

Guide to saving Protection Policies

As the Covid-19 crisis continues, many clients may consider cancelling their protection policies due to financial concerns. Advisers are well placed to discuss with their clients the importance of keeping cover in force.

But what messages can you give to your clients and what options do you have to help them?

This guide, a collaboration between PDG, AMI and IPTF has been created to suggest ways that advisers can offer support and guidance to their clients to ensure that cover is maintained and to demonstrate the value of advice.



Things to consider when speaking with your clients

- Remind your client of the features and benefits of the policy and the reason that they took it out. Whilst areas of their lives may have been put on hold, illness and injury are still risks to them and their family.
- Your client might need the cover now more than ever, so looking at options to keep some cover is important.
- Taking out the same policy in the future might be more expensive.
- If your client, or even their children, parents or siblings have any new medical conditions or any existing conditions have deteriorated then they may not be able to get new cover, or it could be significantly more expensive.
- Insurers may underwrite the policies differently now due to Covid-19, so it may not be so easy to get cover on the same basis without loadings or exclusions.
- The client's policy may provide access to valuable support services that the client and their family may want to utilise now, such as:
 - > 24/7 video GP services
 - > Access to specialist nurses
 - > Mental health support
 - > Expert second medical opinion services
 - > Nutritional advice
 - > On-line fitness programs
- Use a real example of the impact of not having insurance at the time of need - for example: [7 Families - The Clarke Family cancelling Income Protection](#)
- If not known, encourage your client to check their company's sick pay policy. If the client will receive SSP only or the company scheme is limited, generate a discussion with the client about their income and expenditure and how this would be impacted if they became ill. The Covid-19 situation has made a lot more people aware about benefits they may receive so they may be more open to a conversation on this topic.

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What options are available if your client can't afford their cover?

- Consider amending the cover – the level of cover can often be reduced, or features removed from the policy to help reduce the premium. Some cover is usually better than none.
- Check whether the insurer offers a career break option, to help if they are temporarily out of work or are unable to pay the premiums because of personal hardship.
- If your client has a decreasing policy, see if the insurer can reduce the interest rate (so cover reduces quicker). Given the extremely low mortgage interest rates, having an interest rate of 4-5% of the policy could be suitable and result in a lower monthly premium.
- Ask the insurer to waive the premiums temporarily due to personal hardship - not all insurers will do this, but some are trying to help where they can.
- If a client does owe any premiums, some insurers will let them continue with the policy and spread the overdue payments over several months.
- If the worst does happen and your client's policy needs to be cancelled, try and set something back up as soon as you can (without being pushy or insensitive to their circumstances). You might be able to reinstate the old policy several months after it has lapsed, subject to the missed premiums being repaid.
- If reinstating the old policy is not viable, arrange new cover as soon as you can. By doing this, your client won't need to repay any missed premiums but it's likely that the same cover will be more expensive.
- If the client cannot afford the premiums and none of the above are viable, your client can cancel their direct debit, but must be aware that cover may be lost.

It is important that as an adviser you are made aware of direct debit cancellations directly by the insurer, so ensure they are communicating this to you, if possible, on a weekly basis. This allows early engagement with the client and gives an opportunity to contact them to discuss their individual circumstances and the most suitable option.



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This is only meant as a guide, and is based on experience and knowledge of a number of participants. It should not be used in place of individual advice and where possible, you should always speak to an insurer about possible options available