

Insurance - Premium Options

When applying for cover you or the trustee (where applicable), can select from one of three premium patterns. Your adviser can provide you with a personalised premium quotation for each option.

Stepped

Your premiums will increase at each Policy Anniversary in line with your age until the benefit Expiry Date.

Level

You can choose to keep your premiums constant each year up to the latest Policy Anniversary prior to your 65th or 70th birthday. After this time, your premiums will continue on a stepped premium basis until the benefit Expiry Date.

Optimum

Your premiums will commence on a stepped pattern and automatically convert to the level pattern once the stepped premium is greater than the level premium. Level premiums will remain constant each year up to the latest Policy Anniversary prior to your 65th birthday.

The optimum premium type is available only when the life insured is age 35 or older. A loading according to your age at inception of your optimum premium cover will be charged up until the latest Policy Anniversary prior to your 65th birthday.

TPD – Any v Own Occupation

TPD definitions do vary between companies but the differences between the two types of TPD cover can be broadly described as follows:

OWN Occupation

You will be paid if by reason of accident or injury you are unable to work ever again in your own or normal occupation.

ANY Occupation

You will be paid if by reason of accident or injury you are unable to work ever again in any occupation for which you are reasonably suited by education, training or experience.

"Own" occupation definitions are generally preferable given that an injury such as loss of one hand may disable a surgeon under such a definition, but under an "Any" occupation definition may leave him able to perform the duties of a GP and therefore not qualify for the benefit. However the "Own" occupation definition is more expensive and may not be available for all occupations. Some companies offer other "home duties" and "modified" definitions of TPD

Income Protection – Cover Type

Indemnity

The monthly sum insured is not a guaranteed amount - it is the maximum benefit payable. The actual benefit is calculated as a percentage of the income earned in the period prior to making a claim and evidence of income is not required until a claim is made. If your income falls after you take out cover your claim will be based on the lower income amount. These policies are best suited to salaried employees who expect their incomes to be constant or rising in the future.

Agreed

Offers a guaranteed minimum monthly sum insured (which cannot exceed 75% of gross income at the time of taking out insurance). Evidence of income must be provided to the insurer at the time of application.

These policies remove the uncertainty that you may be paid less if your income has fallen over the period preceding your claim. These policies are particularly suited to self employed applicants who can meet the past income evidence requirements. Newly employed or self employed applicants may find that initial cover will only be available on an Indemnity basis until they have an established income history.

Insurance - Group v Retail

Group Insurance

Generally speaking these types of insurances are not underwritten, meaning that your personal history is not taken into account and accepted at application which can lead to complications at claim time. With a Group insurance policy, you are not in control of the levels of cover, and the terms and conditions can change at any time without your agreement.

Pricing of Group insurance is not based on you as the individual; it is based upon what is set at a policy level and dependent on the Group. **Group insurance is quite often perceived as the cheap option. But did you know that some group insurance premiums have increased over 150% in the last 12 months?**

Retail Insurance

The alternative to Group insurance is to purchase an external policy through a Retail insurance provider. With Retail insurance, **your policy will be assessed and written based on you as an individual, taking into account your personal circumstances and needs.** You have much greater control over the policy, and can have confidence knowing you are covered.

There are a number of important differences you need to consider when choosing insurance through a Group policy versus a Retail insurance policy;

- premiums tend to be more expensive under a group policy;
- mental health exclusions under group policy;
- limited claims for injury or illness caused from criminal activity, drug or alcohol related instances (eg. 0.05 at fault accident) under group policy;
- Limited or no cover for a BMI > 40, Cholesterol > 7 or High Blood pressure;
- Income protection is limited to income duties and indemnity policies;
- Limited buy back options; and No Level premiums options under a group policy.