

Agenda

- | | |
|-------|---|
| 10.00 | Arrive |
| 10.30 | Part 1 – Protection basics |
| 11.30 | Break |
| 11.45 | Part 2 – Protection extras |
| 12.45 | Lunch (30mins) |
| 1.15 | Part 3 – Underwriting, barriers &
top ten sales tips |
| 2.30 | Ends |

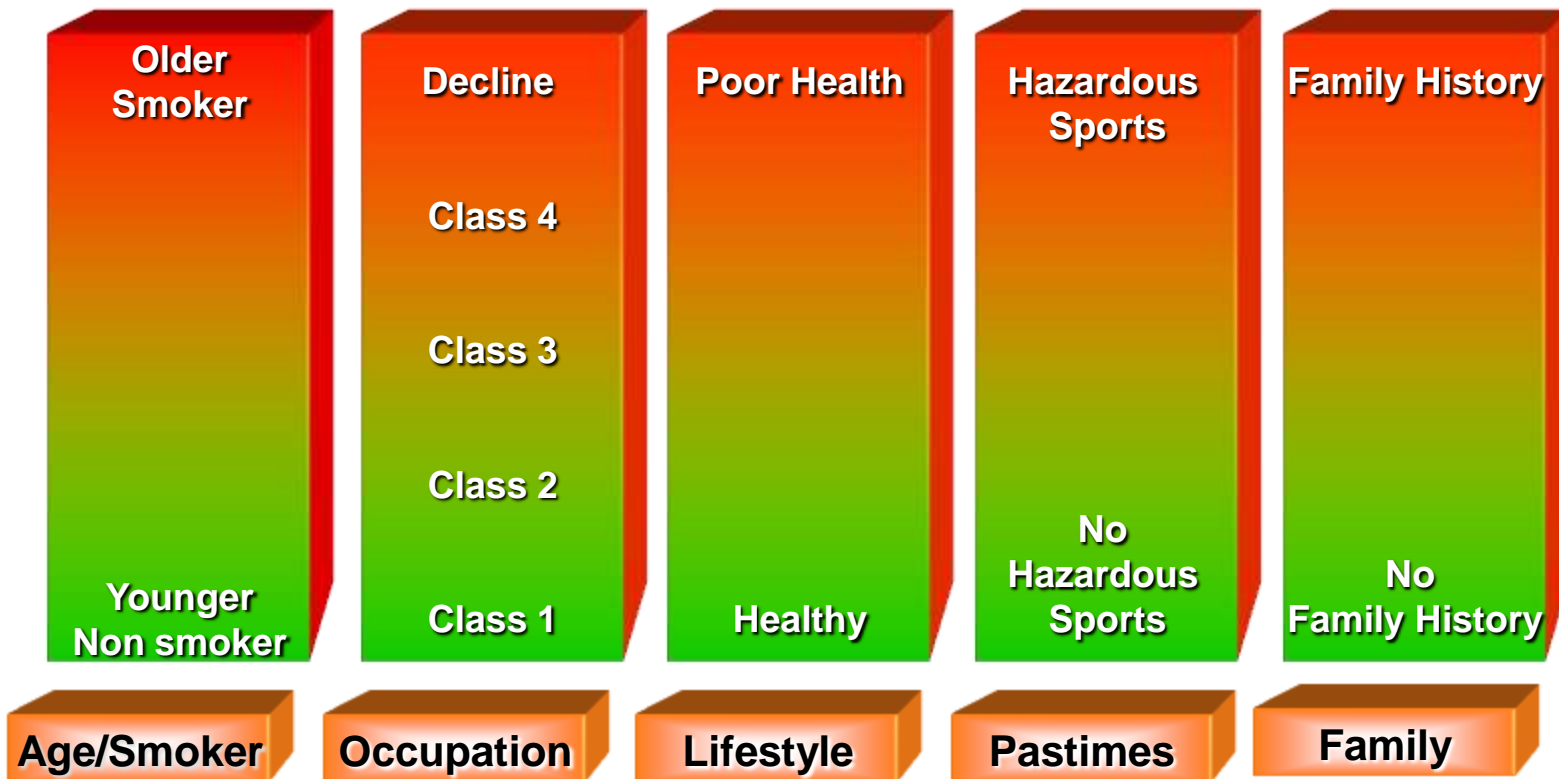
Underwriting

- ▶ Quote – apply – underwriting – decision
- ▶ **Application forms 20-30 pages**
- ▶ GPRs, medicals, tests (cotinine)
- ▶ **Short props / simplified life**
- ▶ Ordinary rates
- ▶ **Loadings**
- ▶ Exclusions
- ▶ **Postponed / Declined**



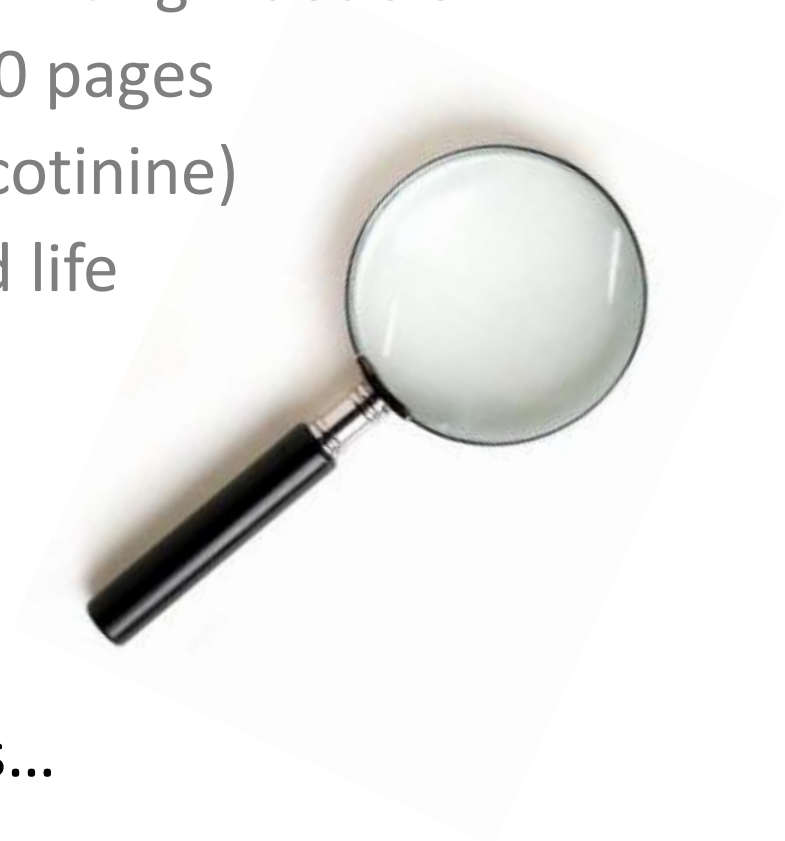
Higher Risk

Lower Risk



Underwriting

- ▶ Quote – apply – underwriting – decision
- ▶ Application forms 20-30 pages
- ▶ GPRs, medicals, tests (cotinine)
- ▶ Short props / simplified life
- ▶ Ordinary rates
- ▶ Loadings
- ▶ Exclusions
- ▶ Postponed / Declined
- ▶ **Managing expectations...**



Manage client expectations – why not multi-app

- Unknown u/w outcomes – temptation to multi-app
- Increased admin burden
- Outcomes may be the same
- Client is not prepared for counter-offer
- Need to understand likely outcome at recommendation / application stage

Manage client expectations – why not multi-app

- Gather broad health data at outset – prior to research
- Complete 'pre-research u/w form'
- Refer to u/w depts. of provider short-list for indicative outcomes
- Fewer surprises for us
- Client expectations managed
- Greater sales conversions
- No need to multi-app

Pre-research underwriting

Pre-Research Underwriting Information (Protection solutions)



Updated May-12












This form used to gather detailed information at an early stage in the protection research process. The objective is to identify specific medical information in conjunction with product research in order to facilitate relevant dialogue with underwriting departments, if appropriate and as such; realistic premiums can be better understood at recommendation stage.

<p>Applicant Name (delete on submission)</p> <p>1 Date of Birth</p> <p>2 Gender</p> <p>3 Tobacco Smoked / used nicotine products (inc. gum/patches) in last 12 months</p> <p>4 Marital Status</p> <p>5 Occupation</p>	<p>Reason for Cover</p> <p>Type of Cover required</p>	<p>Short description of duties:</p> <p>% of manual work (lifting, carrying, working with machinery & tools)</p> <p>Driving (average annual business mileage)</p> <p>Work at heights (average % time spent & average heights)</p>		
<input type="text"/> <input type="text"/> <input type="text"/> <table border="1" style="width: 100%;"> <tr> <td style="width: 20%;">yes / no</td> <td>amount / frequency</td> </tr> </table> <input type="text"/> <input type="text"/>	yes / no	amount / frequency	<input type="text"/> <input type="text"/>	<input type="text"/> % <input type="text"/> <input type="text"/> m
yes / no	amount / frequency			
<p>6 Height & Weight Waist Measurement</p>	<input type="text"/> <input type="text"/> <input type="text"/>			

7 Health Questions	Medical Condition / Illness 1	Medical Condition / Illness 2
	Date of initial occurrence?	
	Date of last symptom?	
	Current medication / treatment?	
	Past medication / treatment?	
	Ongoing symptoms experienced?	
	Past tests/investigations/referrals?	
	Future tests/investigations/referrals?	
	Past or pending hospitalisation?	
	Past or pending operations?	
	Work absence in last 5 years?	
	Are you fully recovered?	
	Any other relevant information?	

