, so Bond is probably somewhat nervous of taking deposits. We offer seasonal and non-deposit alternatives alongside the standard options.

• **Interest-free or lower rates** are always a useful weapon in the armoury. If you want to offer clients a subsidy on our agreed rate, we simply deduct the difference from your bordereau account.

• **Payment options and delayed debiting.** Timing is everything in both espionage and business. Personal products are provided on a bordereau basis and though payments are normally credited monthly, we offer a twice-monthly alternative. Where cancellations are debited to your bordereau, you have the option of delaying these debits by up to 90 days.

• **Total control of customer relationships.** Designed for larger volumes of personal lines business, PF2Suit allows you to control all aspects of relationships without the need for you or your clients to contact us – good for anyone who is making a name for themselves.

• **We manage the paperwork.** Bond would hate being stuck behind a desk, so he'd love Telesign. Simply input a loan using our i-prompt system, then leave us to send out the agreements and chase returns.

## Six more benefits that might help you on the way to an Aston Martin:

- We accumulate and pay out override payments monthly for personal lines and annually for commercial lines. High volume contracted brokers can also opt for advanced override or manage their income using our centralised facility.
- We can provide LIBOR-linked rates on a contract basis to brokers, so your rates only change when LIBOR moves.
- We offer business development loans to help brokers invest for growth, such as improving IT systems or contributing to the funding of an acquisition.
- We can easily arrange an FSA loan to cover the cost of your annual fees.
- We also have a non-recourse facility developed specially to cover the uncancellable policies arranged for solicitors' professional indemnity.
- We are always happy to discuss more flexible options with you when the standard solution doesn't meet your business needs.

Our full range of products extends beyond premium finance and includes our CPS collection system, which automates client direct debit payments, and also HIP Funding, which provides a more affordable way for anyone selling a house to pay for the home information pack.

If you would like more information about anything mentioned here, simply ask your account manager or visit our website, [www.closepf.com](http://www.closepf.com)



## BIBA 2008 – a challenging success for Close!



We've only just recovered from the BIBA conference but all the planning and organising made it another great success.



BIBA is the largest annual insurance conference in the UK with around 1500 visitors, so it's no surprise that we put a lot of preparation into this. In the month before the event, we're busy selecting the theme for our stand, ordering fixtures and fittings, preparing marketing material and getting our staff organised. Then there's promoting our

stand to broker partners and visitors so we can meet up with everyone at BIBA.

This year there was the additional challenge of getting all our material up to the SECC in Glasgow. We wanted a new classy and timeless look for our stand and chose a stylish 'wine bar' setting with a lounge area so visitors could stop for a brief chat and a glass of wine or use the sitting area for lengthier meetings.

Before we knew it, the 30th of April was upon us and our gang of Tim, David, Jeff, Elliot, Sam, Andy, Amy and Amanda were at BIBA, meeting up with

brokers and other contacts. It was good to see so many faces drop by at stand K24 for a relaxing drink and a refreshing chat.

All in all, BIBA was a great success – we caught up with many of our brokers and even took the opportunity to sign a contract on a large new deal with a key broker.

## i-prompt

Each year we run a broker survey on i-prompt to find out how brokers feel about our services and the products we offer. This year's survey will run from early June so keep an eye out for the pop-up screen on i-prompt inviting you to participate and please complete the survey. Remember, this is an opportunity to tell us what you think and to suggest improvements to our service.

## Did you know?

With the credit crunch and possibly deteriorating economic conditions, it's timely to draw your attention again to one of the key features of our products.

For loans below your self approval limit, we require that 80% of each loan is made up of cancellable and refundable

policies. Where a large amount of the loan is for policies with minimum and deposit conditions, we need you to inform us of this, by selecting the 'M&D' tick box on i-prompt, or verbally if requesting a big deal quote. Loans quoted and processed without this

information upfront can result in an offset against your override and we may ask you to share part of any ultimate write-off.

## People moves



Brian MacKay, our northern account manager for over 8 years retired recently. A friendly face known to most brokers in Scotland and Northern England, Brian knew the market inside and out and will be much missed in the region. We hope Brian is enjoying his retirement!

Brokers need not worry though – Amanda Wiltshire joined us in March as the account manager for brokers in Scotland and Northern Ireland. Amanda has over 20 years of industry experience, previously holding positions in Scotland with both regional and international brokers as well as working for a leading insurer.

Being the new account manager on the block and an ex-broker, we took the opportunity to get Amanda's views on brokers and premium finance in the marketplace currently.

### What are brokers' biggest concerns right now?

Time – brokers are very busy people,

specially compared to a few years ago. FSA compliance, TCF and accounting all take up a significant amount of time and resource and no-one likes paperwork!

### How do you think Close best helps brokers with this?

i-prompt is a real-time saver both for processing new loans and renewals or MTAs. Plus there is the self-approval limit set on commercial deals and our paperless facility for personal lines business.

### And, how are you using your past experience to help your brokers now?

Prior working knowledge of i-prompt has been of great help as I can show brokers

the flexibility of the system and how to make the best use of its full capability.

I also arranged finance for big deals in the past so recognise the need for special rates and can sometimes suggest ways to improve the rate (longer payment terms etc).

### Any last tips for brokers?

I'd say, encourage dialogue with your CPF account manager – not only at Director level but from the staff on the shop floor as well – we're here to help and we can!!

Also, learn as much as possible about what i-prompt can do – if this means extra training, speak to your account manager.

## Captivate your clients

'Protected Cell Company' legislation in Guernsey is now in its 10th year. Broker clients who in the past found a full blown captive insurance company too costly are now revisiting this option, recognising the potential long term benefits of a 'Cell Captive' solution. There are advantages both to brokers and the client in exploring this route. Our sister company, Close Wealth Management Group, has established a Protected Cell Company in Guernsey and would be delighted to discuss further opportunities with any of our brokers.

### So why should a broker introduce a Captive solution?

- It adds value to the overall client offering, creating an edge over competitors.
- A captive is generally a longer term commitment, cementing longer lasting relationships and increasing client retention
- The broker can earn a fee for the basic product, and additional revenue on banking and investment of premiums, retained reserves and the like.

- Clients often add additional/unconventional risks to the captive programme, providing growth to the insurance portfolio.
- It increases the likelihood of introductions to subsidiaries and associates of the client group.

For more details contact James Ingram on **01534 706000** or email [James.Ingram@closewm.com](mailto:James.Ingram@closewm.com)



Would you like to know what Close can do for your broking business? Why not speak to your account manager or give Allan Oliver at Close a call on 020 8339 6247 and find out?

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