



**Do I really need  
protection?**

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**Protection  
gives you  
peace of mind.**

Life is complicated enough when you're healthy and have a steady income coming in.

No one needs the added financial, practical and emotional problems that a death or illness can bring. But sometimes, without warning, the unthinkable can happen.

Many of us will know of someone who has died young or perhaps battled to survive a serious illness. Anyone who's seen a family trying to deal with these things will know that the emotional impact can be devastating. But often we don't stop to think about the financial impact this can have too.

This is where protection insurance could really help. Having even a little protection in place to cover you if the worst happened would mean that you and your loved ones would be looked after financially. You'd be able to keep up the mortgage repayments, pay the household bills, buy food and clothing and provide for your children without having to worry about it.

Many of us think that protection is going to be expensive, but you could buy a plan for as little as £15 a month.<sup>1</sup>

We've put this brochure together to show you the different kinds of protection available – and how it can help you if things go wrong.

**Source:**

<sup>1</sup> Male, 37 next birthday, non-smoker. Life or Critical Illness Cover, 25-year term, lump sum of £26,195.62, monthly payment £15 including plan charge of £2.60. Bright Grey, March 2010.

## Why do I need protection?

# It will never happen to me.

It's easy to think "it will never happen to me", especially when you're feeling fit and healthy. But unfortunately we never know what's round the corner.

Perhaps you've heard the statistics that say that 1 in 3 of us will develop cancer during our lifetime?<sup>1</sup> Or that someone suffers a heart attack every 2 minutes?<sup>2</sup> The good news is that more and more people are surviving serious illnesses. For example, the average 10-year cancer survival rate has doubled over the last 30 years.<sup>3</sup>

In fact, as you can see from the table opposite, many of the most common cancers now show improved survival rates. But 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.<sup>4</sup>



90%

of cancer patients suffer  
a loss of income or higher  
costs as a result of  
their diagnosis<sup>5</sup>

Sources:

1 & 3 [www.info.cancerresearch.uk.org](http://www.info.cancerresearch.uk.org), January 2010.

2 [www.heartstats.org](http://www.heartstats.org), February 2010.

4 [www.thisismoney.co.uk](http://www.thisismoney.co.uk), December 2009.

5 Macmillan, The cost of living doesn't stop going up, autumn 2008.

6 National Statistics Online, March 2009.

And 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.

This is where having some protection in place – whether it's life, critical illness cover or income protection – can really help.

Even just a temporary loss of pay because of an illness or accident can mean a devastating setback for your finances.

### Cancer survival rates 2001-2006, England<sup>6</sup>





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 plan in force	Amount claimed	Illness claim
Female	29	Sales Assistant	47	£82,114.73	Multiple sclerosis
Male	32	Administrator	35	£74,016.77	Benign brain tumour
Female	36	Bank Manager	16	£184,711.83	Breast cancer
Female	44	Housewife	32	£28,660.24	Breast cancer
Female	55	Designer	23	£10,000.00	Lung cancer