URN: 20131021145508173905 Policy Type: Level Term Life Insurance Customer Name: Mr Rod Stewart

Result Status

	Provider	Premium	Status	Accptd < 1wk	Declined	S&P rating	Suicide exclusion period	
	Legal & General	£15.13	Subject to premium increase	79%	4%	AA-	12m	Select
	Aviva	£15.95	Subject to premium increase	66%	3%	AA-	None	Select
	Bright Grey	£16.09	Subject to premium increase	44%	5%	A-	12m	Select
	Zurich	£16.30	Subject to underwriting	59%	7%	AA-	12m	Select
	Aegon	£16.39	More information required	49%	8%	A+	12m	Select
	Scottish Provident	£16.41	Subject to premium increase	27%	3%	A-	12m	Select
	Bright Grey Lifestyle Plus	£16.51	Not available	65%	19%	A-	12m	Select
	Ageas Protect	£16.66	Subject to underwriting	77%	16%	N/A	None	Select
	Liverpool Victoria	£17.59	More information required	53%	10%	N/A	None	Select
	Pru Protect	£18.43	More information required	59%	7%	AA	12m	Select
	Friends Life Ind Protection	£18.59	Subject to underwriting	41%	4%	A-	None	Select

Why Tele-Underwriting (Big T) Separate Advice & Application process

- I don't want to be asking the medical questions
 - time consuming / awkward / risks
- Client educated re importance of full disclosure
- Client better understands the contract
- Client had time to recall medical history
- Unsuccessful claimant cannot allege Adviser fault
- Better persistency (cooling-off period in advance)
- Reduce Adviser's workload
- FOS: no non-disclosure cases via Big T

“Honesty is the best policy”
(Shakespeare)

**“Honesty is always good,
except when it’s better to
lie”** (Patterson)

- As an industry we always emphasise the need for honesty and full disclosure at point of application.
- We assume that people will want certainty of cover at the time of a claim.
- And insurers do want to be there when our customers need us most - it’s important that we always pay valid claims with the minimum of fuss.

The whole truth



- The research also indicated that women are more likely to provide incomplete information, with questions about weight, alcohol consumption, family history and medical health most likely to elicit partial responses.
- Out of all those questioned more than 4 in 10 said price was more important than having the peace of mind that they were covered.
- 72% believed that there are circumstances where it is acceptable to stretch the truth or tell a white lie.

Figure 17

The journey of 100 life cover applicants



■ Declined

■ Rated,
not taken up

■ Standard rates,
policyholders beyond
first year

■ Standard rates,
not taken up

■ Standard rates, on books,
lapse in first year

■ Policyholder
who claims in first year

■ Rated, policyholders
beyond first year

■ Rated, lapse in first year

Reinsurers

hannover **re**[®]

Munich RE 

Swiss Re



Gen Re[®]



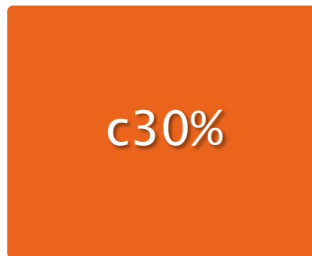
SCOR

RGAA[®]

How does protection pricing work?



Underwriting risk



Costs

(underwriting, administration, staff, marketing, IT etc.)



Commission



Profit

What does “protection” mean to the public?





THE KRAYS



Put yourself in the client's shoes...

- ▶ You are the client...
- ▶ What phrase would you want to hear that would introduce the concept of protection to you?
- ▶ What would make **YOU** want to do something about it?

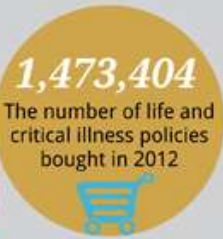


Barriers to Protection sales?

- ▶ Clients don't appreciate risk
 - ▶ Products are too complex
 - ▶ Underwriting takes too long
 - ▶ Inadequate remuneration
 - ▶ Claims management
 - ▶ Cost vs. Value
 - ▶ I'll move back home
- ➔**
- ▶ The State will provide
 - ▶ Have employer benefits
 - ▶ Parents will look after kids
 - ▶ Too expensive
 - ▶ Insurers won't pay out
 - ▶ Have enough savings
 - ▶ Media coverage



PROTECTION CLAIM PAYOUTS



19
The age of the youngest person to claim on a critical illness policy in 2012

Perception vs Actual

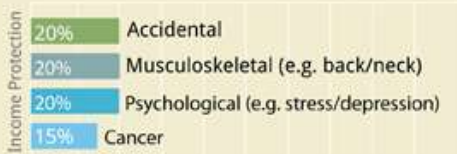


The percentage of life cover, critical illness and income protection claims people believe are paid each year



The actual percentage of life cover, critical illness and income protection claims paid last year

Most common reasons for claims



Survival estimates for those diagnosed with breast cancer have nearly doubled since 1971

We asked how much people would be willing to spend on life and health insurance?

The average answer was £50 per month



£200,000
The amount of life cover for 20 years that a 30 year old non-smoker can buy for £10 per month



“Protection insurance can be one of the most important insurances we ever buy. We all hope we never need it of course, but being able to pay the bills if something goes wrong is important to everyone.”
- LifeSearch

Does it pay out?



FINANCE & TECHNOLOGY RESEARCH CENTRE

Critical Illness Cover Claims Paid	Aegon	Aviva	Bright Grey	Friends Life	Legal & General	LV=
1. Do you collate statistics for claims paid on Critical Illness policies in 2012? <input type="checkbox"/>	Y	Y	Y	Y	Y	Y
1.1 What percentage of Critical Illness Cover claims were paid? <input type="checkbox"/>	91%	93%	93%	89%	93%	91%
1.2 What percentage of Childrens Critical Illness Cover claims were paid? <input type="checkbox"/>	Less than 75%	83%	Less than 75%	Less than 75%		80%
1.3 How many claims on Critical Illness policies were paid? <input type="checkbox"/>	331	1716	234	1556	3080	169
1.4 What is the total value of claims paid? <input type="checkbox"/>	£20M>£25M	£130M>£140M	£15M>£20M	£120M>£130M	£200M>£220M	£10M>£11M
1.5 What percentage of claims were not paid due to the following: <input type="checkbox"/>						
1.5.1 Non disclosure? <input type="checkbox"/>	3%	2%	4%	3%	2%	2%
1.5.2 Not being a valid claim? <input type="checkbox"/>	Less than 1%		Less than 1%			
1.5.3 Not meeting the claim definitions? <input type="checkbox"/>	6%	6%	3%	8%	5%	7%
1.5.4 Other <input type="checkbox"/>	0%	0%	0%			0%
1.5.4.1 If other please state reason for declining claim <input type="checkbox"/>		0				
1.6 How long on average did it take to pay a claim? <input type="checkbox"/>	Over 14 working days	Over 14 working days	Over 14 working days	Over 14 working days		Over 14 working days
1.7 What was the average age of male claimants? <input type="checkbox"/>	Age 48	Age 46	Age 45	Age 48		Age 49



Association of British Insurers



MAY 2014

Type of Product	Number of Claims					Total value paid (£000)	Average Claim Paid (£s)
	Received	Paid	% Paid	Declined	% Declined		
Term Life Insurance	25,845	25,424	98.4%	422	1.6%	1,310,450	51,500
Terminal Illness	2,675	2,448	91.5%	227	8.5%	239,930	98,000
Critical Illness	16,496	15,144	91.8%	1,352	8.2%	914,888	60,400
Total Permanent Disability	669	416	62.2%	253	37.8%	27,755	66,700
Whole of Life Assurance	43,529	43,491	99.9%	38	0.1%	449,144	10,300
Individual IP¹	13,170	12,004	91.1%	1,166	8.9%	138,443	11,500
Total claims	102,384	98,927	97%	3,457	3%	3,080,610	31,140

40 to 60 is the most dangerous time of life

News by Laura Whitcombe

Last updated: Apr 22nd, 2014

Life cover:

