


# INDEPENDENT PROTECTION TRAINING

2015



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# 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 Questions / End
- 

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- *Conference and awards dinner*
- *IFA & Media protection training*
- *Product reviews*
- *Annual book*
- *Campaigns*
- *Consultancy in the UK and overseas*
- *Research & Surveys (inc The Syndicate)*
- *Writing articles and commenting for the media*

- Mortgage adviser and trainee broker consultant (1993-2000)
- **LifeSearch** Senior Technical Adviser, Head of Protection Strategy, Director of Public Relations (2000-2008)
- Voted 2<sup>nd</sup> most influential person in UK protection industry by Cover magazine
- **PruProtect** Director of Protection Development (2008-2010)
- Voted 24th most influential person shaping the future of IFAs by Professional Adviser magazine
- MD of **Carr Consulting and Communications** & **Protection Review** CEO since 2010



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How is your business  
at the moment, what  
trends are you  
seeing?



# 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?



# Agenda

10.00

Arrive

10.30

Part 1 – Protection basics

11.30

Break

11.45

Part 2 – Protection extras

12.45

Lunch (30mins)

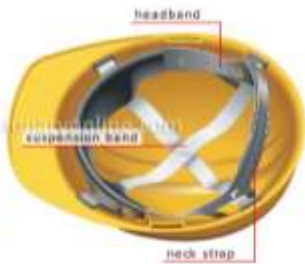
1.15

Part 3 – Underwriting, barriers &  
top ten sales tips

2.30

Questions / End





**THE KRAYS**



# UK protection industry

Protection products	Health Insurance	General Insurance Protection products
<ul style="list-style-type: none"><li>• Life cover</li><li>• Critical Illness Cover</li><li>• Income Protection</li></ul>	<ul style="list-style-type: none"><li>• Private Medical Insurance</li><li>• Healthcare Cash Plans</li><li>• Dental Insurance</li></ul>	<ul style="list-style-type: none"><li>• Payment Protection Insurance</li><li>• Mortgage Payment Protection Insurance</li><li>• Accident, Sickness &amp; Unemployment Cover</li></ul>
Long term	Short term	
Guaranteed?	Reviewable?	

# UK protection industry

Individual...



OR



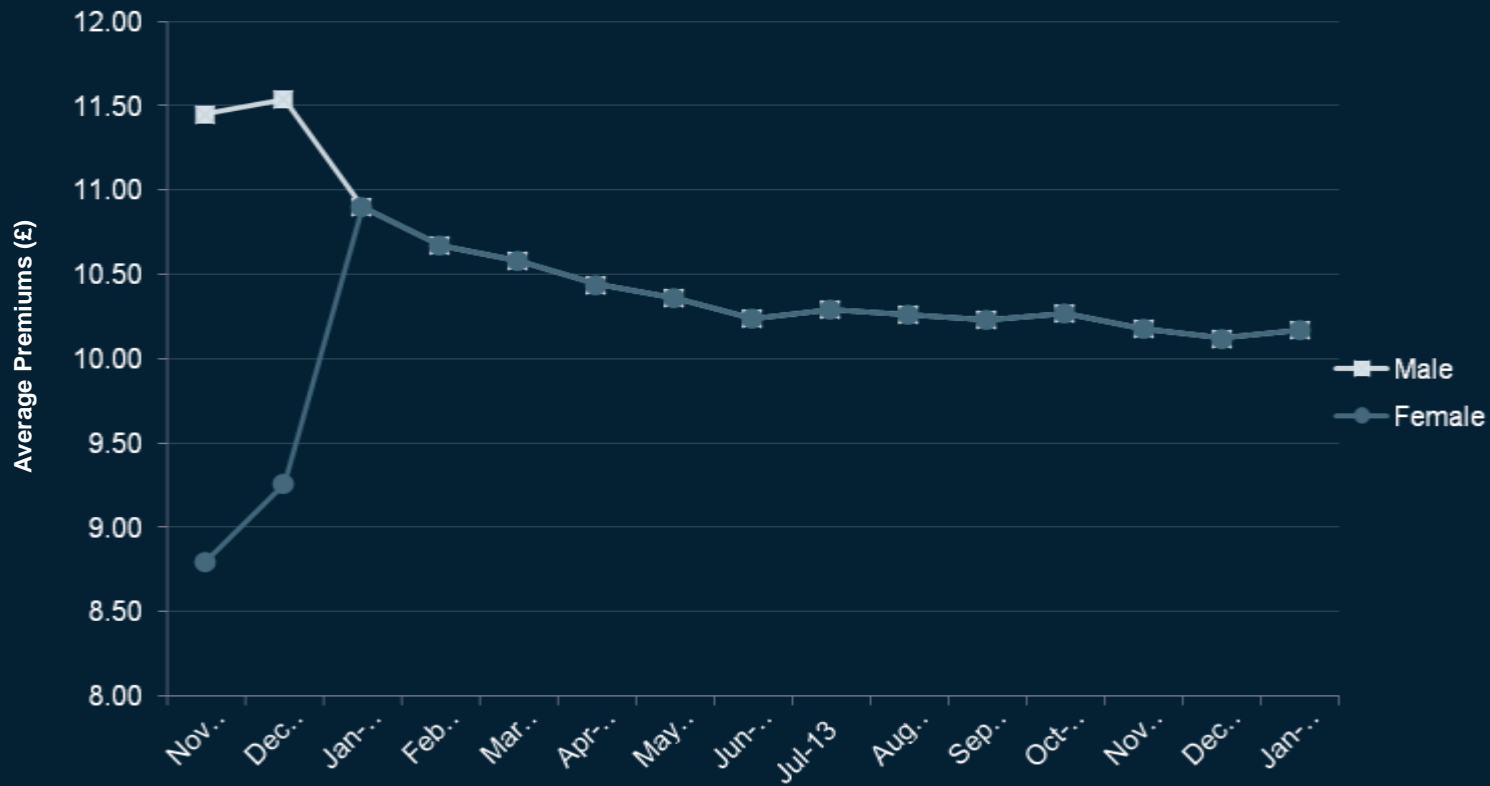
Group...



**What's  
GOING ON ?**

# WHAT HAPPENED TO PRICES?

Level Term Average Top 5 Cheapest Premiums  
(After 8% downward Tax Adjustment since Jan 2013)



Data source: The Exchange, IRESS, Nov 2012 to Jan 2014

	2011	2012	2013	% change 2012 / 2013
<b>Individual term assurance including accelerated critical illness</b>				
<b>Total new sales</b>	1,488,106	1,473,404	1,216,649	-17.4

**-17.4** ↓  
% of change  
2012 / 2013

	2011	2012	2013	% change 2012 / 2013
<b>Individual critical illness</b>				
Accelerated policy				0.7
Stand-alone policy				2
<b>Total new sales</b>				5

**-20.5** ↓  
% of change  
2012 / 2013

	2011	2012	2013	% change 2012 / 2013
<b>Individual income protection</b>				
<b>Total new sales</b>				

**-24.4** ↓  
% of change  
2012 / 2013

	2011	2012	2013	% change 2012 / 2013
<b>Individual whole life</b>				
<b>Total new sales</b>	400,682	344,110	273,423	-20.5

**-20.5** ↓  
% of change  
2012 / 2013



## 2014 in summary

In 2014, 1,667,818 new term assurance, whole life, critical illness and income protection policies were sold, an increase of 4.1%

### Term assurance cover

- The number of term life cover only new policies increased by 5.0%.
- The number of term life cover with critical illness included increased by 5.6%.



