

**Do we really
need protection?**

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**Protection
gives you
peace of mind.**

It's understandable that many of us are often too busy to think about things like insurance – especially for ourselves – and instead we cross our fingers and hope for the best.

But why not take the opportunity to explore your options, rather than leaving it to chance? We know it's not the most thrilling topic, but unfortunately death and illness can happen at any time. Have you ever thought about how this could impact on your lifestyle? With more than a third of households now relying on more than one income,¹ it makes sense to have a contingency plan in case the worst should happen.

We might be fit and healthy now, and think, "it will never happen to me". But the reality of serious illness, injury and death can have a big impact, even in relatively young people. There's the mortgage, the bills, food and clothing to think about for a start. What if it all stopped suddenly?

It's never too soon to start thinking about buying protection insurance. And it might not cost as much as you think – you could buy a protection plan for as little as £10 a month.²

We've written this brochure to help explain how protection can help you, the different types available, and why now might be the best – and cheapest – time to take out insurance.

Sources:

1 The reality gap report, Bright Grey, July 2009.

2 Male, 30 next birthday, female, 28 next birthday, both non-smokers. Life or Critical Illness Cover, 20-year level term, lump sum of £20,205 on guaranteed rates, payment £10 including plan charge of £2.60. Bright Grey, January 2010.

Could it really happen to us?

You probably think it's unlikely.

You might think you're too young to become ill. But recent research by protection provider Bright Grey found that 44% of their claims were made by people who were under 40.¹ Younger than you might expect?

The good news is that survival rates from serious illnesses are improving. For example, the average 10-year cancer survival rate has doubled over the last 30 years.²

In fact, as you can see from the table opposite, many of the most common cancers now show improved survival rates. But as you can imagine, surviving an illness can often create additional pressures. Not just emotional, but financial too...

Even a short-term loss of income can make it difficult to keep up with existing bills, never mind the possible additional costs of treatment and the other things we might not think about – day-to-day things such as parking costs. Hospitals make more than £110 million a year from parking fees, and charges can be as much as £25 a day.³

Sources:

1 Bright Grey claims statistics, 1 January – 31 December 2009.

2 www.cancerresearch.co.uk, January 2010.

3 www.thisismoney.co.uk, December 2009.

4 Macmillan, The cost of living doesn't stop going up, Autumn 2008.

5 National Statistics Online, March 2009.



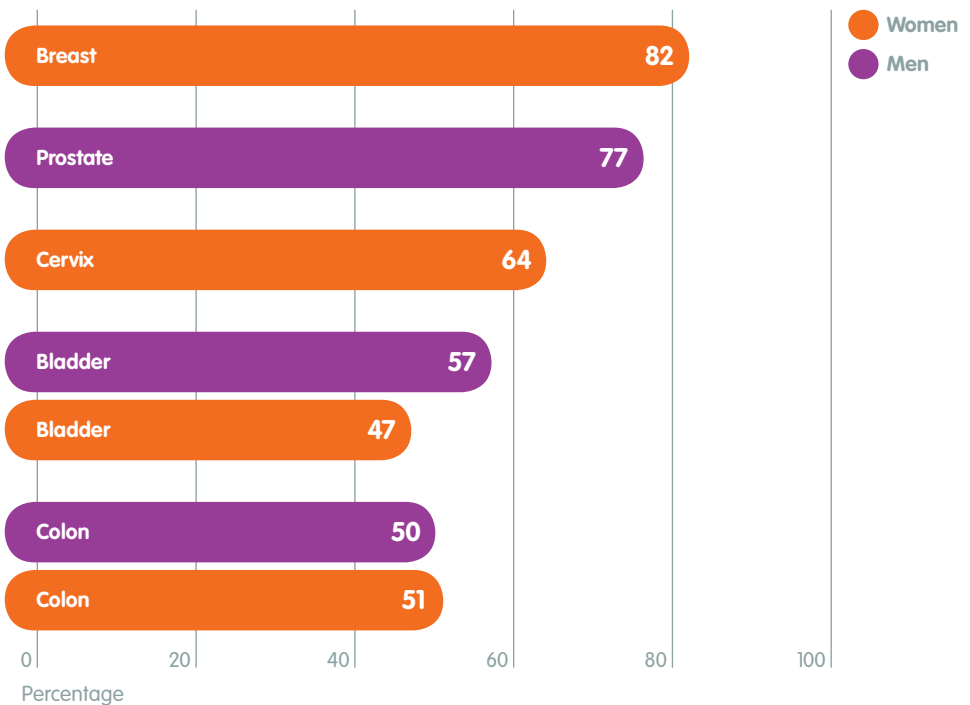
90%

of cancer patients suffer a loss of income or higher costs as a result of their diagnosis⁴

Many people who survive a serious illness aren't able to return to working the same hours as before, and experience a long-term drop in income.