25-40 = 8%

40-60 = 61%

60+ = 31%

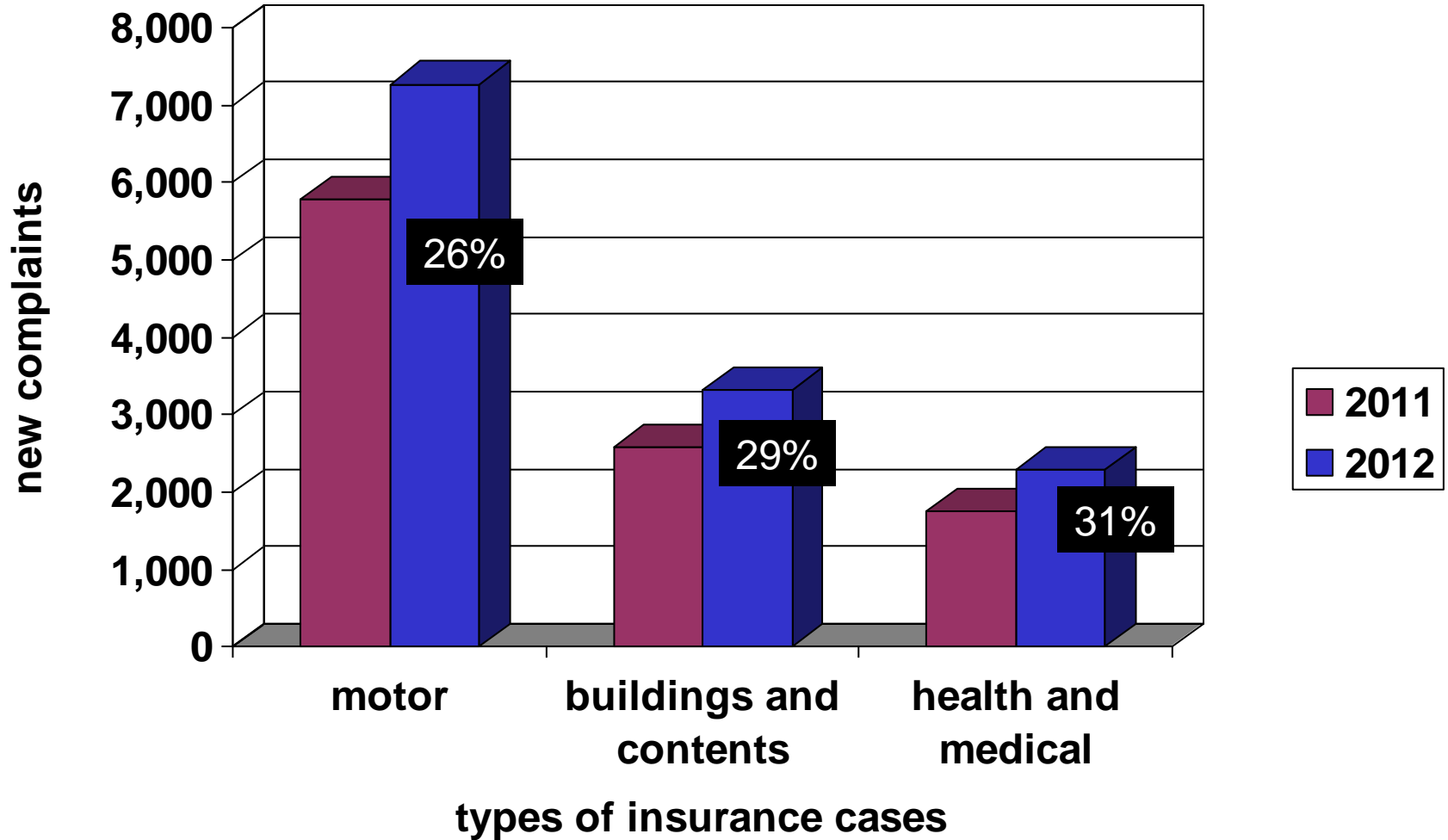
Critical illness:

25-40 = 24%

40-60 = 70%

60+ = 5%

complaints breakdown



don't bring me down

% of cases that were upheld

product type	2010	2011	2012
motor insurance	38%	45%	49%
buildings insurance	43%	42%	50%
travel insurance	44%	42%	52%
contents insurance	38%	41%	52%
health insurance	35%	43%	40%

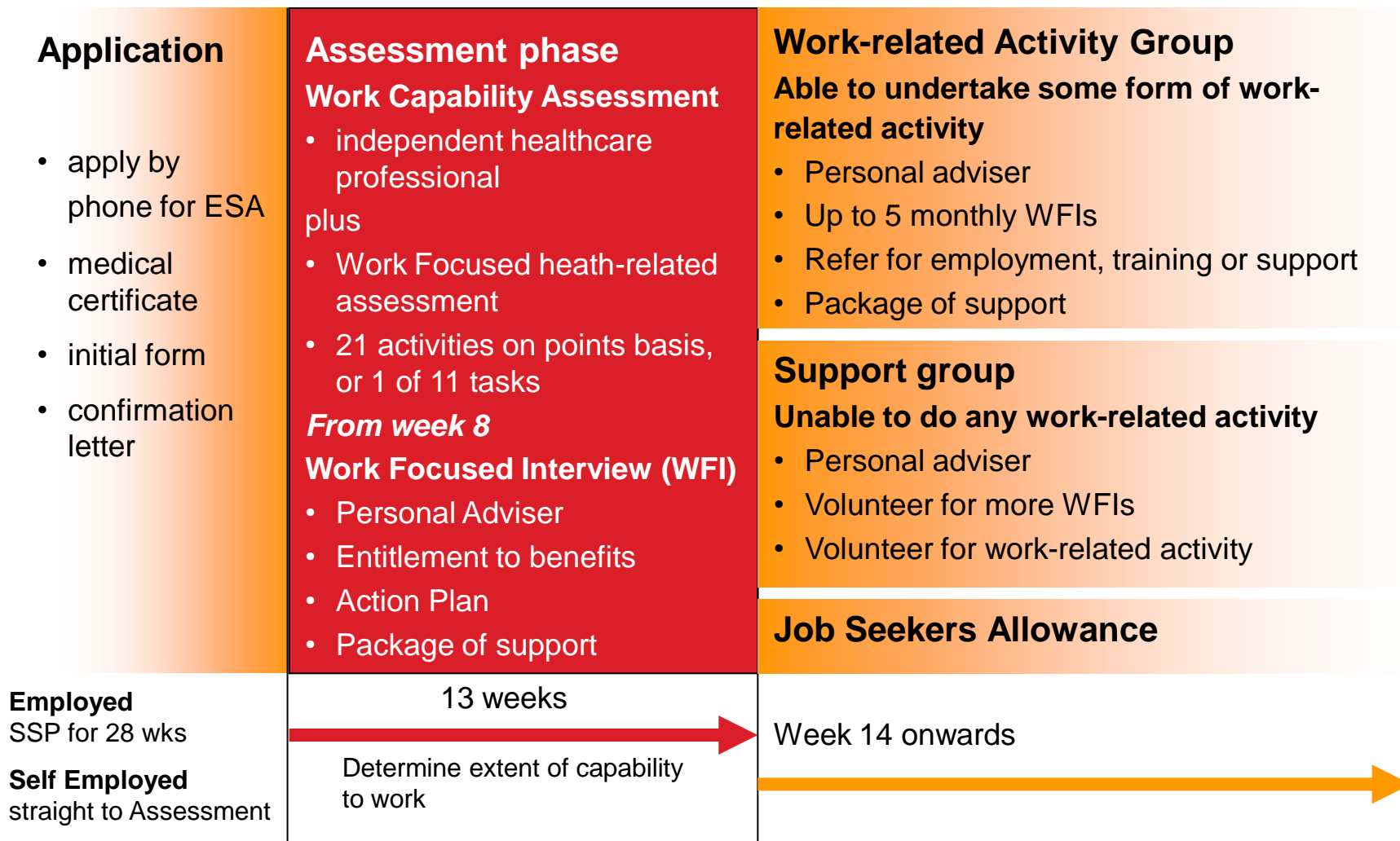
source: annual review 2012

The State will provide

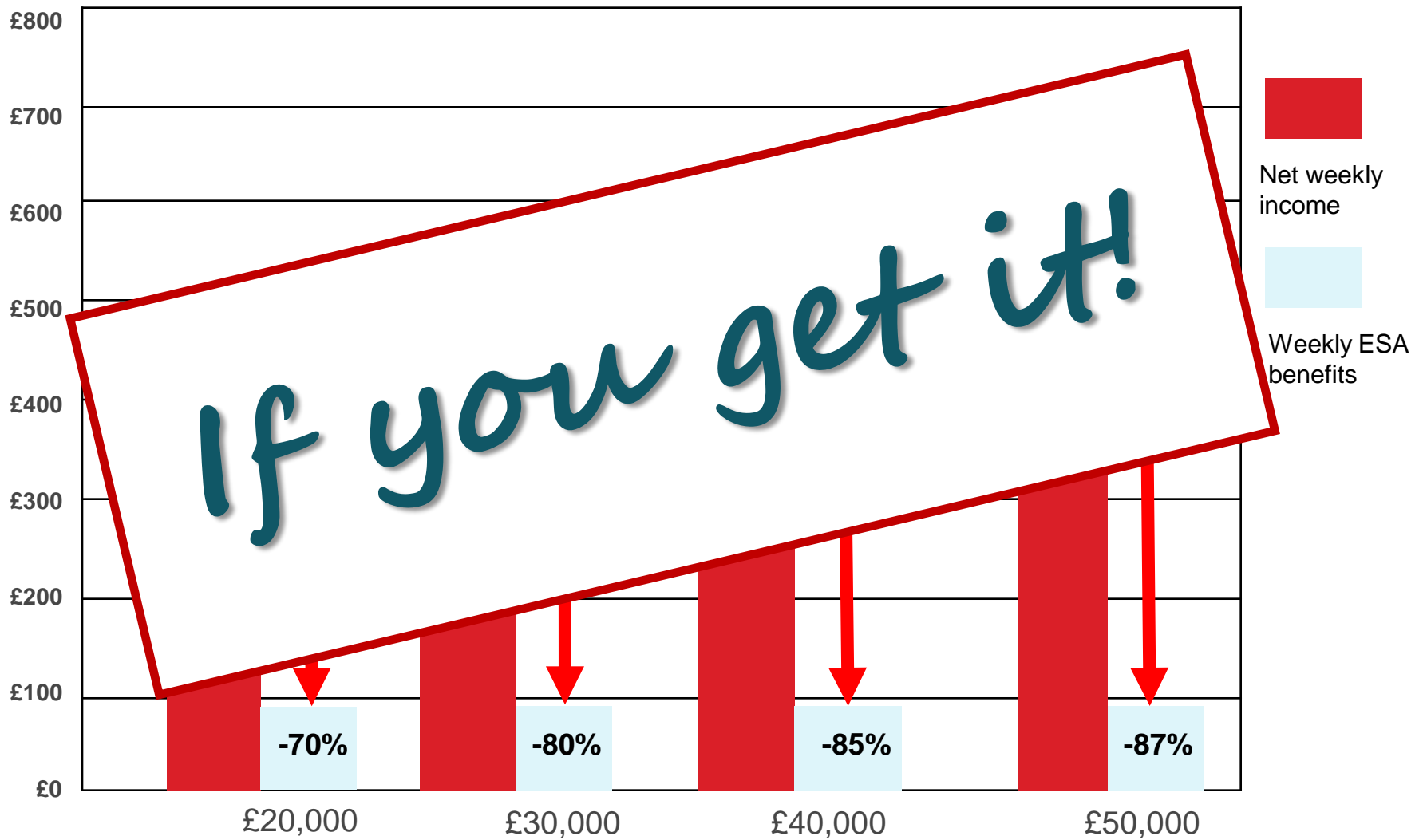
- ▶ Over 2.6 million currently receive incapacity benefits
- ▶ Welfare Reform Act provisions aim to reduce this number by 1 million over the course of a decade
- ▶ Focus is on capability rather than disability
- ▶ From 27 October 2008, Employment and Support Allowance (ESA) replaced Incapacity Benefit and Income Support for new disability 'claimants'
- ▶ Existing claimants transferred to ESA from 2009 to 2012



The ESA process



The effect on your income...