### Whole life cover

- The number of new guaranteed acceptance whole life policies fell by 1.2%.
- The number of new non-linked whole life policies increased by 13.8%.
- The number of new unit-linked whole life policies increased by 9.5%.



### Critical illness cover

- The number of new critical illness policies, stand-alone and acceleration of life cover combined, increased by 4.4%.



### Income protection

- The number of new income protection policies increased by 6.7%.



# UK protection industry

Protection products

Health Insurance

General Insurance  
Protection products

- Life cover
- Critical Illness Cover
- Income Protection

- Private Medical Insurance
- Healthcare Cash Plans
- Dental Insurance

- Payment Protection Insurance
- Mortgage Payment Protection Insurance
- Accident, Sickness & Unemployment Cover

Long term

Short term





the Money  
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Online now >

Chat to our friendly team



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News

Site search e.g. car insurance

Search

Free newsletter ?

Enter your email

Sign up

## Insurance

There's more to buying insurance than finding the cheapest quote - make sure you spend your money wisely

### New to insurance



What is insurance?  
Types of insurance  
Things to look out for when buying insurance  
When to use an insurance broker  
How to buy insurance using comparison sites

### Home insurance



Do you need buildings insurance?  
Buildings insurance – how much cover do you need?  
Buildings insurance – what does a good policy look like  
Do you need contents insurance?  
Contents insurance for students and shared houses

### Car insurance



Car insurance – choose the right level of cover  
Car insurance – how to get the best deal  
Car insurance – what does a good policy look like?  
Young drivers' insurance  
Car insurance for young drivers

# Protecting your family or dependants

Life insurance, critical illness, private medical cover and dental insurance - do you need them and how to get the best policy

**Do you need life insurance?**



**Life insurance – choose the right policy and cover**



**How and where to buy life insurance**



**Do you need critical illness insurance?**



**Critical illness insurance – choose the right policy**



**Critical illness – what does a good policy look like?**



# Do you need life insurance?



the Money  
Advice Service®



Email this



Add to my to do list

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6

Not everyone needs life insurance (also known as life cover or life assurance). But if your children, partner or other relatives depend on your income to cover the mortgage or other living expenses, then the answer is yes – you probably do want life insurance, since it will help provide for your family in the event of your death.



## What is life insurance?

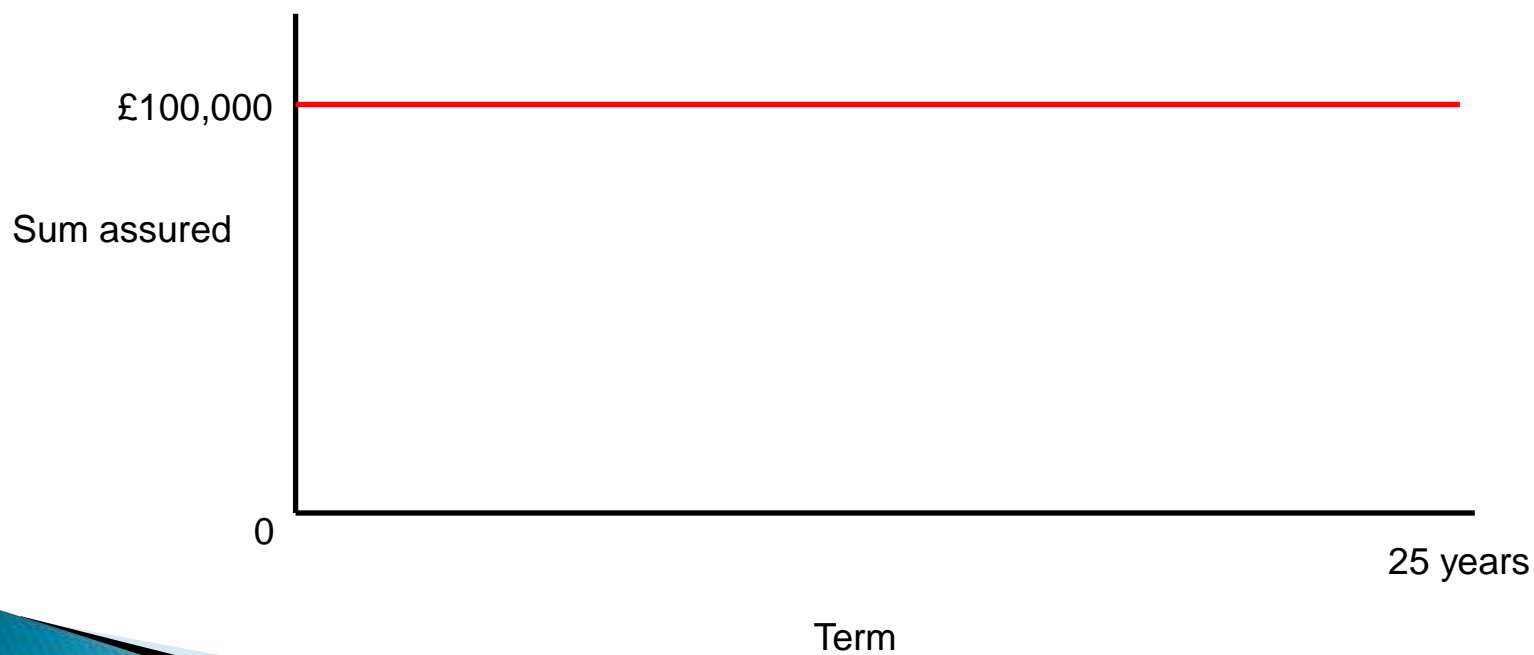
Life insurance can pay your dependants a lump sum or regular payments if you die.

**Term life insurance** policies run for a fixed period of time – such as 5, 10 or 25 years. These kinds of policies only pay out if you die during the term of the policy.

- most common protection product in the UK
- cheapest protection product (for a reason)
- c1m individual sales per year
- 4 main types of life cover...

