



Protection in 2012

Adapting to beat the challenges



The Irish insurance industry faces many challenges in 2012 and beyond with the impact of the Test-Achats (Gender Directive) judgement; the threat to pension tax relief; and the age of austerity we find ourselves in. As households feel the squeeze, difficult choices have to be made, and as we are only too aware of, insurance premiums are often one of the first items to be cut. Further to this, new customers are harder to come by, with affordability being a significant barrier to sales.

As in many situations in life, when faced with a challenge, we need to adapt to overcome that challenge. As customer needs (and more importantly customer budgets) change, providers must develop new, more cost effective solutions for financial advisors to offer clients.

Over the last couple of years, a number of serious illness products (Zurich's included) have been upgraded – with the introduction of partial payments and the broadening of the number of illnesses covered. These changes are welcome and suit many customers as they strengthen the cover provided, but we also need to address the affordability issue for those who simply cannot afford basic protection cover.

The 'one-size-fits-all' approach is no longer appropriate and with that in mind, Zurich Life has developed two new benefits designed to broaden protection coverage within the Irish market:

- Cancer Cover helps fill the ever widening gap (in terms of cost) between life cover and serious illness cover.
- Life Cover (Monthly Income) is an affordable way of providing basic family protection.

NEW Cancer Cover benefit

As with serious illness cover, Cancer Cover pays a lump sum benefit on diagnosis of a serious illness – in this case cancer of specified severity. Cancer Cover costs substantially less than traditional serious illness plans, making it very affordable to put cover in place for the one disease we fear more than most.

Cancer is the principle cause of serious

illness claims in Ireland. In fact, looking at Zurich Life's 2011 serious illness claims, cancer accounted for 81% of all female claims and 61% of male claims. This is not surprising if you look at the statistics. According to the Irish Cancer Society, 1 in 3 men and 1 in 4 women will suffer from cancer at some stage in their lifetime and on average, there are 30,000 new cases diagnosed each year*. In spite of a greater awareness of cancer and the positive changes in our lifestyle and diet, the number of cases of cancer is still expected to rise to an average of 40,000 by 2020*.

The purpose of Cancer Cover is to help alleviate the extra financial stress associated with cancer. Most of us are all too aware of extra costs serious illnesses such as cancer bring. The National Cancer Registry of Ireland published a report in 2010 into the financial implications of dealing with cancer. This report detailed how, for people suffering cancer, their lives had been deeply affected financially by the disease. The typical cancer sufferer endured increased medical costs such as expensive medications; actual out of pocket expenses such as increased travel; increased utility bills due to extra time spent at home; severe reduction in earnings due to patients (and in many instances family members) having to take time off work to deal with the illness.

The majority of protection policies sold in Ireland only have life cover attaching, while full serious illness cover is the best option for those who can afford it. For those who cannot, adding a modest amount of Cancer Cover when customers apply for life only cover is sound advice, providing valuable cover and peace of mind.

NEW Life Cover (Monthly Income) Benefit

Life Cover (Monthly Income), generically referred to as family income benefit, is an affordable and straightforward way of protecting a family in the event of death. Rather than providing a large lump sum on death, a guaranteed amount is paid each month for the remainder of the policy term, which a family can use to pay for their regular outgoings.

For some, this is a sensible way of

looking at life protection needs as:

- Easier for customers to identify with providing for regular income to meet the outgoings such as utility bills, children's education, etc. in the event of death.
- A regular income can be a lot easier to manage than a lump sum as families do not need to worry about investing a large amount.
- Every family needs at least a basic level of protection in place and Life Cover (Monthly Income) could be a cost effective, affordable solution for your customers.

Independent advice and a more complex product landscape

While the insurance market in Ireland is going through a difficult time at present, the need for protection is still there, as many families are underinsured. This presents a huge opportunity for Financial Advisors but the challenge for the insurance industry is turning these needs into genuine demand. As an industry we can achieve this by adjusting our product offering so there are more affordable solutions. At Zurich Life we decided it was time to take action by introducing Cancer Cover and Life Cover (Monthly Income).

Of course, with the growing range of protection benefits on offer, the product landscape is more complex. Providers produce an array of materials for example, Claims experience, Serious Illness comparisons, Sales Aids etc, to keep you up to date of what is available. One thing is certain, your advice has never been so important to ensure customers are aware of and understand their protection needs and to get the most appropriate cover in place at the right price.

*Source: National Cancer Registry Ireland, 2011