Today in the UK:

- Over 1,346 people will die
- 2.2 million people of working age will be off work for at least six months at any one time through sickness and disability
- Over 1.7 million people are claiming Income Support
- Over 1.6 million people are claiming Jobseeker's Allowance
- Over 2.57 million people are claiming Incapacity Benefit/Employment and Support Allowance
- Over 2.6 million people are claiming Disability Living Allowance



'Income protection policy? An offer you simply shouldn't refuse'

- ▶ **2.63m** People currently living on state benefits because they are unable to work, according to the DWP
- ▶ **75%** The drop in income that AXA says an average person would face if they had to live off benefits. Average net earnings are £19,468.97 but a single person's Employment and Support Allowance is only £4,947.80 per year
- ▶ **20%** Percentage of people likely to be off work for longer than six months before they are 65
- ▶ **24m** The number of people without income protection insurance, according to Friends Provident
- ▶ **17 days** The length of time most people could support themselves if they could not earn a wage
- ▶ **33%** of people think they could live on less than 35 per cent of their current take-home pay
- ▶ **£14.5k** The average amount such people would be underinsured by, says Friends Provident

★ **WORK HARDER** ★

**Millions On Welfare
Depend On You!**

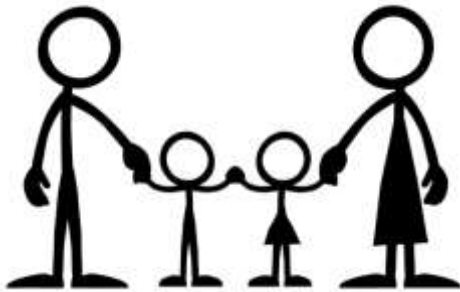
Social drift?





Case study

A typical protection recommendation



MONTHLY HOUSEHOLD BUDGET				MONTHLY OBLIGATIONS		
	Projected	Actual	Difference	Projected	Actual	Difference
REVENUE						
Wages & Tax	12000	12000				
Interest Income						
Dividends						
Gifts Received						
Refunds/Rebate/Interest						
Transfer from Savings						
Other						
Total REVENUE	12000	12000				
HOME EXPENSES						
Mortgage/Payoff	1500	1500				
Utilities	500	450	(50)			
Food	1000	1000				
Transportation	200	180	(20)			
Phone	80	80				
Cable/Internet	80	80				
Insurance	80	80				
Auto/Health/Property	80	80				
Landscaping	50	50				
Home Supplies	200	200				
Maintenance	50	50				
Improvements	50	50				
Other	50	50				
Total HOME EXPENSES	4200	4200				
OTHER EXPENSES						
Charity						
Personal Supplies						
Childcare						
Childcare Services						
Childcare Day Care						
Daycare						
Subsistence						
Subsistence (Items)						
Subsistence (Basis)						
SAVINGS						
Emergency Fund						
Transfer to Savings						
Retirement (IRA, 401k)						
Investments						
College						
Other						
Total SAVINGS						
OBLIGATIONS						
Student Loan						
Auto Loan						
Credit Card(s)						
Credit Card(s)						
Auto/Health/Car						
Total OBLIGATIONS						
BUSINESS EXPENSES						
Business Expenses						
Non-Depreciable Expenses						
Other						

"WHAT IF...?"



Objective setting

Ignoring existing cover, for now

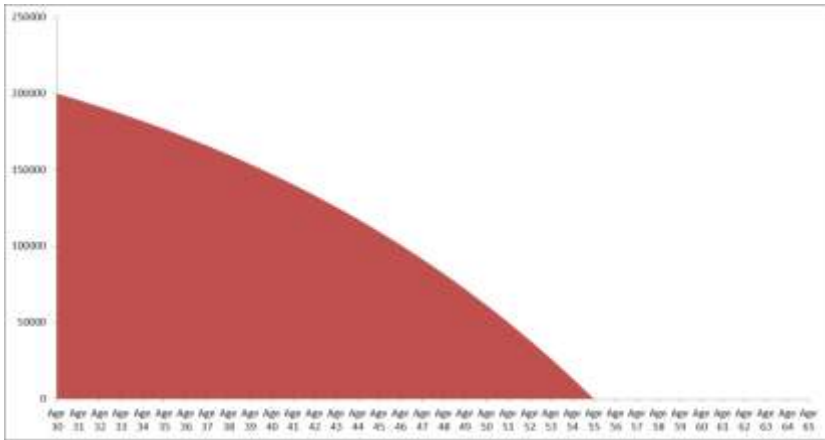


Mortgage: £200,000 C&I 25 yrs

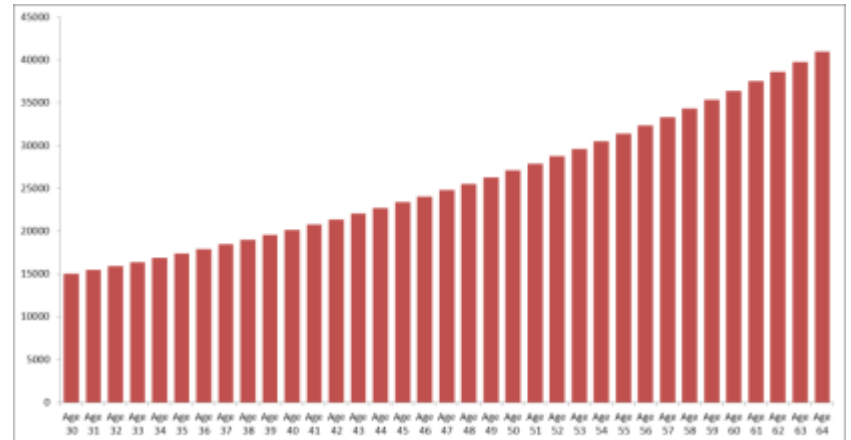
Monthly Household Budget			
Category	Frequency	Amount	Notes
Income		2,000.00	
Expenses			
Mortgage		1,000.00	
Council Tax		150.00	
Energy		100.00	
Food		200.00	
Transport		50.00	
Insurance		100.00	
Savings		50.00	
Other		150.00	
Total Income		2,000.00	
Total Expenses		1,750.00	
Surplus		250.00	

Family requires £15,000 pa (assuming mortgage repaid) for desired living standard if:

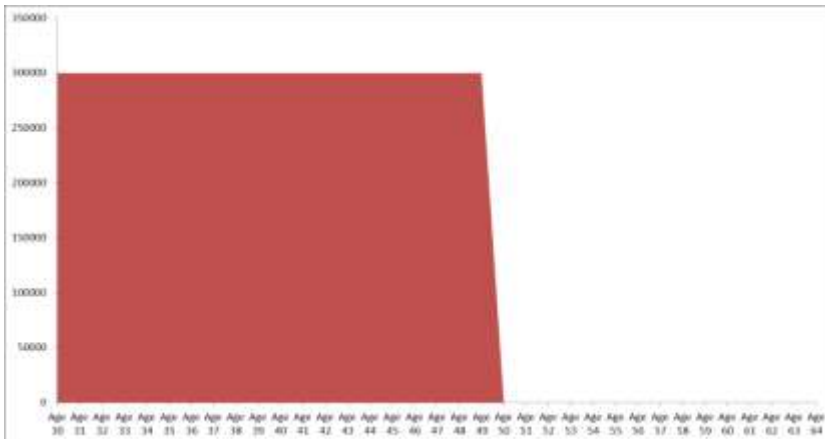
- death to either parent, until children financially independent in 20 years time
- inability to work until planned retirement age of 65



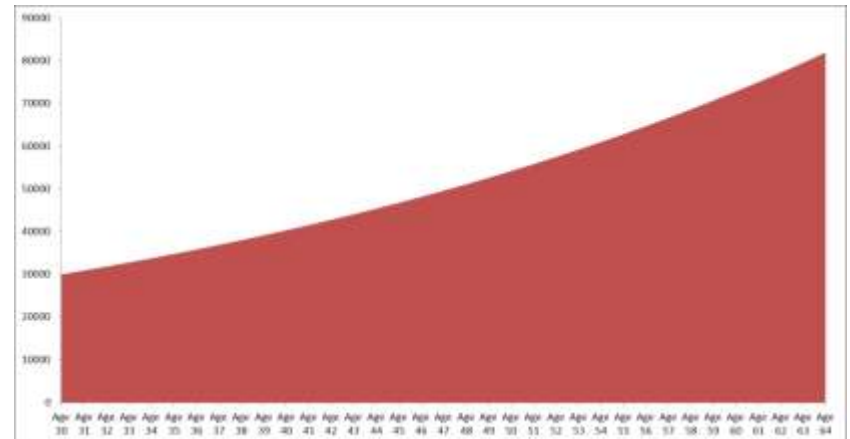
Repay mortgage in the event of death



Long term sickness from work



Replace lost income in the event of death



Financial 'cushion' in the event of diagnosis of serious illness

Research process

Pre-Research Underwriting Information (Protection solutions) Plan Money
Updated May 12

This form used to gather detailed information at an early stage in the **protection** research process. The objective is to identify specific medical information in conjunction with product research in order to facilitate relevant dialogue with underwriting departments, if appropriate and as such, realistic premiums can be better understood at recommendation stage.

