



Media Q&A

Consumer Question:

Myself, my husband and our two children rent a three-bed house in Limerick. We're planning to have enough saved for a mortgage in five years. As long-term renters, we feel financially exposed compared to our home-owning friends who have mortgage protection. Is there an insurance policy that works like mortgage protection, but is for renters?

Answer from Karen Gallagher, Royal London Interim Head of Proposition at Royal London

You're right, when someone buys a property, they're generally required by their lender to take out life insurance, called mortgage protection. It works by providing a lump sum payment to clear the outstanding mortgage if the policyholder dies during the policy term (the period during which cover is provided). Those in long-term rental situations, who aren't required to take out insurance like mortgage protection, can be left financially exposed. However, it's possible to put a form of 'Rent Protection' in place by taking out a Life Cover, Specified Serious Illness and/or Income Protection policy.

Life Cover works similar to Mortgage Protection – providing a lump sum payment if you pass away during the policy term. The key difference is it's a fixed amount, while mortgage protection reduces in line with a mortgage. A Specified Serious Illness policy provides a lump sum payment if you get seriously ill (terms and conditions apply), which can help maintain rent or other outgoings. Income Protection provides a monthly income during a long period of time if you're unable to work due to illness or injury.

We recommend long-term renters concerned about their financial resilience consult a Financial Broker. They're the experts and can provide the best protection to meet your budget and needs.

ENDS

This question was submitted to The Irish Independent for publication.

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