## How much protection do I need?

# Even a little bit of the right protection is better than none at all.

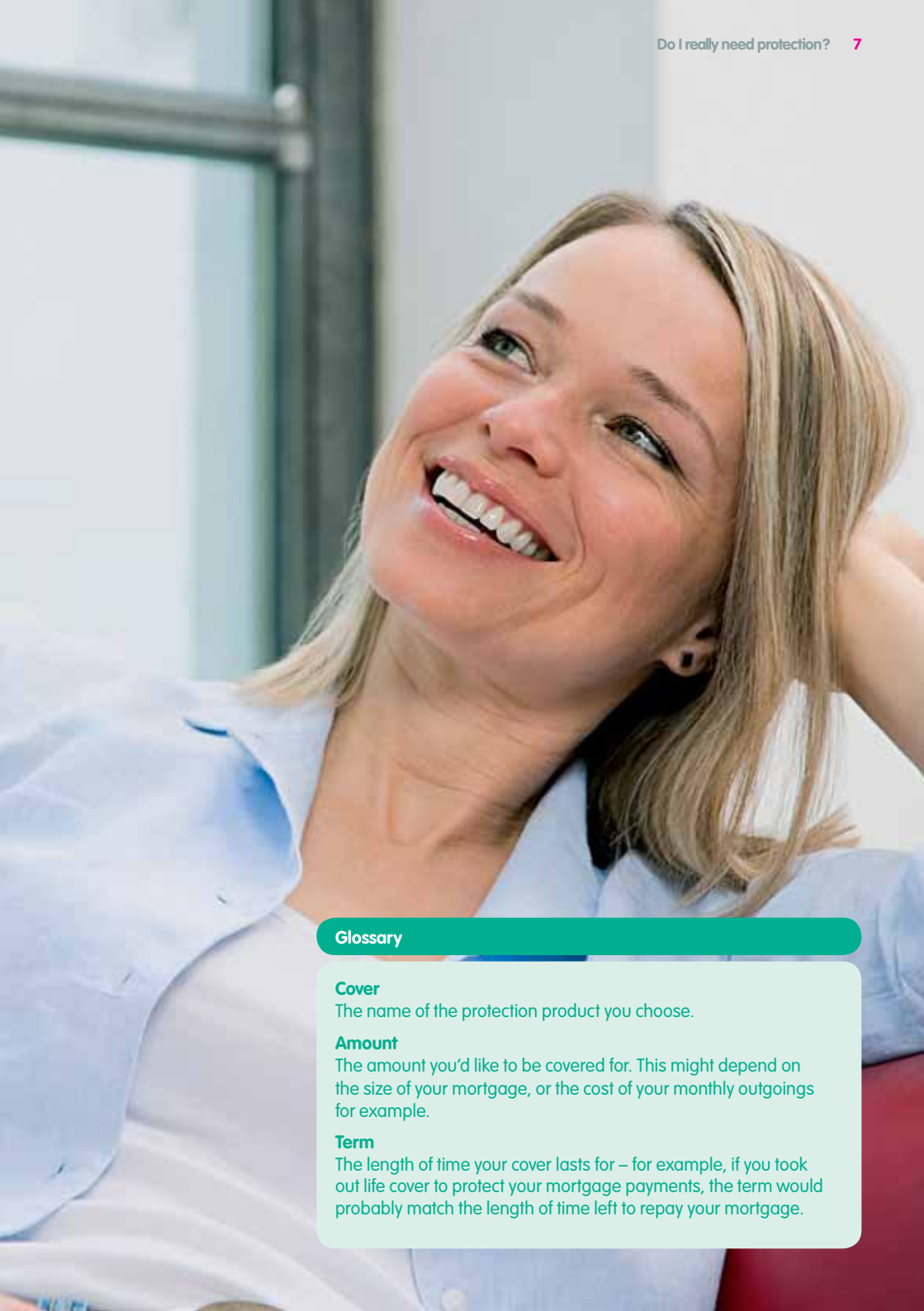
Protection plans allow you to cover yourself against the financial impact of death, critical illness, loss of income due to sickness, or any combination of these events.

Some protection providers allow you to combine different covers for different amounts and terms, all in one plan. If this is starting to sound a little complicated, don't worry. Your adviser can tailor your protection plan so that it meets your needs and budget.

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.

Or you can choose for your payments to increase throughout the term of your plan so the value of your cover keeps in line with inflation.

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 cover

# What do I need to protect?

Most people buy insurance to cover the mortgage, but is that enough? For most of us, the mortgage is only one of the many financial commitments we have.

Council tax, utility bills, food and childcare costs are just some of the everyday payments many of us have to make.

And that's without the other regular things we buy such as meals out, holidays and birthday presents. This is where protection that covers more than the mortgage can really help.

And you can vary the type of payment you would get if you had to make a claim. A lump sum can help pay off larger debts like a mortgage and a regular income can cover the monthly bills.

And if you're also responsible for your children's maintenance payments, you can protect these too by adding a little extra 'family income benefit' to your plan so that if anything happens to you, their payments won't stop.

Some providers allow you to combine more than one cover over different terms and amounts all in one plan.



**£9,000**  
Average household  
debt in the UK  
(excluding mortgages)<sup>1</sup>

**Sources:**

1 [www.creditaction.co.uk](http://www.creditaction.co.uk), February 2010.

2 Cost of a Child survey, LV=, February 2010.

3 Childcare Costs Survey, Daycare Trust, January 2009.

4 [www.direct.gov.uk](http://www.direct.gov.uk), November 2009.