Applicant Name Reason for Cover
(Date of submission) Type of Cover required

1 Date of Birth

2 Gender

3 Tobacco **yes / no** amount / frequency

4 Marital Status

5 Occupation Short description of duties: % of manual work %
(If carrying working with machinery & tools)
Driving
(average annual business mileage)
Work at heights m
(average % time spent & average heights)

6 Height & Weight
Waist Measurement

7 Health Questions

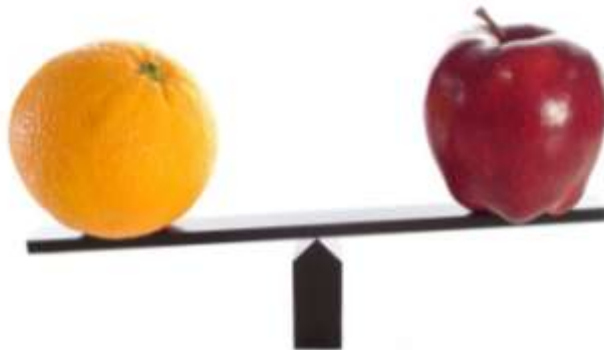
Medical Condition / Illness 1	Date of initial occurrence?	Medical Condition / Illness 2
	Date of last symptom?	
	Current medication / treatment?	
	Past medication / treatment?	
	Ongoing symptoms/experiences?	
	Past tests/investigations/referrals?	
	Past or pending hospitalisation?	
	Past or pending operations?	
	Work absence in last 5 years?	
	Are you fully recovered?	
	Any other relevant information?	

Family history
Any parents, brothers or sisters (before age 65) died or suffered from: heart disease, stroke, kidney disease, cancer (inc. site & type), MS, diabetes, Huntington's disease, motor neuron disease, Alzheimer's, Parkinson's or any other hereditary disorder?

Pre-research Underwriting form



Quotes

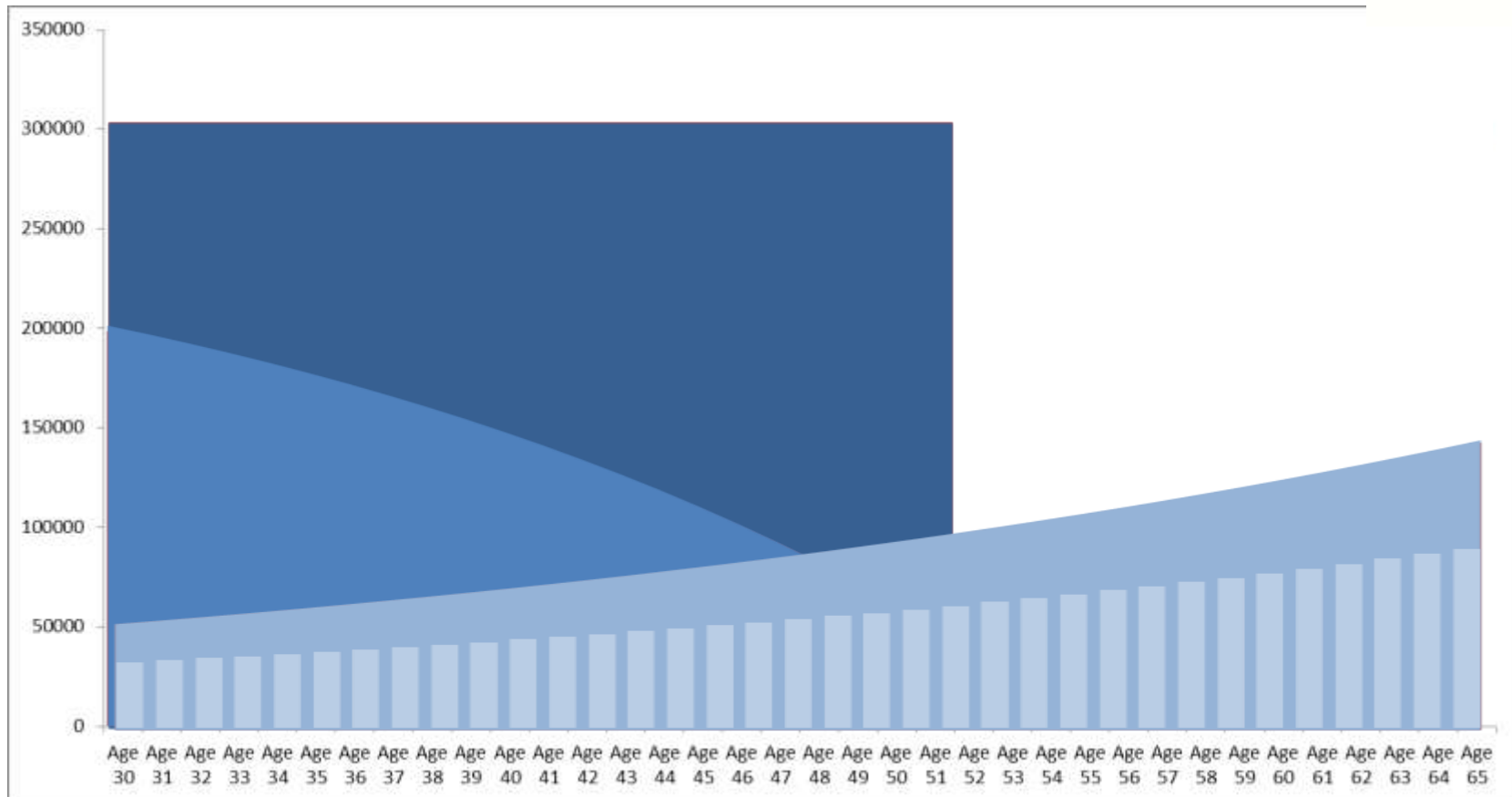


Product features research



Asses existing cover (including Employee benefits)
Is it fit for purpose?

Recommendations



£200,000 Decreasing Term Life Cover over 25 years

£15,000pa Income Protection to age 65 with indexation

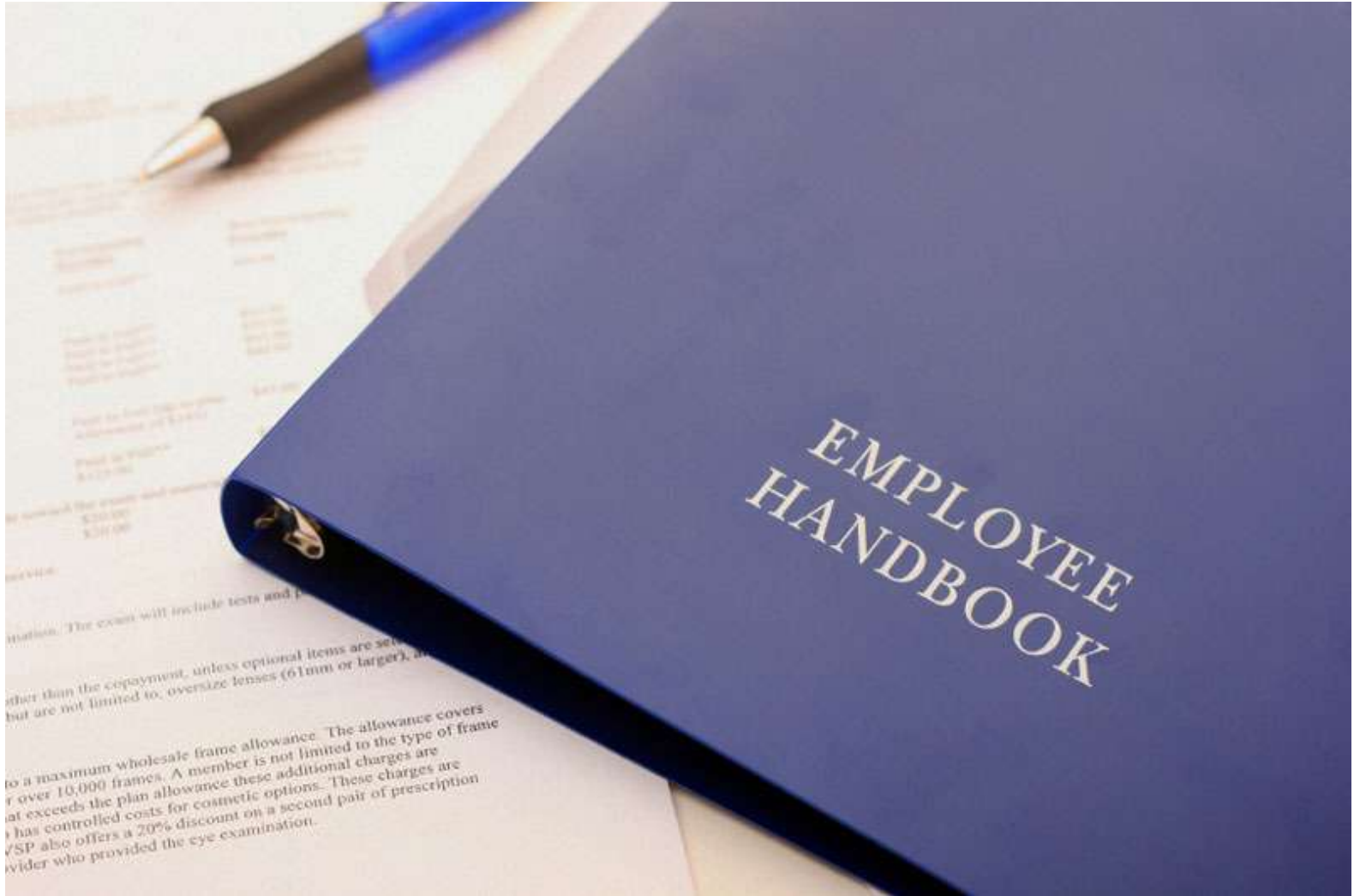
£300,000 Level Term Life Cover over 20 years

£50,000 Critical Illness with Life Cover to age 65 with indexation

HOW CAN WE SELL MORE PROTECTION?