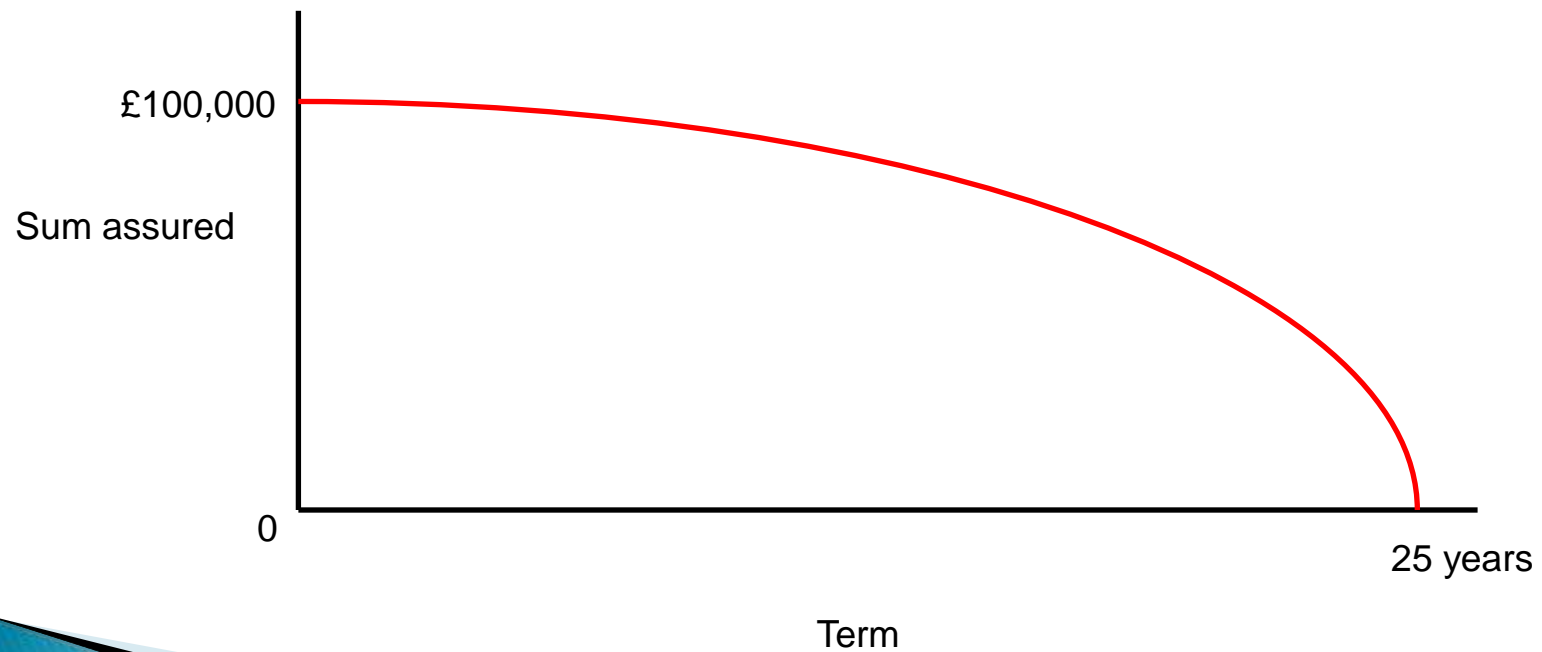
# 4 main types of 'Life cover'

## 1. LTA (Level Term Assurance)



# Types of Life cover

## 2. MPA (Mortgage Protection Assurance, similar to Decreasing Term Assurance)



Is mortgage protection enough?





**Is it enough to just  
pay off the  
mortgage?**

**What if you can't  
then afford to live  
in the house?**

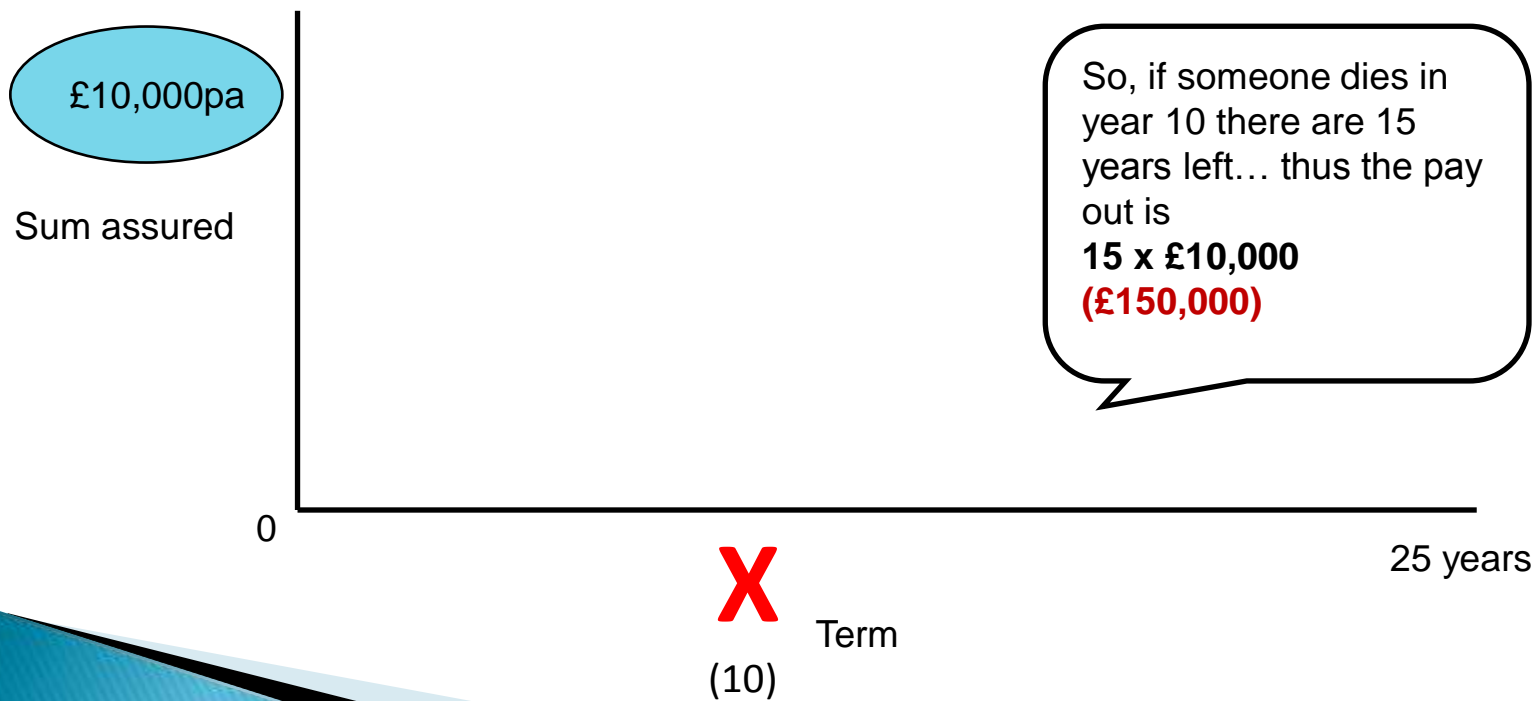
**Table 1.1 Expenditure by COICOP category and total household expenditure, 2010**  
United Kingdom

COICOP category	£ per week
Transport	64.90
Housing, fuel and power	60.40
Recreation and culture	58.10
Food and non-alcoholic drinks	53.20
Restaurants and hotels	39.20
Miscellaneous goods and services	35.90
Household goods and services	31.40
Clothing and footwear	23.40
Communication	13.00
Alcoholic drinks, tobacco and narcotics	11.80
Education	10.00
Health	5.00
<b>Total COICOP expenditure</b>	<b>406.30</b>
<b>Other expenditure items</b>	<b>67.30</b>
<b>Total expenditure</b>	<b>473.60</b>

Totals may not add up due to independent rounding of component categories.