Even just a temporary loss of pay because of an illness or accident can mean a devastating setback for your finances. This is where having some protection in place – whether it's life, critical illness cover or income protection – can really help.

Cancer survival rates 2001-2006, England⁵





A critical illness can happen to anyone, at anytime

What would happen if you became ill?

Here are some recent statistics from protection provider Bright Grey with details about customers who have claimed on their plans. They show that unfortunately serious illness can happen no matter what your age, gender or occupation.

Gender	Age	Occupation	Months in force	Amount claimed	Illness claim
Male	23	Chef	19	£138,007.53	Testicular cancer
Male	27	Insurance broker	22	£306,748.66	Leukaemia
Male	30	Chartered engineer	18	£178,318.23	Stroke
Female	32	Nurse	4	£120,511.00	Bowel cancer
Female	36	Bank manager	16	£184,711.83	Breast cancer



James and Penny's story

31-year-old group marketing manager James was fit and healthy before he was diagnosed with testicular cancer in 2009.

After a successful operation he had to endure intense chemotherapy over 3 months and take a year off work. James, who worked for a car dealership, received just 6 weeks' pay from his employer, but fortunately a few years earlier he'd bought a protection plan that covered him for critical illness.

"The payout was an absolute godsend," he says. "Without that, we would have been stuffed. My wife's job at the time was at risk of redundancy and in the end she had to take a pay cut. The stress of that alone could have made things much worse. Thankfully I could relax knowing at least financially we were covered.

"Protection is one of these things you take out and expect not to have to use. But I'm so glad I did, lots of my friends have bought it since, having seen how beneficial it can be."

“The payout was an absolute godsend.”

How protection can help

A source of income to fall back on.

No one plans to die, get ill, or become injured, but you can plan for there to be a source of income to fall back on if this ever happened to you.

Protection plans allow you to cover yourselves against the financial impact of death, critical illness, loss of income due to sickness, or any combination of these events.

The great thing about some of the best protection providers is that they recognise that we're not all the same. So they make their protection plans flexible enough to suit each and every one of us.

This means that instead of buying each cover separately for a set amount – which could get very expensive – you can combine different covers for different amounts and terms, all in one plan.

You can also opt for the value of your cover to decrease over time. This might be useful if you want the amount of your cover to go down in line with the balance outstanding on your repayment mortgage.

If this is starting to sound a little complicated, don't worry. Your adviser can tailor your protection plan so that it meets your exact needs and budget.

You can choose from	What this provides
Life Cover	Money if you die or become terminally ill
Critical Illness Cover	Money if you're diagnosed with one of a list of defined critical illnesses
Life or Critical Illness Cover	Money if you die, become terminally ill, or are diagnosed with a critical illness, whichever happens first
Income Cover for Sickness	A monthly income if you're unable to work because of sickness or injury during the term of your cover
Payment Cover for Sickness	Makes sure your plan payments are made if you're unable to work because you're ill



Glossary

Cover

The name of the protection product you choose.

Amount

The amount you'd like to be covered for. This might depend on the size of your mortgage, or the cost of your monthly outgoings for example.

Term

The length of time your cover lasts for – for example, if you took out life cover to protect your mortgage payments, the term would probably match the length of time left to repay your mortgage.

Choosing the right covers

What should we protect?

It might be a good idea to buy some life cover to start with, to protect you and your partner if one of you dies.

It could be worth considering adding some critical illness cover or income protection too in case one of you becomes ill or has an accident.

This would mean that your rent or mortgage, council tax, household bills, and food could still be paid without you having to worry about how your partner would cover your share.

The flexibility of many protection plans means that you can always add more to your plan later. So if you're working with a small budget, you can start off with just a little cover and add to it when you're feeling more flush, or when your needs change and you have more to protect.

And now might be the best – and cheapest – time to take out insurance. In general, protection insurance becomes more expensive the older you get. This is because younger people are less likely to claim than older people so their payments will be lower.

And the cost of life insurance has fallen dramatically recently,¹ so now really is a good time to get some.



£9,000

Average household
debt in the UK
(excluding mortgages)²

Sources:

1 www.lovemoney.co.uk, February 2010.

2 www.creditaction.co.uk, February 2010.

3 National Statistics Online, March 2010.



The average UK household spend a week in 2009³

Transport – £62 a week

Utility bills – £53 a week

Food and non-alcoholic drink – £51 a week

Clothing and footwear – £22 a week

What would happen without protection?

Could you live on £79.15 a week?

Having some protection insurance in place means that you can make relatively small payments that would provide a substantial financial cushion to fall back on.

It's a better option when you compare it to the alternatives:

Relying on the state

Could you live on £79.15 a week?¹ As you can see from the table opposite, this is how much the state provides in sick pay. But with the average monthly expenditure for couples now at £408 a week,² this might only provide you with a fraction of the income you need or are used to.