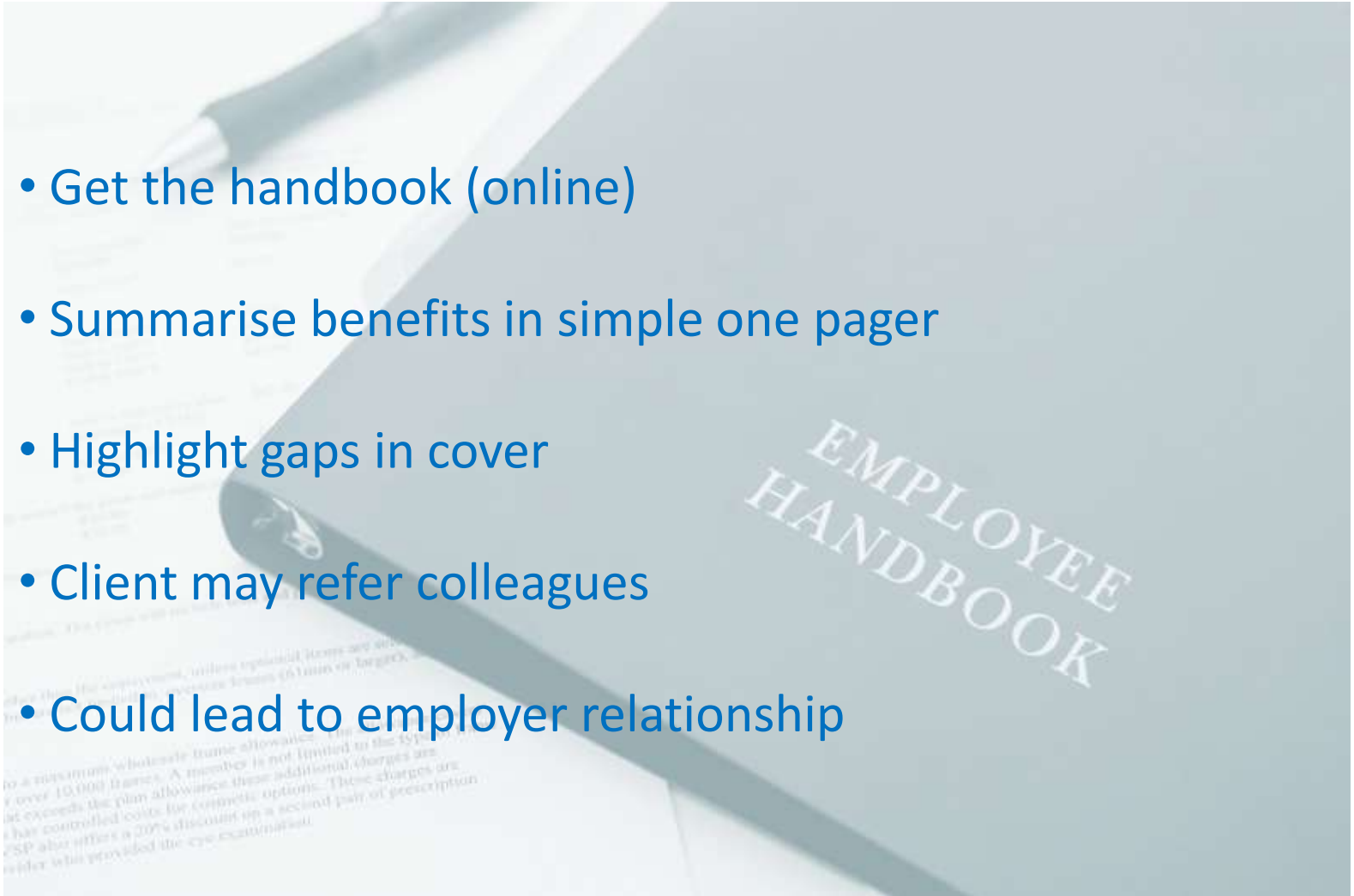
Let's take a look at what other advisers do...



to a maximum wholesale frame allowance. The allowance covers
over 10,000 frames. A member is not limited to the type of frame
that exceeds the plan allowance these additional charges are
VSP also offers a 20% discount on a second pair of prescription
provider who provided the eye examination.

1

- Get the handbook (online)
- Summarise benefits in simple one pager
- Highlight gaps in cover
- Client may refer colleagues
- Could lead to employer relationship



2





The best thing to
happen to protection
sales in ten years?

[C:\Users\Public\Documents\40sec_Life_Titled_Legal_Vsn2_640x360-WMV9_16x9.zip](#)

In the Top 10



Q Which of the following TV commercials do you remember seeing recently?

16.02	Brand	Agency/TV Buyer	%
1 (-)	Comparethemarket.com	VCCP/ZenithOptimedia	56
2 (-)	Moonpig.com	Wordley Production/MNC	52
3 (-)	Funkypigeon.com	DLKW Lowe/Carat	51
4 (-)	DFS	Uber/Brilliant	47
5 (-)	Swiftcover.com	MWO/Arena Media	45
6 (-)	Aviva	Abbott Mead Vickers BBDO/ZenithOptimedia	43
7 (-)	Burger King	Crispin Porter & Bogusky/Initiative	35
8 (-)	Subway	McCann Erickson/MediaCom Scotland	33
9= (-)	Sainsbury's	Abbott Mead Vickers BBDO/PHD	32
9= (-)	Wickes	MWO/MEC	32
11 (-)	New York Bagel Company	JWT London/MediaCom	31
12 (-)	Cadbury's Creme Egg	Fallon London/PHD	30
13= (-)	Jackpotjoy.com	(Beta)/Maxus	29
13= (-)	Nestlé Milky Bar	Santo/Mindshare	29
15 (2=)	Argos	CHI & Partners/Mindshare	28
16= (-)	Currys/PC World	M&C Saatchi/Walker Media	26
16= (-)	Uncle Ben's Cooking Sauces	Proximity London/MediaCom	26
16= (11)	Homebase	Leo Burnett/Mindshare	26
19= (1)	Tesco	The Red Brick Road/Initiative	25
19= (-)	Alfa Romeo Giulietta	Leo Burnett Italy, DCH/Maxus	25

Adwatch research was conducted from 10-14 February 2011 by TNS as part of its twice-weekly OnLineBus omnibus among 1000 adults aged 16-64. For details of the survey, contact sue.homeyard@tns-ri.co.uk (020 7160 5550). Advertisements were compiled by Ebiqity (020 7650 9700) and Mediaedge:cia UK (020 7803 2000).



5 Swiftcov



12 Cadbur





unum

Because everyone needs a back-up plan

<http://www.youtube.com/watch?v=v8zPI6rHRJw&list=UUXntYKtrIYawebhqo5XUF9A&index=17&feature=plcp>



[Back](#)

Terms and conditions



Zombies are excluded from
all life insurance policies.



**DON'T LEAVE
IT TOO LATE**

GET A QUICK, AFFORDABLE LIFE INSURANCE QUOTE TODAY



Confused.com



3





'At least we know the mortgage is covered if the worst happens': Are you gambling by shunning protection insurance?

By JOHANNA GORNITZKI, FINANCIAL MAIL ON SUNDAY

PUBLISHED: 22:30, 20 April 2013 | UPDATED: 13:29, 22 April 2013



 **41** [View comments](#)

Only three in five families could survive financially for more than eight weeks if they lost their main income, a shocking new report has revealed.

Yet only five per cent of workers have insurance that would pay out if they became sick and could not work – but one in five are likely to be off for three months or more at some time before they retire.

Nine in ten do not have any cover that would pay out for a major illness such as cancer, a heart attack or stroke. And nearly two-thirds do not have life cover, according to insurer Scottish Widows.

Proper protection for your finances



IF YOU are fed up with being bombarded with text messages from claims management companies urging you to seek compensation for mis-sold payment protection insurance (PPI) you are not alone.



By: **Harvey Jones**

Published: Sun, July 22, 2012

 Comments

 Like 

 Tweet 

 +1 



Make sure you have the cover you need

These pushy salesmen are looking to grab a share of any payout you may get if you were mis-sold PPI, a type of insurance that pays your loans and credit card bills if you fall sick or are made redundant.

There is a darker side to this unscrupulous marketing blitz, too. It has caused many people to ditch more valuable insurance, says protection specialist Kevin Carr, of Kevin Carr Consulting.

"An increasing number of people have

Compare Best Prices

More 



Credit Cards

Compare the best rates and deals



Loans

Compare Over 400 Loans



Current Accounts

Want to find the best current accounts?



Car Insurance

All types of insurance products



ISAs

Compare the best ISAs

More Personal Finance

More 

Start-up market stall scheme offers helping hand to new entrepreneurs

 Comments  Share



Life insurers start to become more user-friendly and deliver on critical illness claims

By [Jeff Prestridge](#)

The life insurance industry is continuing to make financial protection policies more user-friendly, ensuring most claims are now met rather than rejected routinely as in the past.

According to data from the Association of British Insurers, 90 per cent of claims made last year on critical illness policies were paid, resulting in payouts totalling £776 million. This compares with a payout rate of 84 per cent in 2007.