# Types of Life cover

## 3. FIB (Family Income Benefit)



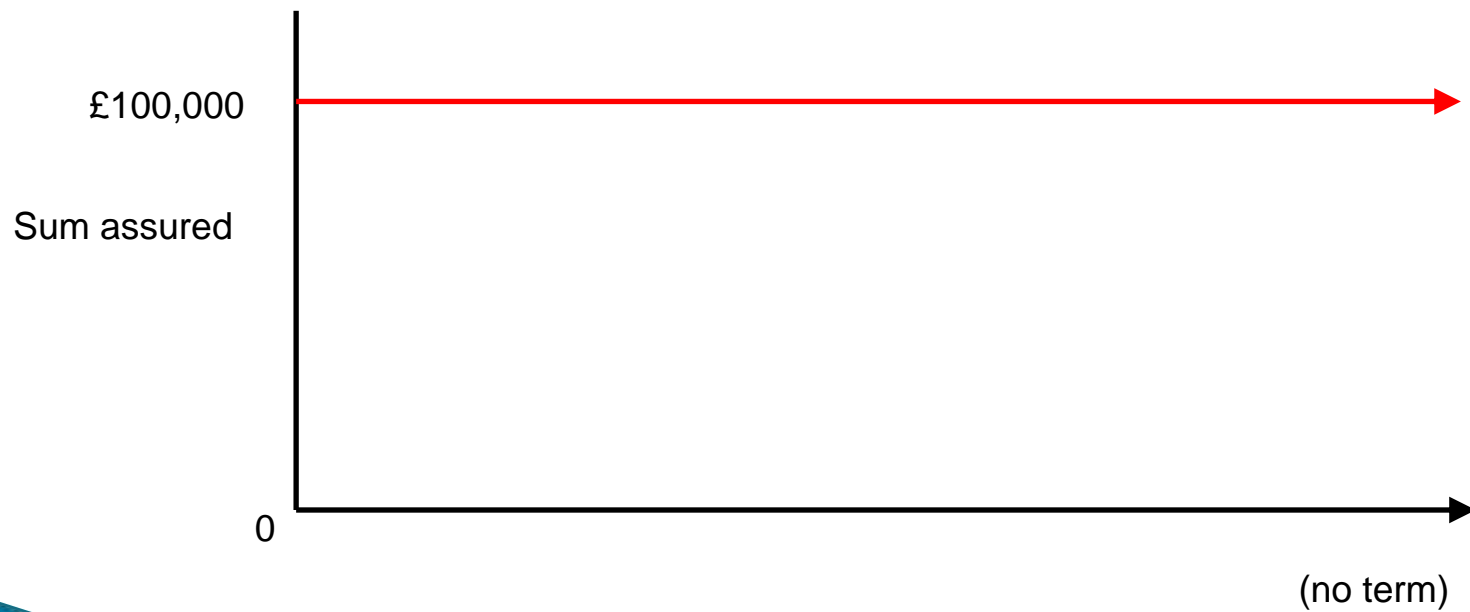


# Types of Life cover

## 4. WOL (whole of life)

Two types:

- i. **pure protection**
- ii. **investment linked**





## Do you need critical illness insurance?

Email this  Add to my to do list

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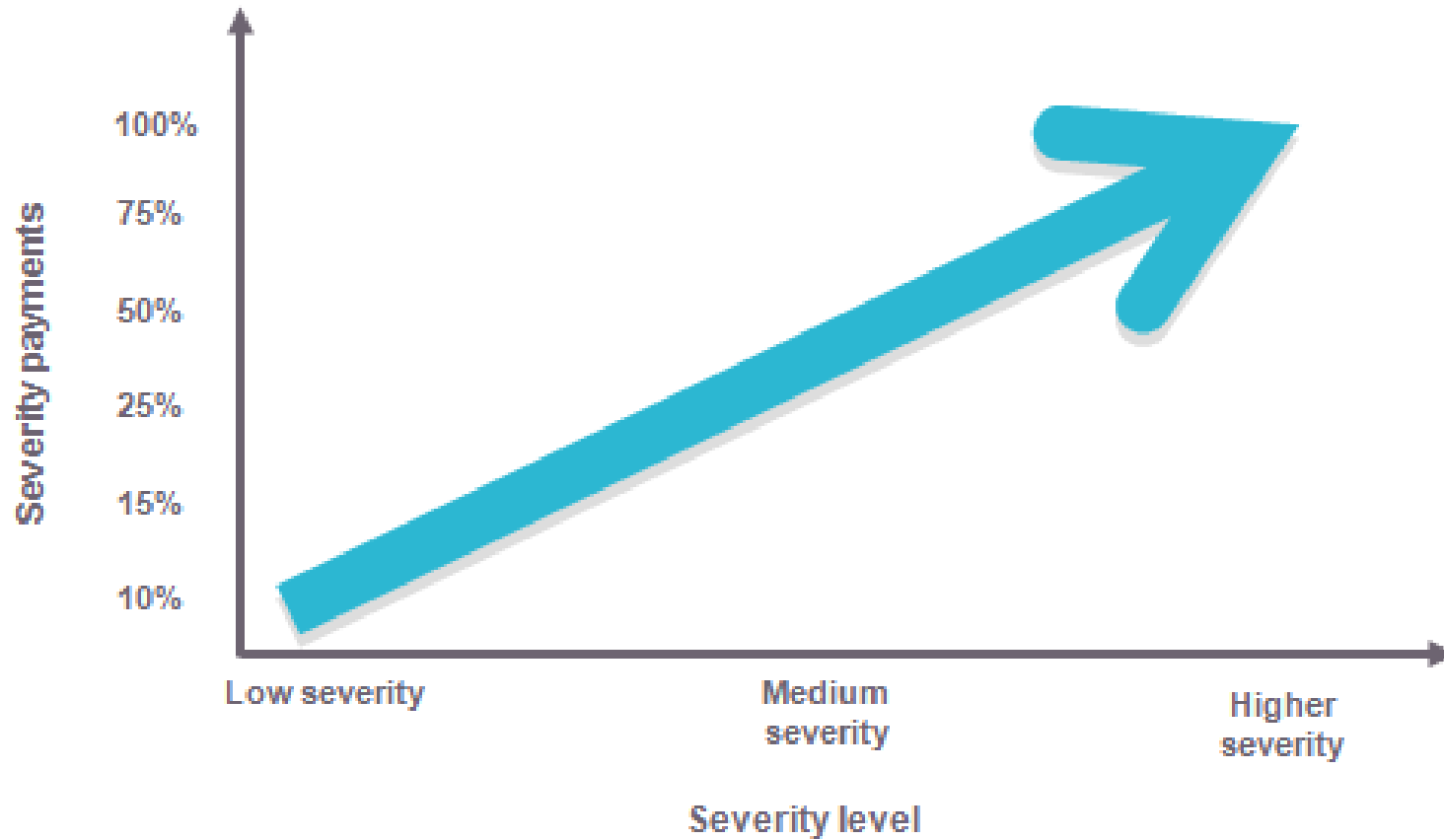


