

Why do I need protection?

An introduction to protection insurance

What you'll find inside:

- 3 Life cover
- 4 Critical illness cover
- 7 Income protection
- 8 Who else would you rely on?
- 10 It might cost less than you think
- 12 A word from your adviser...

Because life can be



unpredictable.

We can never be sure what's waiting for us round the next corner. It could be great – a new job, a new baby or even a win on the lottery. But sometimes, without warning, life throws the unthinkable at us.

Many of us will know of someone who has died young or even heard of someone's battle to survive a serious illness.

Anyone who's seen a family trying to deal with these things will know that the financial and emotional impact can be devastating. We think it will never happen to us, but sometimes it does. And while protection insurance can't stop the unthinkable from happening, it can make dealing with the consequences a lot easier.

Is protecting our mortgage enough?



Life cover

This gives your family financial protection if you die.

Most people who buy life cover buy just enough to pay off their mortgage if they die. But is this really enough?

For most of us, the mortgage is only one of the many financial commitments we have.

Credit cards, personal loans, council tax, childcare costs, food and utility bills are just some of the other regular payments that we have to make. And most of these commitments wouldn't go away if one of the breadwinners died.

This is where protection insurance can help. Some providers offer menu products that give you more flexibility in the protection you buy.

So you can buy life cover that pays out as a lump sum or a monthly income to cover the monthly bills if you have to make a claim. You can even combine both types of payment in one plan to give your family protection that covers the mortgage and provides the income they would need to live in the family home without you.

Source:
www.creditaction.org.uk,
April 2009.

£9,500

is the average household
debt in the UK
excluding mortgages

Critical illness cover

Critical illness cover provides financial protection for you and your family if you become ill with one of a list of defined critical illnesses.

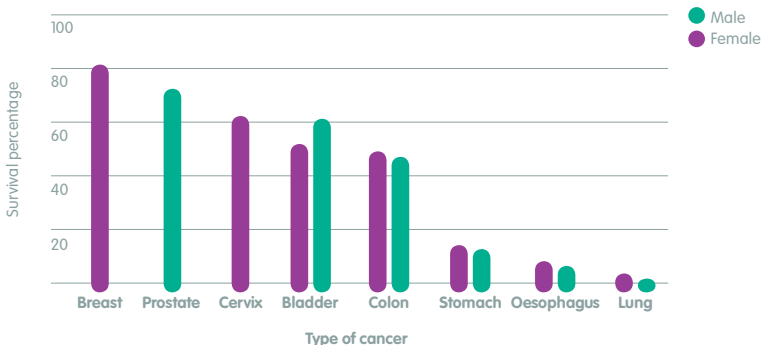
If you were to become seriously ill tomorrow, what impact do you think this would have on you and your family? And what would your priorities be? For most of us our biggest concern would be surviving the illness and recovering from it.

But it can be difficult to focus 100% on getting better if you're worried about the next big bill that's going to come through the door, or how you're going to pay for new school uniforms. This is sadly a reality for many families whose lives have been turned upside down by illness.

The good news is that more and more people are surviving critical illnesses. There are too many survival statistics to show them all, so we've chosen cancer as most of us know a friend or family member who has been affected by this at some time in their lives.

The chart below shows the survival rates of men and women for selected cancers. Survival rates have improved between 2001-2007 with a higher proportion of women than men surviving for at least five years after diagnosis. And among adults, the younger the age at diagnosis, the higher the survival rate for almost every cancer.

Cancer survival rates 2001-2007, England.



Source:
National Statistics
Online, April 2009.
5-year relative survival
rates for selected
cancers, for adults
diagnosed during
2001-2007, England.





Income protection

Income protection can provide a monthly income if you become ill with an illness that may not be critical, but is severe enough to stop you from going to work for a long time.

The working world has changed dramatically in recent years. One thing remains constant however, and that's the fact that most of us need to work to pay the bills and to enjoy all the good things in life like holidays, cars and meals out.

But bills don't stop arriving – even if we are very sick.

If you fall ill or have an accident and are unable to work, the sudden loss of income could be devastating.

Even if you don't earn an income but look after the home all day, it would be very expensive to replace the work that you do.