At last...cover that will pay for early stage cancer: Should you sign up to critical illness insurance to protect your family?

By JOHANNA GORNITZKI

PUBLISHED: 22:25, 17 August 2013 | UPDATED: 09:44, 20 August 2013



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If you buy critical illness insurance for the first time you are now more likely to get a policy that will pay out a partial lump sum even if you are diagnosed with treatable early-stage cancer. But millions of policyholders with older plans are likely to miss out.

Traditional plans pay out a tax-free lump sum only if a condition such as cancer is diagnosed at a more serious stage. But breakthroughs in science mean that such conditions, which were once a death sentence, can be spotted earlier and treated.

Independent data provider Defaqto says these developments mean that nearly 60 per cent of critical illness policies now offer partial payments. This means claimants may receive some tax-free money if their condition is at a less severe stage than would normally trigger a payout.



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COLUMNS

Personal Account: Why it pays to have earnings cover

We're more likely to have an accident or illness that stops us working than to die young, yet few of us insure against such disaster

Ian Cowie Published: 13 April 2014

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THE SUNDAY TIMES

Why income protection beats critical illness

By Lana Clements 31.07.2012

More people buy critical illness policies than income protection, but arguably they're making the wrong decision as the latter will give you much more cover.

In a climate where household budgets are being squeezed to the brink, it's understandable that people begin to think about which expenses are crucial and which they can do without.

But when it comes to protection, many people have arguably got their priorities wrong by choosing to buy **critical illness insurance** above **income protection insurance**. According to Term Watch, an annual report on protection sales from insurer Swiss Re, 551,000 critical illness policies were sold during 2011, five times more than 110,000 income protection policies.

What's the difference?

Critical illness policies pay out a tax-free lump sum (you choose how much) if you are diagnosed with a serious or life-threatening illness from a list dictated by the policy. Those claiming can use the money to cover the costs of treating their illness or put it towards living costs if they aren't able to work. Policies vary from one to the other; some will pay out for a greater number of illnesses and some pay out at earlier stages of an illness than others.



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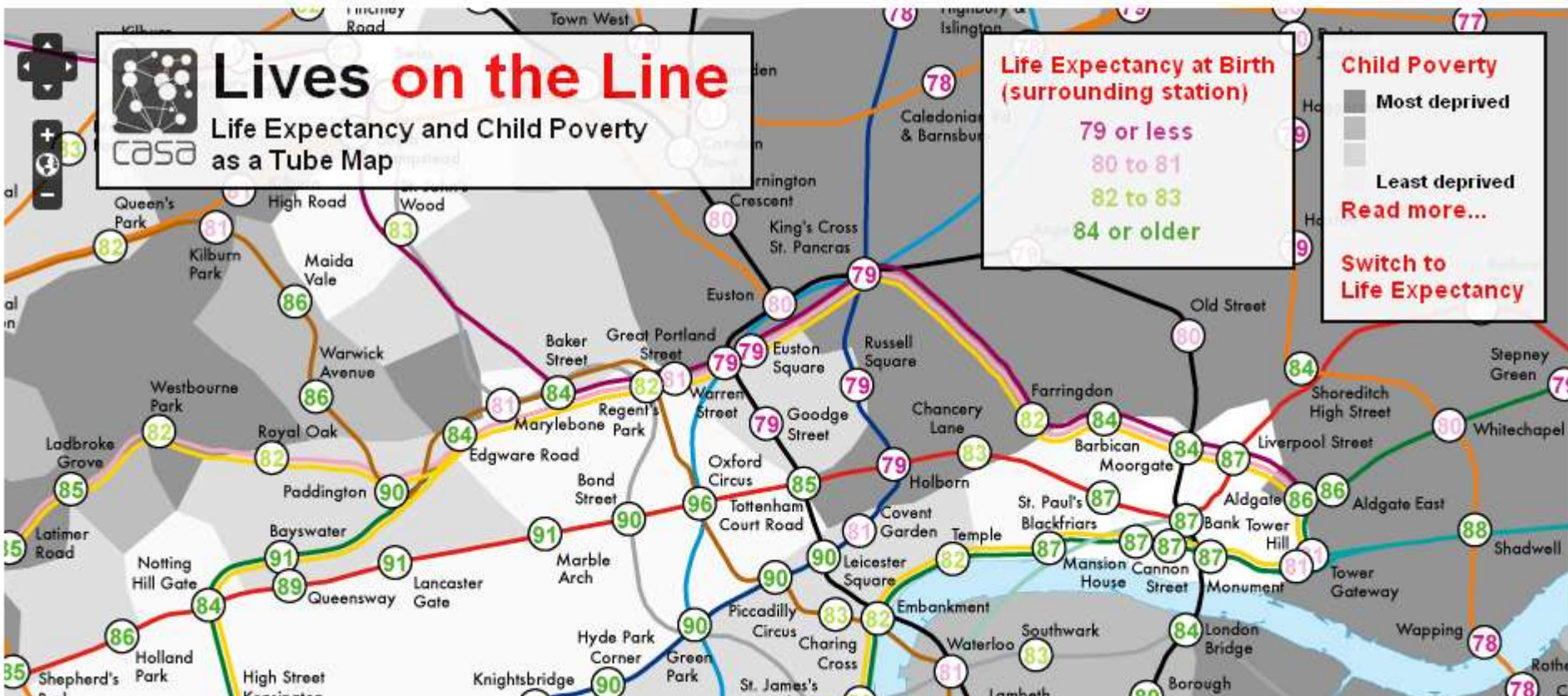
QUICK TIPS

- 1** Shop around for your critical illness or income protection policy
- 2** Think about how long you want an income protection policy to pay out
- 3** Check your employer's sickness policy to make sure you don't double up on cover

HOME » HEALTH » HEALTH NEWS

Life expectancy by tube station: new interactive map shows inequality in the capital

A new interactive map plots life expectancy and child poverty by different London Underground stations, highlighting the wild differences in outlook between children born only minutes apart on the tube.



Campaign highlights cost of being unable to work

A publicity stunt will leave seven families better off by paying them an income for a year, reports **Simon Read**

A major campaign launching next month will end up handing seven struggling families a monthly income for a year. The point of the campaign? To raise awareness of income protection, a form of life insurance that pays out if you're unable to work due to injury or illness.

Families will be found through the charity Disability Rights UK. To qualify the main breadwinner must have been forced out of work by an accident or illness and not had any insurance payout.

As well as being handed income for a year, the recipients of the Seven Families campaign will also be helped with rehabilitation. The cash will be handed over on a charitable basis, but he paid monthly to replicate what would have happened if they'd had the right cover.

Peter Le Beau, chairman of the Income Protection Task Force, which is organising the campaign, explained: "We hope to show the financial vulnerability of people who end up being long-term disabled. Many don't appreciate how seriously an accident can hit your finances."

"But we also want to demonstrate that with the right support people can get back to work. There is hope, even after a serious illness."

Very few people have income-protection policies. An estimated 2 million have cover through their workplace while another million have taken out their own policy.

Unlike critical-illness cover, which pays out a lump sum if you're diagnosed with a terrible ailment, income protection pays a monthly amount, usually until retirement, death or your return to work. As such the payout can be much higher, although there are budget plans which have a limited payout.

There are also restrictions which means most policies pay out after a set period, which can be weeks or months. So while the cover can make a huge financial difference, buying a policy without checking whether it's the right one for you could end up being a costly mistake.

Tom Conner, director at Drewberry Insurance, said: "Income protection is one of the most important types of financial cover you can have, but it can also be one of the most confusing to buy."

The main mistake people make when buying income protection is they don't get what is known as "own-occupation" cover. Some cover offers any occupation, which means you have to be unable to do any job at all to claim, which rules many out.

To his shock, Chris Harpresses,



A serious injury can make working impossible
MONEY BUSINESS
REF.

a 37-year-old chauffeur from Manchester, had his income-protection claim turned down even after suffering a rectal ulcer and pulmonary embolism that required more than six months of hospital treatment. That turned out to be because he didn't have own-occupation cover.

Chris was so angry at what he felt was a betrayal by the insurer, he launched a campaign to highlight the injustice. As he writes on the website he subsequently set up at angrypolicymakers.com: "These policies are often written so loosely by insurers that making a claim is almost impossible, as all the 'work tasks' are subject to using aids or the help of others."

"This could mean you are 95 per cent blind, yet with a giant magnifying glass you can read

30-point print; or you can't speak but can blink once for yes or twice for no, so you are able to communicate. These are just some of the lengths insurers could go to deny a claim."

In fact Chris has accumulated many more stories of people who feel they were misled by insurers into buying what turned out to be useless cover.

Mr Conner said the case highlights the problem of being sold inadequate cover: "The last thing somebody wants if they are off work long-term sick is to find out a policy they have paid for each month isn't going to do what they need it to."

"So it's important to thoroughly research the market to ensure you have the right policy for your needs, or speak to a specialist protection adviser," he added.

Family Support Initiative gathers steam

By: Paul Robertson | 19 Nov 2013 | 0 Comments



The Family Support Initiative, recently been announced by the Income Protection Task Force (IPTF), has stimulated great initial interest and support according to Peter Le Beau, the Chairman of IPTF.

Next year the IPTF intends to embark on a campaign highlighting the impact serious illness and disability has on families.

The IPTF will identify several families where the breadwinner has suffered a serious illness or accident and support the family for a year through a trust funded by insurers and reinsurers.

4



4

Would you like the
cheapest cover...

Or the best value for
money?