Critical illness insurance is a long-term insurance policy where you'll get a tax-free 'lump sum' – a one-off payment – if you're diagnosed with one of the serious illnesses covered by your insurance policy. It's designed to pay off your mortgage, debts, or pay for alterations to your home such as wheelchair access should you need it.



- typically 50+ conditions covered
- available as LTA, MPA, FIB, WOL...
- usually combined with life cover on 'accelerated' basis
- c500k individual sales per year
- definitions used vs no of conditions covered
- TPD (Total & Permanent Disability)
- early stage cancers & severity-based cover...

## Severity based cover / Partial payments



# Example – blindness

Severity level	Condition	PruProtect Payment	ABI / Market 'norm'
A	Blindness – permanent and irreversible	100%	100%
C	Significant visual impairment		
D	Central blindness		
E	Tunnel vision, blindness in one eye or surgical removal of one eye		
F	Surgical repair of detached retina		

# Example – blindness

Severity level	Condition	PruProtect Payment	ABI / Market 'norm'
A	Blindness – permanent and irreversible	100%	100%
C	Significant visual impairment	50%	Not covered
D	Central blindness	25%	Not covered
E	Tunnel vision, blindness in one eye or surgical removal of one eye	15%	Not covered
F	Surgical repair of detached retina	10%	Not covered

## EARLY STAGE CANCERS

- section two -

### CARCINOMA IN SITU OF THE BREAST

<b>Aegon</b>	Lower of £25,000 or 25% of sum assured payable if any surgery
<b>AIG</b>	Lower of £12,500 or 12.5% of sum assured payable if any surgery
<b>Aviva</b>	Lower of £25,000 or 25% of sum assured payable if any surgery
<b>Beagle Street</b>	Lower of £20,000 or 20% of sum assured payable if any surgery
<b>Bright Grey</b>	Lower of £15,000 or 20% of sum assured payable if mastectomy, segmentectomy or lumpectomy or quadranectomy
<b>Friends Life</b>	Lower of £25,000 or 25% of sum assured payable if mastectomy, segmentectomy or lumpectomy
<b>Legal &amp; General</b>	Lower of £25,000 or 25% of sum assured payable if any surgery
<b>LV=</b>	Lower of £25,000 or 25% of sum assured payable if any surgery
<b>Old Mutual Wealth</b>	Lower of £25,000 or 25% of sum assured payable if any surgery
<b>VitalityLife</b>	25% of the sum assured payable if mastectomy
<b>VitalityLife</b>	10% of sum assured payable if lumpectomy, cystectomy or partial mastectomy
<b>Scottish Provident</b>	Lower of £15,000 or 20% of sum assured payable if mastectomy, segmentectomy or lumpectomy or Quadranectomy
<b>Zurich</b>	Lower of £15,000 or 20% of sum assured payable if mastectomy or lumpectomy

### CARCINOMA IN SITU OF THE ANUS

<b>Friends Life</b>	Lower of £25,000 or 25% of sum assured payable if surgery to remove tumour
---------------------	--

### CARCINOMA IN SITU OF THE BILE DUCT

<b>Friends Life</b>	Lower of £25,000 or 25% of sum assured payable if surgery to remove tumour
---------------------	--

### CARCINOMA IN SITU OF THE COLON OR RECTUM

<b>Friends Life</b>	Lower of £25,000 or 25% of sum assured payable if resulting in intestinal resection
---------------------	---

### CARCINOMA IN SITU OF THE GALLBLADDER

<b>Friends Life</b>	Lower of £25,000 or 25% of sum assured payable if surgery to remove tumour
---------------------	--

### CARCINOMA IN SITU OF THE LARYNX

<b>Friends Life</b>	Lower of £25,000 or 25% of sum assured payable if surgery, laser or radiotherapy
---------------------	--

**EARLY STAGE CANCER OF THE PROSTATE**

Aegon	Lower of £25,000 or 25% of sum assured – requires prostatectomy, external beam or interstitial implant therapy
AIG	Lower of £25,000 or 25% of sum assured – requires prostatectomy, external beam or interstitial implant therapy
Aviva	Lower of £25,000 or 25% of sum assured – requires treatment (not experimental)
Beagle Street	Lower of £20,000 or 20% of sum assured – requires treatment (not experimental)
Bright Grey	Lower of £15,000 or 20% of sum assured – requires prostatectomy, external beam or interstitial implant therapy
Friends Life	Lower of £25,000 or 25% of sum assured – requires prostatectomy, external beam or interstitial implant therapy
Legal & General	Lower of £25,000 or 25% of sum assured – requires treatment
LV=	Lower of £25,000 or 25% of sum assured – requires treatment (not experimental)
Old Mutual Wealth	Lower of £25,000 or 25% of sum assured – requires prostatectomy, external beam or interstitial implant therapy
Scottish Provident	Lower of £15,000 or 20% of sum assured – requires prostatectomy, external beam or interstitial implant therapy
VitalityLife	25% of sum assured on diagnosis
Zurich	Lower of £15,000 or 20% of sum assured – requires prostatectomy, external beam or interstitial implant therapy

**CARCINOMA IN SITU OF THE CERVIX UTERI – REQUIRING HYSTERECTOMY**

Aviva	Lower of £20,000 or 20% of sum assured
Bright Grey	Lower of £15,000 or 20% of sum assured
Friends Life	Lower of £25,000 or 25% of sum assured
LV=	Lower of £12,500 or 12.5% of sum assured
Old Mutual Wealth	Lower of £25,000 or 25% of sum assured

**CARCINOMA IN SITU OF THE URINARY BLADDER**

Bright Grey	Lower of £15,000 or 20% of sum assured
Friends Life	Lower of £25,000 or 25% of sum assured
LV=	Lower of £12,500 or 12.5% of sum assured paid on diagnosis
Old Mutual Wealth	Lower of £25,000 or 25% of sum assured paid on diagnosis
Zurich	Lower of £15,000 or 20% of sum assured paid on diagnosis

## ADDITIONAL PAYMENT CONDITIONS

- not including VitalityLife\*

### ADDITIONAL PAYMENTS INCLUDED\*

Aegon	9
AIG	8
Aviva	11
Beagle Street	5
Bright Grey (menu plan)	9
Bright Grey Lifestyle Protection	0
Foresters Life	0
Friends Life	27
Legal & General	3
LV=	20
NFU Mutual	0
Scottish Provident	4
Scottish Widows	0
Old Mutual Wealth	18
Zurich	12

\*VitalityLife is not included within this table as most of their conditions offer an additional payment



[www.ciexpert.co.uk](http://www.ciexpert.co.uk)

Compare  
Critical Illness  
with  
clarity

**CIEXPERT**  
CRITICAL ILLNESS KNOWLEDGE BASE

“...system is fantastic and saves so much time, would recommend to any adviser who is writing CI business...”

