



SHIP FULL YEAR RESULTS 2008

Equity Release sector holds up far better than mainstream mortgage market

The members of the UK equity release industry body, SHIP (Safe Home Income Plans), that represents over 90% of the equity release sector, today reports full year figures to 31 December 2008.

These show a 9% year on year decline in the value of lending and 4% fall in plans sold, demonstrating the sector, and in particular Lifetime Mortgages, is holding up far better than mainstream lending. Figures out last week from the Council of Mortgage Lenders showed that overall mortgage lending decreased by 30% over the same period.*

Overall Business Figures:

- The total value of new business written for full year 2008 reached £1,095.7 million, a 9% decrease on last year's figure (FY 2007 - £1,210.4 million).
- The number of new policies sold declined 4% from 29,293 in 2007 to 28,224 in 2008.

Breakdown by Product Type:

- Sales of Lifetime Mortgage products declined by 2% year on year, from 27,764 plans sold in 2007 to 27,161 in 2008.
- The value of advances from Lifetime Mortgage products fell by 8% from £1,127.8 million in 2007 to £1,038.3 million in 2008.
- Home Reversion products saw a decline in 2008, with the number of policies down 30% to 1,063 (FY 2007: 1,529).
- The value of equity released with these products also declined 30% from £82.6 million in 2007 to £57.4 million in 2008.
- The flexibility of drawdown products continued its popularity in 2008, accounting for 55% of all products sold (15,560 policies) compared to 47% in 2007 (13,736 policies). This contributes to the overall fall in the value of business written year on year, due to the lower amount of equity that is released with this popular option.

Breakdown by Distribution Channel:

- Almost two thirds (63%) of sales of equity release products in 2008 were via intermediaries (17,695 policies), compared to 10,529 (37%) products sold by direct sales.
- This mirrors the sales in 2007 when 18,531 products were sold by intermediaries and 10,762 direct, again a split of 63% and 37% respectively.

Andrea Rozario, Director General of SHIP, commented;

“A slight decline in business volumes in 2008 was to be expected given the turbulence in the economy over the past 12 months. Overall, we are pleased with how the sector has held up, especially in comparison to mainstream mortgages.

“Flexible drawdown schemes continue to prove popular as older consumers seek to find ways in which to fund their retirement against a backdrop of falling savings rates and the rising cost of living. The sales of drawdown plans was in fact the only product area to increase on last year’s figures, an upturn of 13% on 2007.

“2009 will understandably continue to offer further challenges to the industry as a whole, and it is SHIP’s intention to continue its campaign to increase confidence and understanding of the benefits of safe equity release amongst both IFAs and consumers over coming year.”

-Ends-

* Council of Mortgage Lenders (CML), 22 January 2009

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SHIP Business figures:

Period	Total SHIP £m	Period	Total SHIP £m
2008 FY	1095.7		
		2008 Q4	274.1
		2008 Q3	303.2
		2008 Q2	275.7
		2008 Q1	242.7
2007 FY	1210.4		
		2007 Q4	288.9
		2007 Q3	325.3
		2007 Q2	302.3
		2007 Q1	293.9
2006 FY	1154.3		
		2006 Q4	317.4
		2006 Q3	295.1
		2006 Q2	262.8
		2006 Q1	279.0
2005 FY	1103.5		
		2005 Q4	297.6
		2005 Q3	293.6
		2005 Q2	260.9
		2005 Q1	251.4
2004 FY	1192.3		
		2004 Q4	350.2
		2004 Q3	338.4
		2004 Q2	260.4
		2004 Q1	243.3
2003 FY	1161.40		
2002 FY	852		
2001 FY	572		

About SHIP:

Safe Home Income Plans (SHIP) is the UK trade body for equity release product providers, representing the interests of its members who provide home income and equity release plans. It was launched in 1991 to promote safe schemes. At present, 90% of the equity release market (in volume terms) is represented by SHIP members.