5



5

- Benefits of using a trust
 - speed, right people, tax
- Better persistency
- Trustees and witnesses potential clients



6



Bottom Up



Top Down

1. Carry out review

2. Recommend perfect solution

3. Work backwards to fit budget

1. Carry out review

2. Find out the budget

3. Start with the basics and work upwards

7

- ▶ List all the major outgoings
- ▶ Look at which ones are still likely without an income



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Together we must be the catalyst, in changing the way people view and take responsibility for protecting their financial security.



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YOUR OUTGOINGS

YOUR BENEFITS / SAVINGS

YOUR FINANCIAL HEALTH

How quickly would your money run out, if anything happened to you or your partner, as a result of long term sickness or injury, critical illness or the death of the main breadwinner?

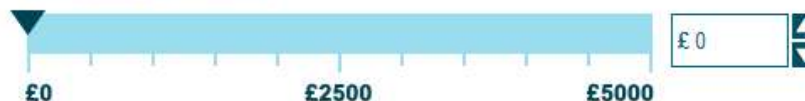
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NEXT



9

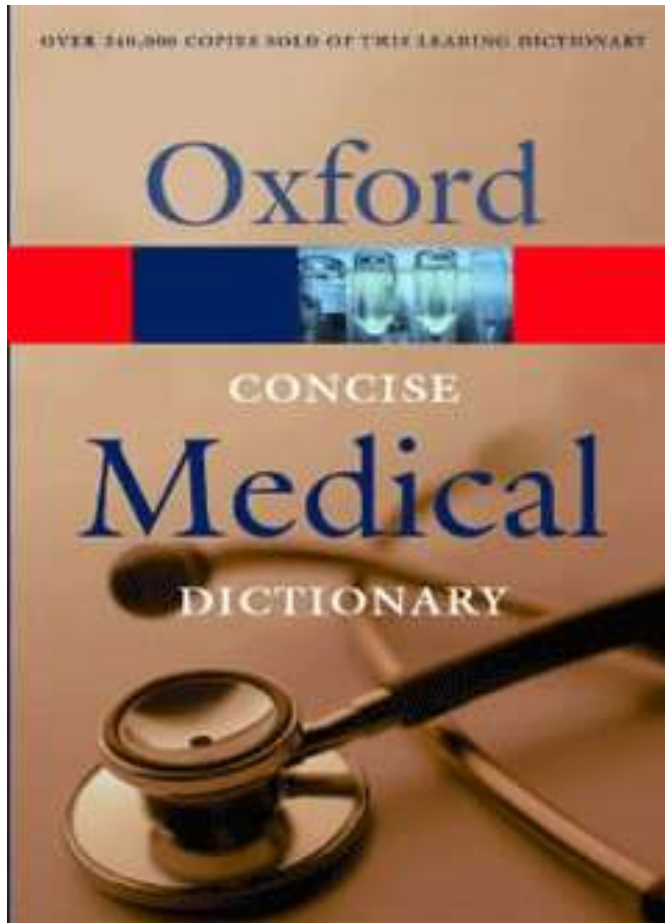


10



DON'T LEAVE IT UNTIL LAST

One other tip...



The image is a screenshot of the IFAonline.co.uk website. The header features the site's name 'IFAonline.co.uk' in a large, bold, black font, with a red and blue horizontal bar underneath. Below the header, it says 'aop Digital Publisher of the Year 2010'. A navigation menu includes links for 'Home', 'Better Business', 'Mortgages', 'Investment', 'Pensions', 'Protection', and 'Investing in the P'. A secondary menu below that includes 'Cover', 'Mortgage Solutions', 'Retirement Planner', 'Share Price Centre', 'Spotlight On', and 'About u'. On the right side, there is a search box with a magnifying glass icon and a 'Site s' label. The main content area shows a breadcrumb trail: 'Where am I? > Home > disease of the month'. Below this, there is a section titled 'disease of the month'. The first article is 'Disease of the month: Meningitis', dated 'Cover | 08 Feb 2012 | 17:01'. The text describes it as a common illness with long-term effects and mentions Mary Randell. To the right is an image of green, spherical bacteria. Below this are two more articles: 'Disease of the month: Peripheral vascular disease' dated 'Cover | 20 Jan 2012 | 14:44' with a diagram of the human circulatory system, and 'Disease of the month: Thyroid disease' dated 'Cover | 16 Dec 2011 | 10:21' with an anatomical diagram of the thyroid gland and text mentioning Fergus Bescoby.

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Do we need a protection hierarchy of needs?

2 August 2011 2:00 pm

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Is term life cover 10 times the product income protection is? Do 10 times as many people pop their clogs every year as those who take six months or more off work due to say an illness or stress?

Of course not. So why does term life cover outsell income protection by around 10 to one? And likewise why are twice as many life policies sold compared to critical illness cover, when a CI claim is around five to six times more likely?

1. **Income protection** (specifically own occupation)
2. **Critical illness cover** (including life cover and cover for early stage cancers)
3. **Life cover** (term and whole of life, depending on the circumstances)
4. **Private medical insurance etc.**
5. **All others** (including other versions of the above)

Protection notes

Income Protection vs. Critical Illness

Q. "Why do I need Income Protection if I've got Critical Illness cover?"



Greatest IP claims	% of claims (approx.)	Covered under Critical Illness?
Accident	20%	No
Muscular Skeletal	20%	No
Psychological (stress/depression)	20%	No
Cancer	15%	Yes

A. Because these areas of cover complement each other, not replace.



ON AIR

And now a word for our sponsors...

Sponsor messages

‘Understand how much time and effort can be wasted with providers who needlessly request GP reports.’



‘As a leading protection provider, a proud mutual and the UK’s No1 income protection provider, LV= is passionate about providing quality protection with the customer in mind and treasure that all important human touch. And we have bags of practical insight, expertise and tools that we’d be delighted to share with advisers to enhance their knowledge, sharpen their skills and develop a more successful business. Simply, we’d love to work with you. ‘



‘Without protection people in the UK could be on the breadline in just 26 days following a shock to their income due to illness/injury. It’s just 11 days for working age families (18-64 year olds).’

Sponsor messages cont.

‘Skandia UK, part of the Old Mutual Group, delivers an unrivalled combination of high quality protection products, underwriting expertise and technical knowledge.

Skandia Protect can be used to provide both personal and business cover. Whether it’s for family protection, part of a client’s inheritance tax planning, key person, loan, or ownership cover, we can offer a flexible solution.

The Skandia logo consists of the word "skandia" in a bold, lowercase, green sans-serif font, followed by two solid green circles.

Our innovative lifestyle protection plans are designed to enhance and protect lives. As well as giving our clients award winning cover that matches their individual needs, we give each of them Vitality – a healthy living programme that helps them to live life well. We’re the only UK insurer to offer a truly integrated approach to peoples lifestyles and their protection needs.



‘Seek first to understand to then be understood - Good advisers will understand the buying process that clients go through when faced with making an intangible and more than likely an initially reluctant purchase. Once they have this approach understood and articulated in their own style they will see protection sales rise.’

Sponsor messages cont.



Cirencester Friendly has provided Income Protection for the UK's workers for over 120 years. We are proud of our Member-owned, 'friendly' or 'mutual' status, which aligns the interests of the business and those who own it; our Members. Committed to providing the highest quality income protection, we have won many industry awards. We believe in transparency when it comes to claims and publish a detailed breakdown of our Claim Statistics annually, allowing you and your clients to judge our performance on the facts.

'Exeter Family Friendly are one of a few insurers that only offer "Own Occupation", regardless of what your clients do, making theirs and your lives easier when they come to claim, the true test of any insurance policy.'



'When it comes to protecting your business with robust research and treating your customers fairly by offering them the most appropriate products, you can rely on The Exchange – the most comprehensive comparison quotes and transaction portal in the market.'



Sponsor messages cont.

‘Never sacrifice value for price. Always look at the quality of the product, the support propositions and the ease of doing business for your clients. As an example, look at the Best Doctors option available to your clients and their immediate family throughout the lifetime of the policy.’

The logo for FriendsLife, featuring the word "Friends" in white and "Life" in blue, set against a dark blue rectangular background.

‘BFS Protect provides simple yet innovative income protection cover which is available exclusively via Financial Advisers. Our efficient application process, common sense approach to underwriting and strong claims payment track record is popular with intermediaries keen to write more income protection business.’

The logo for bright grey, featuring the words "bright grey" in a lowercase, sans-serif font, with a registered trademark symbol (®) to the right.

‘7/10 people we asked said they'd rather have practical and emotional support before a cheque if they were diagnosed with a critical illness.’

Sponsor messages cont.



‘The life insurance industry paid out £6.7m a day in life, critical illness and disability claims in 2011. Protecting themselves and their family is one of the most important things a person can do in their life. We are committed to helping insurers engage with more people to promote the importance and value of life and disability insurance cover. With your help, we can ensure that people take out the valuable protection insurance they need.’

‘For life cover alone, Swiss Re's research shows that half the adult population has a protection gap. On average, this amounts to £100,000 each. The 25-40 age group with dependants appears to have the biggest gap of all.’



‘iPipeline/Assureweb is built upon one core aim: to make risk-based life insurance easier to buy, sell and process through dedicated people, dedicated and close partnerships and by embracing new technology.’



Sponsor messages cont.

Protection is the foundation for all financial planning and Munich Re is supportive of any initiative aimed at increasing the number of people that are protected. We absolutely recognise the need for advice on certain products and actively support a number of insurers operating in the IFA segment of the market.



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 - ▶ Thurs July 17 Southampton (Skandia)
 - ▶ Thurs July 31 Birmingham (Zurich)
 - ▶ Thurs October 9 Glasgow (Royal London)
 - ▶ Thurs Nov 13 London (Swiss Re)
 - ▶ Thurs Dec 11 TBC
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