Mike Weedon, Life Cover for All

“...any adviser serious about the quality of their protection proposition needs CIExpert membership. Saved 3 hours of research today...”

Jiten Varsani, HV Financial Planning

**Membership Discount**

**SAVE £36** on a 12 month membership with the

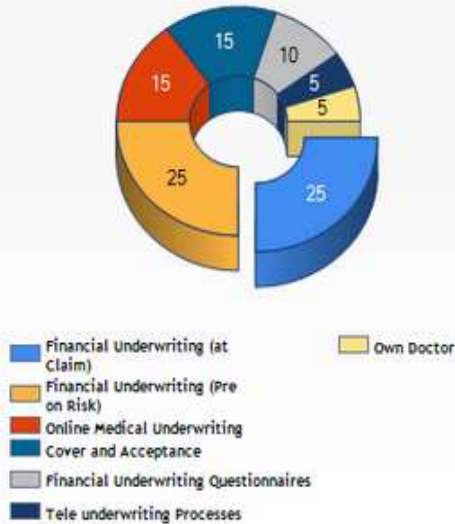
**Training Day Discount**

- to redeem go to

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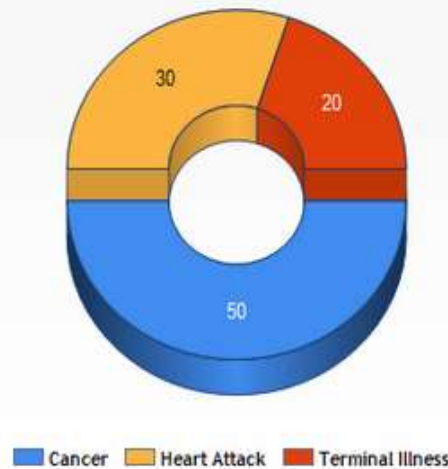


## Underwriting Services (30%)



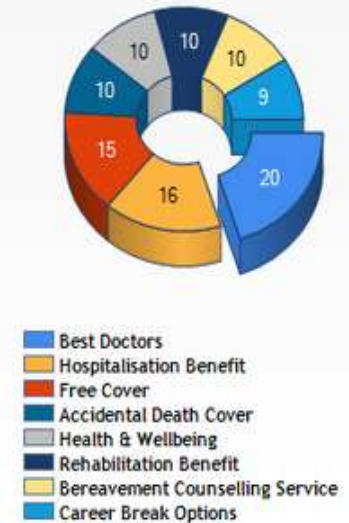
Refine this Subsection

## Critical Illness Conditions (ABI) (25%)



Refine this Subsection

## Plan Options (15%)

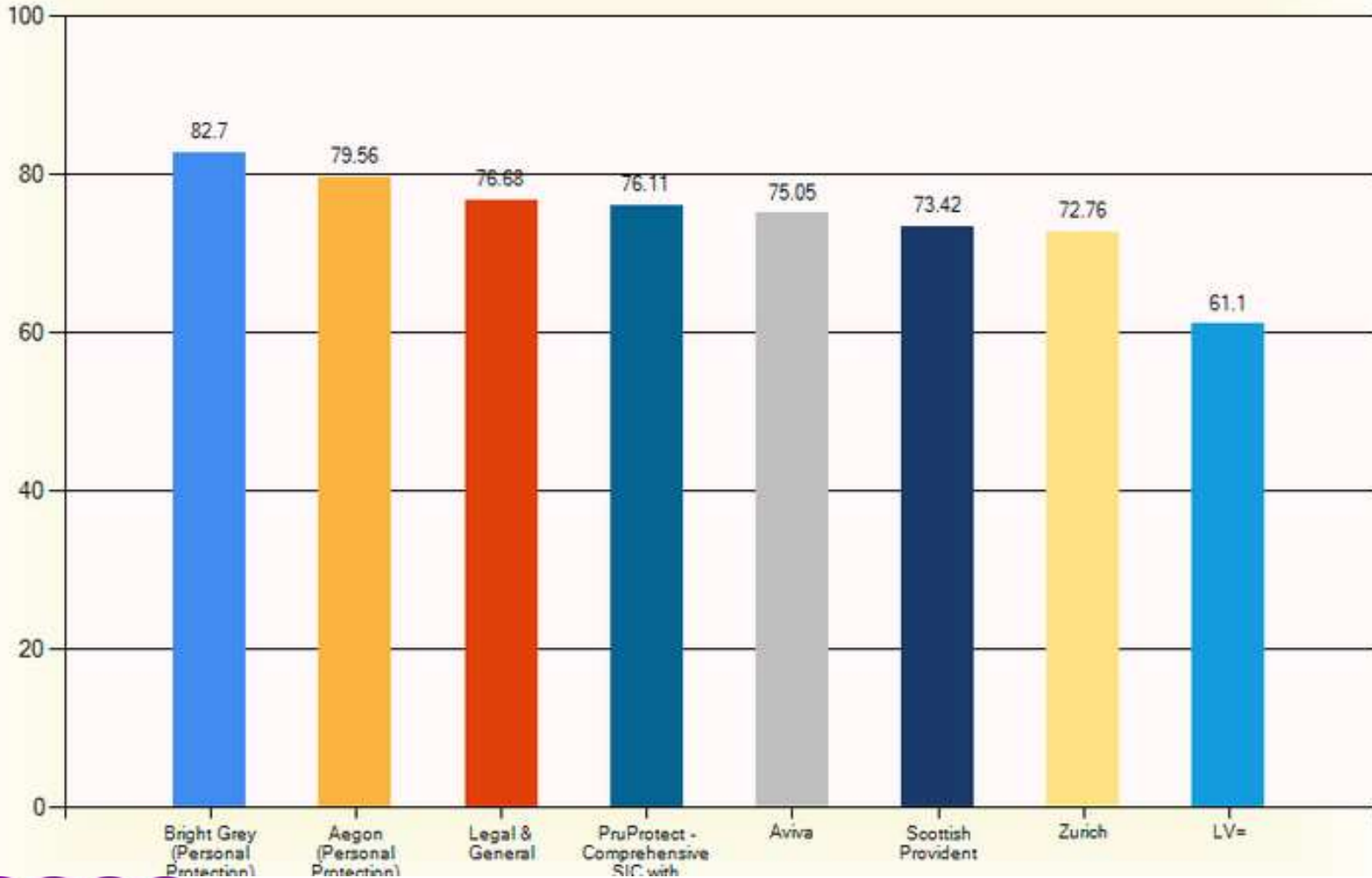


Refine this Subsection

Free to advisers who register: [www.ftrc.co.uk](http://www.ftrc.co.uk)