#### The financial impact

**£9,610**

It costs £9,610 a year to raise a child to age 21. That's £800 a month, or £26 a day.<sup>2</sup>

**£8,500**

The typical cost of a full-time nursery place for a child under 2 is over £8,500 a year in England. That's £167 a week.<sup>3</sup>

**£2,548**

The typical cost of an after-school club in Scotland is £2,548 a year. That's £49 for 15 hours a week.<sup>3</sup>

**£3,225**

The maximum cost of university tuition fees in England or Wales for the 2009/2010 academic year is up to £3,225.<sup>4</sup>



## Gill's story

Single mother Gill was diagnosed with breast cancer in December 2006. Fortunately, just 6 months earlier, she'd bought a protection plan that would pay out on death, critical illness or an accident or illness that wasn't critical.

But she almost decided against it. "At first I didn't really see the need for it – I thought 'what am I getting for £40 a month?'" she says.

"Then I thought about my responsibility to my son and looked at what it covered. Thank goodness for his sake I bought it when I did. I think it literally saved my life."

Gill used the £38,000 claim payment to pay her mortgage during the 6 months she was off work. "People assume that they will simply survive on sick pay from their employer," she says. "But I was on full pay for just 2 months, then half-pay for the

next 2, and then nothing for the last 2 months. It would have been very hard to survive without the backup."

Three years on and Gill remains on medication, returning to hospital yearly for a mammogram and to see an oncologist. "I don't like to think about what would have happened if I hadn't bought critical illness insurance. I think I would have lost my house. It would have impacted on my life so much," she says.

"I really hope this message gets through to people who may never think they need this kind of cover. No one in my family had any history of cancer so you tend to turn a blind eye to the statistics and think it's never going to happen to you.

"But if this story can change just one person's attitude then it's worth it."

““ I think the payout literally saved my life.””

## Where can I find the money for protection?

# How much do you spend on little things each month?

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

You might think you haven't got any spare cash at the moment, but how often do you spend £15 or £20 a month on things like cinema tickets, or meals out, without even thinking about it?

And yet as little as £15 a month could give you over £26,000<sup>1</sup> if you became seriously ill. And that could make all the difference.

You could use the money to cover your mortgage, loans and everyday bills and living expenses while you concentrate on getting better. Even just a small amount of the right protection is better than none at all.

And it's worth remembering that many plans automatically include children's critical illness cover with their critical illness cover products. So if anything happened to them, they would be covered too.

### Meals out

£20  
a month



#### Sources:

1 Male, 37 next birthday, non-smoker. Life or Critical Illness Cover, 25-year term, lump sum of £26,195.62, monthly payment £15 including plan charge of £2.60. Bright Grey, March 2010.

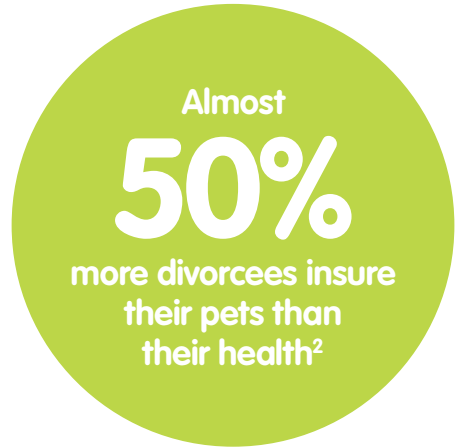
2 Tickbox.net, July 2008.

3 [www.tescoinsurance.co.uk](http://www.tescoinsurance.co.uk), September 2009.

## 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 yourself 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**  
a month<sup>3</sup>

**Holiday**  
Annual multi-trip, Tesco.



**You**  
Life or Critical Illness Cover,  
Bright Grey.

Could you live on £79.15 a week?

# What would happen without protection?

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? As you can see from the table opposite, this is how much the state provides in sick pay. With the average UK household spend at around £450 a week,<sup>2</sup> 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.

## Sources:

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

2 [www.unum.co.uk](http://www.unum.co.uk). January 2010.

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

4 [www.lovemoney.co.uk](http://www.lovemoney.co.uk), February 2010.



**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?

**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.

And at the moment protection insurance is at an all-time low,<sup>4</sup> so it's even more of a wise alternative to creating your own emergency fund.

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.

**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](http://www.direct.gov.uk)

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

Sometimes you need more than financial protection

# Emotional support as well as a cheque.

Choosing the right protection insurance can seem complicated. If you have children and are responsible for making maintenance payments, you might want to think about protecting more than just yourself.

But 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 to listen to your questions and concerns can provide a huge comfort at a very difficult time.

When you talk to your adviser, why not ask about how you'd like you and your children 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.

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



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

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