That's where income protection comes in. It pays out an income if you're unable to work because of illness or injury.

Ask yourself:

What if you don't have a critical illness, but suffer from long-term sickness or a disability that prevents you from working?

How long would your finances last if this happened to you?

How long would your employer continue to pay you?

How quickly would you have to fall back on state benefits? And would they be enough?

Who else would you rely on?

Many people think they could rely on money from their employer, their family or the state.

But recovering from a serious illness can take a long time. How long would this money last?


Sick pay from your employer might help, but might only last a few weeks. The state provides Statutory Sick Pay and Employment and Support Allowance, but is this enough? Have a look at the table below to see how much you could get. You can find out what other benefits you are entitled to at www.entitledto.co.uk

Surprisingly few of us have taken out protection. According to research 55% of adults don't even have the most basic form of protection – life cover. And with only 14% of adults owning critical illness cover, that's a staggering 86% of people without financial help if they were diagnosed with a critical illness.¹

Isn't it time you considered your own protection plan?

Could you really survive on £79 a week?

| State benefits | Money paid (weekly) | For how long |
|---|---|-----------------------|
| Statutory Sick Pay | £79.15 ² | First 28 weeks |
| Employment and Support Allowance (assessment phase) | Up to £64.30 | First 13 weeks |
| Employment and Support Allowance (main phase) | Up to £89.80 (Work-related activity group) | From week 14 of claim |
| Employment and Support Allowance (main phase) | Up to £95.15 ³ (Support group) | From week 14 of claim |



If the worst
happens the
state will take
care of me,
won't it?

Source:

1 Tickbox, July 2008.

2 www.direct.gov.uk,
April 2009.

3 www.jobcentreplus.gov.uk,
April 2009.

It might cost less than you think

How much would you pay to know that your family are protected if you die or become ill?

£10 a month, £20 a month, £50 a month, or even more? Perhaps that kind of peace of mind is priceless. And given the opportunity, wouldn't you want to make sure that your family would be financially secure?

It might cost less than you think and be more valuable than you can imagine.

We're all different. What we need, what we can afford and what protection plan is right for us depends on the life we lead. You may not be able to buy all the cover you need right away, but menu protection products let your adviser tailor an affordable plan to suit your own personal circumstances.

Even a little protection is better than nothing. And protecting your family isn't only about making sure they have enough money. In the first days and weeks of coping with a life-changing event, being able to talk to an independent expert about your concerns and fears could be invaluable.

That's why some protection plans now offer more than a financial payout, they offer practical and emotional help and support for the whole family if you ever have to make a claim. So if it's a question of affordability, can you afford not to buy protection?



**£20 a month buys £47,000 critical illness cover.
That could pay for:**

Private treatment

Prescribed drugs not available through the NHS

Changes to your home

Part of your mortgage

Source:
Based on male 30,
female 27, both non-
smokers. 20-year term
on reviewable rates,
including £2.60 plan
fee, Bright Grey,
April 2009.

A word from your adviser...

Making sure you have enough of the right protection can sometimes be a little complicated.

Not all protection plans are the same, and some offer more choices than others.

The type of plan you buy, how much cover you have, for how long and from which insurer, are just some of the decisions I can help you with.

Applying for a protection plan can be more complex than applying for other insurances. This is because protection insurers have to make an assessment of your health now and in the future, taking account of the risks your lifestyle and family history can add. I can guide you through the whole application process.

By helping you to make sense of the choices available to you, I can make sure you get the protection plan that suits you today and also changes with you as your life changes.

I can make sure you get the plan that's right for you today, tomorrow, and in the years to come.



I'm here to help you make
the right choice.

Helping you buy the right protection.

Bright Grey is a division of the Royal London Group which consists of The Royal London Mutual Insurance Society Ltd and its subsidiaries. The Royal London Mutual Insurance Society Ltd provides life and pension products, is a member of the Association of British Insurers, is authorised and regulated by the Financial Services Authority No.117672 and is registered in England and Wales No.99064. The registered office is 55 Gracechurch Street, London, EC3V 0RL. Bright Grey is a member of IFA Promotion Ltd.