# Quality Analyser – Initial Report

## Comparison of Potential Suppliers



## Your Results

**Policy Type** Level Term Life Insurance      **Amount of Cover** £15,000  
**Critical Illness** Yes      **Length of Cover** 25 years

Insurance Company	Monthly Premium	Policy Features ?	Why are we so competitive ?
	<b>£10.88</b> Reviewable	<ul style="list-style-type: none"> <li>✓ Pays on Death (£15,000)</li> <li>✓ All Core Critical Illnesses (£15,000)</li> <li>✓ Children's Benefit (£7,500)</li> <li>✗ Low Grade Prostate Cancer</li> <li>✗ Testicular Cancer</li> </ul>	<a href="#">PROCEED ▶</a>  <i>what happens next?</i>
	<b>£11.00</b> Reviewable	<ul style="list-style-type: none"> <li>✓ Pays on Death (£15,000)</li> <li>✓ All Core Critical Illnesses (£15,000)</li> <li>✓ Children's Benefit (£7,500)</li> <li>✓ Low Grade Prostate Cancer (£3,000)</li> <li>✗ Testicular Cancer</li> </ul>	<a href="#">PROCEED ▶</a>  <i>what happens next?</i>
	<b>£11.32</b> Reviewable	<ul style="list-style-type: none"> <li>✓ Pays on Death (£15,000)</li> <li>✓ All Core Critical Illnesses (£15,000)</li> <li>✓ Children's Benefit (£7,500)</li> <li>✓ Low Grade Prostate Cancer (£3,000)</li> <li>✗ Testicular Cancer</li> </ul>	<a href="#">PROCEED ▶</a>  <i>what happens next?</i>
	<b>£11.81</b> Guaranteed	<ul style="list-style-type: none"> <li>✓ Pays on Death (£15,000)</li> <li>✓ All Core Critical Illnesses (£15,000)</li> <li>✓ Children's Benefit (£7,500)</li> <li>✓ Low Grade Prostate Cancer (£3,000)</li> <li>✗ Testicular Cancer</li> </ul>	<a href="#">PROCEED ▶</a>  <i>what happens next?</i>

## Critical Illness Cover?

Video introduction to Critical Illness Cover.



## Amend Quote

**Cover type:** 
  
**Critical Illness:** 
  
**Cover:** 
  
**Term:**  years

[REQQUOTE](#)

## Without Critical Illness?

 prices from **£5.00**

[SHOW RESULTS](#)

## Price Check

We check our pricing regularly. Here are the results of our research last done on 03 Apr 2013.



## Do you need income protection insurance?

Email this  Add to my to do list

Share:     0

If you couldn't work due to a serious illness, how would you manage? Could you survive on savings, or on your sick pay from work? If not, you'll need some other way to keep paying the bills – and you might want to consider income protection insurance.



- c100,000 individual sales per year
- Occupation classes (note state benefits, PPI)

# Occupation classes

**Own Occupation**



**Suited Occupation**



**List Based Definitions**  
(Work Tasks, ADLs, ADWs, FATs)



**Any Occupation**



## Do you need income protection insurance?

Email this  Add to my to do list

Share:     

If you couldn't work due to a serious illness, how would you manage? Could you survive on savings, or on your sick pay from work? If not, you'll need some other way to keep paying the bills – and you might want to consider income protection insurance.



- c100,000 individual sales per year
- Occupation classes (note state benefits, PPI)
- Product options – deferred period, retirement age etc
- Optional unemployment cover with some providers
- 'Housepersons' cover
- Split deferred periods
- 'Budget' IP / STIP

# Short-term IP (STIP)



- ▶ Aviva 5 years
- ▶ British Friendly 1,2,5yrs
- ▶ Bright Grey 1,2 yrs
- ▶ Exeter Friendly 1,2 yrs
- ▶ Friends Life 2 yrs
- ▶ L&G 5yrs
- ▶ LV= 2yrs
- ▶ Zurich 2yrs



# Friendly Societies

- ▶ Typically IP specialists
- ▶ Generally offer 'own occupation' to all applicants\*
- ▶ Day once pricing
- ▶ Pricing doesn't vary by occupation, gender or smoking
- ▶ Typically age-related annual increases in price
- ▶ Owned by members



\* Subject to declined list

You are here: [Which? home](#) > [Money](#) > [Insurance](#) > [Income protection](#) > How IP works

## In this section

[Income protection](#)

**[How IP works](#)**

[State benefits](#)

[Employee benefits](#)

[How to buy](#)

[Guaranteed policies](#)

[Age-related policies](#)

[Our verdict](#)

# Income protection

## How IP works

Millions of us have policies like critical illness, private medical insurance and payment protection, sold to us over the years by salespeople who convinced us we needed protecting. However, whilst they were right about the protection, they were wrong about the policies.

The one protection policy every working adult in the UK does need is the very one most of us don't have - income protection (IP).

## What is IP?

IP is an insurance policy which provides you with a regular tax-free income if you can't work because of illness or disability. The benefit paid is up to a maximum percentage of your earnings – often 50% or 60%.

Policies pay out after you have been off work for a period of time known as the 'deferred period', and will continue to pay out until you can get back to work or until the end of the policy term – usually retirement.

You can choose a deferred period of four, 13, 26 or 52 weeks, depending on how long you may be able to survive on any savings or how long you receive sick pay from your employer.

The longer the deferred period, the lower the cost - for example, with some policies a four week period would cost more than twice as much a month than a 26 week deferred period.

## Do I need it?

Ask yourself the following questions. If your answer is no to all three, then you need some form of IP:



Income protection will cover you if you are unable to work due to accident or illness

## You may also be interested in

[Understanding protection insurance](#)

[How to buy life insurance](#)

[Health insurance](#)

[Travel insurance](#)

Families





## What is Seven Families?

Charity led campaign to raise public awareness of the financial impact of long term illness or disability.

## Campaign objectives

1. To raise public awareness of the financial impact of long term illness or disability
2. To help real families who are facing financial meltdown
3. To demonstrate the value of independent living support, and rehabilitation and counselling, through trying to help get people back to work

### Supporting companies:

Aegon, Ageas Protect, Aviva, British Friendly, Canada Life, Cardif Pinnacle, Ellipse, Exeter Friendly, Fineos, Friends Life, Hannover Re UK Life, LV=, Royal London, Pacific Life Re, RGA, Scor, Scottish Widows, Unum, VitalityLife, Zurich





**Families**



**The Mail**  
ON SUNDAY

# Tea with the Clarkes beats politics any day



Tim is now her devoted carer while Oakley is her guide dog, supplied by extraordinary charity Guide Dogs for the Blind. They live on a barge because their town

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**JEFF PRESTRIDGE: Protection insurance should form part of most families' financial armoury**

By JEFF PRESTRIDGE FOR THE MAIL ON SUNDAY

PUBLISHED: 22:38, 25 April 2015 | UPDATED: 11:14, 26 April 2015

## '7 Families' gives one good reason we all need income protection

Published: 20 March 2015 | Topics: News, Insurance, Income

Graeme Small has been unable to work since suffering a double stroke last July.