Borrowing from friends and family

You might think you could rely on friends and family to help out, or adjust your lifestyle by cutting back. But recovering from serious illness can take a long time. And many people are unable to return to work fully, even after a complete recovery.



38%

of the UK's working population could not survive for more than a month on savings alone³

Sources:

1 and table opposite, benefit and pension rates, Department for Work and Pensions, August 2009.

2 The reality gap report, July 2009.

Employer's sick pay

If you're in regular employment and entitled to sick pay, your employer will pay you for a set length of time if you become ill. But what would happen when that income stopped?

Surviving an illness can be difficult enough without worrying about how to keep on top of all the bills too. But having even a small financial cushion in place would ensure that you wouldn't fall behind while you're trying to recover.

Saving for a rainy day

It's still cheaper to buy insurance. Let's say you bought £150,000 of life cover for around £15 a month. It would take you over 10 lifetimes to build up a similar lump sum simply by saving the plan payments in a box under the bed.

Could you live on these state benefits?

State benefits	Money paid (weekly)	For how long
Statutory Sick Pay	£79.15	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) Up to £95.15 (Support Group)	From week 14 of claim

For information on other state benefits visit www.direct.gov.uk

Having a protection plan would give you the right amount to fall back on in case anything happened to you.

How can we afford protection?

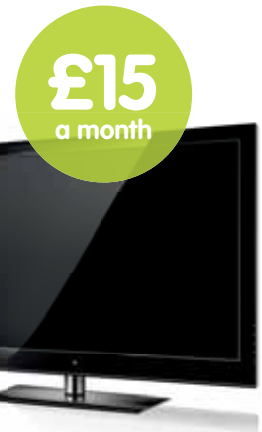
How much do you spend on little things each month?

Your protection plan doesn't have to cost the earth.

As little as £10 a month could give you and your partner over £20,000 to fall back on if one of you became seriously ill. That would give you enough to keep a roof over your head, pay the bills and some living expenses.

You might think you haven't got £10 a month to spare. But how often do you spend £10, £15 or £20 a month on things like takeaways, nights out, or satellite TV, without even thinking about it? We often spend this money on things that we wouldn't really miss. But you might miss having £20,000 if you became ill and couldn't work.

Even just a small amount of the right protection is better than none at all.



Sources:

1 Male, 30 next birthday, female, 28 next birthday, both non-smokers. Life or Critical Illness Cover, 20-year level term, lump sum of £20,205 on guaranteed rates, payment £10 including plan charge of £2.60. Bright Grey, January 2010.

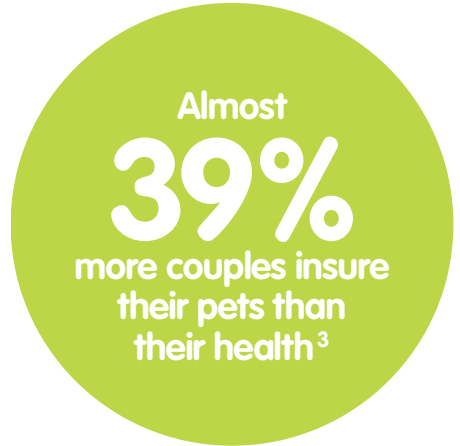
2 www.tesco-insurance.co.uk, September 2009.

3 Tickbox.net, July 2008.

Are your possessions better insured than you are?

We worry that our luggage might go missing on holiday or that our pets will become ill, so we take out insurance to protect against the financial impact of these things happening.

But what about you? Would it really be more devastating to lose your suitcase than your home if the worst happened? Insuring yourselves would only cost a few pounds more than insuring your holiday, so perhaps it might be time to rethink your insurance priorities?



Which one matters most?

£9.33
a month²

Holiday
Annual multi-trip, Tesco.

£15
a month¹

You
Life or Critical Illness Cover,
Bright Grey.

Sometimes you need more than financial protection

Emotional support as well as a cheque.

Choosing the right protection insurance can seem complicated. Different providers offer different products. Different products have different benefits. And cheapest doesn't always mean best.

And some offer more than just financial support – like bereavement counselling or emotional support when you claim.

Having someone on hand who isn't a friend or family to listen to your questions and concerns can provide a huge comfort at a very difficult time. Knowing that someone was there to support your partner could mean a lot to you too.

When you talk to your adviser, why not ask about how you'd like to be cared for if anything happened to you, about the type of protection you need, and how much you can afford. They'll be able to tailor a plan to suit your specific needs and budget.

A woman with dark hair, wearing an orange sleeveless top and blue jeans, is smiling and holding a large, bright pink circle. The circle contains white text. The background is plain white.

**Your adviser
can tailor a plan
to suit you**

Whatever life
throws at you,
protection can
make it easier.

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