**7 Families**



**@7Families**

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**[www.justgiving.com/7F](http://www.justgiving.com/7F)**

**Website**

**[www.7families.co.uk](http://www.7families.co.uk)**

# Recap: Main areas where policies may vary

## Life cover

Price, service, underwriting, added value benefits, simplified life

## CIC

Number of conditions covered, actual definitions used, TPD definition, price, service, underwriting, added value benefits

## IP

Occupation class, price, service, underwriting, added value benefits – rehab, back to work etc.

## Others

Tele-underwriting, literature, brand, online system, awards, Defaqto rating, broker consultant, history, commission...

But... If you win business on price alone you'll probably lose it on price as well



# How much cover?

1. Think about covering the debts
2. Think about covering the dependents
  - Partner, children, ages, cover children until 21?
  - Income or lump sum?



# The Telegraph

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## UK News

### Cost of raising a child 'has soared'



Ann-Marie Whelan with her son Calum, four, and daughter Lauren Scarlet, three

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David Haye in pictures



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# Cost of a Child

- Reaches a 11 year high of **£229,251**
- The overall cost of raising a child has increased by 62% since 2003. **Parents paying £2,000 more** to raise a child than 12 months ago.
- **Education** and **childcare** remain the **highest** costs.
- **Three quarters** of parents are being forced to **make cutbacks**.
- Almost **four in ten**(42%) of parents **have no** life, critical illness or income **protection cover** in place.

That's  
£10,917  
a year

£910 a  
month

£30  
a day



Parents now spend 27%  
of their annual income  
on bringing up their  
child each year, rising  
from 23% in 2004



# Cost of a Child

Category	This year: 2015	Last year: 2014	First Report: 2003	% difference from last year	% difference from first report 2003
Childcare & Baby sitting	£67,586	£66,113	£39,613	2.2%	70.6%
Education*	£74,319	£73,803	£32,593	0.7%	128%
Food	£19,517	£19,804	£14,918	-1.4%	30.8%
Clothing	£10,942	£10,935	£11,360	0.1%	-3.7%
Holidays	£16,675	£16,506	£11,458	1.0%	45.5%
Hobbies & Toys	£9,377	£9,433	£8,816	-0.6%	6.4%
Leisure and Recreation	£7,486	£7,419	£6,366	0.9%	17.6%
Pocket money	£4,603	£4,553	£3,386	1.1%	35.9%
Furniture	£3,434	£3,453	£2,074	-0.6%	65.6%
Personal	£1,146	£1,157	£925	0.9%	23.9%
Other (includes driving lessons, first car, birthday and Christmas presents)	£14,167	£14,091	£8,845	0.5%	60.2%
<b>Total</b>	<b>£229,251</b>	<b>£227,266</b>	<b>£140,398</b>	<b>0.9%</b>	<b>63.3%</b>

\*This includes university fees, but does not include private school fees but does include day to day costs associated with going to school (e.g. school trips, text books, uniform and school lunch) and university fees



VALUE OF A PARENT 2013 RESEARCH

## THE TOUGH QUESTIONS.

Our research shows it could cost over £31,500 a year to pay someone to replace a Mum's domestic work and nearly £24,000 for a Dad. By asking your clients how they'd cope if a parent died, you have an opportunity to discuss the importance of having protection cover in place. These are tough questions, but every adviser should be prepared for the conversation.

This is not a consumer advertisement. It is intended for professional financial advisers only and should not be relied upon by private investors or any other persons.

EVERY DAY MATTERS.®



Legal & General

- £31,627 – the value of a Mum per year.
- £23,971 – the value of a Dad per year. This is 13% higher than in 2011.
- £23,946 – the value of the domestic work that the average full-time working parent carries out each year.
- £154,440 – the average day-to-day cost of raising a child to the age of 18. This is a 15% increase from 2011.
- Every week, parents are spending, on average, 4.5 hours on social media and 5 hours on researching products/services online.
- 73% of parents said they felt in control of their finances.
- 73% of parents said their top financial priority was to ensure their children are looked after if they were unable to due to death or illness.
- Only 31% of parents surveyed have a will.
- Less than a third of parents have any Critical Illness Cover (29%), Income Protection (14%) or Family Income Benefit (12%).
- Only 29% of parents with cover had reviewed it in the last two years.
- Parents said they spend three times more on pocket money and treats each week than they do on insurance.
- Expectant Mums underestimated the cost of raising a child by 59%.
- 81% of parents thought the government should be responsible for looking after them if they died, became critically/terminally ill or were affected by long-term sickness or disability.
- Grandparents are now the number one back up plan to maintain a lifestyle if a parent died (26%).

# How much cover?

1. Think about covering the debts
2. Think about covering the dependents
  - Partner, children, ages, cover children until 21?
  - Income or lump sum?
3. Consider any existing cover
4. Consider the budget
5. Plan accordingly



# Switching existing policies?



## Life cover

Generally ok, usually done to save money  
Be careful with trusts and any changes in health

## CIC

Can be difficult to justify as older policies 'tend' to have better definitions than newer ones, however, newer policies could be more comprehensive and flexible.  
Consider new style policies for top up cover?

## IP

Be careful to compare benefits and always check the occupation class

**Always start the new policy before cancelling the old one**

# Swiss Re Term & Health Watch 2014

## All term assurance (with and without CI)

Provider	2013 position	Total new term sales, including term with CI
Legal & General	1	455,204
Aviva	2	222,061
Friends Life	4	115,849
Lloyds Banking Group	3	112,918
AIG	5	82,463



# Swiss Re Term & Health Watch 2014

## Critical Illness

Provider	2013 position	Total new critical illness sales, stand-alone and acceleration of life cover
Legal & General	1	130,291
Aviva	3	71,960
Friends Life	4	64,398
Lloyds Banking Group	2	62,800
Vitality	5	43,773

# Swiss Re Term & Health Watch 2014

## Whole of Life

Provider	2013 position	Total new whole life sales, including guaranteed acceptance, non-linked and unit-linked
Sun Life Direct	1	126,404
Aviva	2	38,285
Legal & General	5	32,328
LV=	3	22,353
Vitality	4	21,707

# Swiss Re Term & Health Watch 2014

## Income Protection

Provider	2013 position	Total new income protection sales
Friends Life	1	20,255
LV=	2	19,679
Legal & General	4	10,890
Lloyds Banking Group	3	7,494
Exeter Family Friendly	–	6,498