Deal of the Week - Norwich Union Income Protection Solutions

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What's the deal?

A flexible income protection plan that allows customers to choose the right level of insurance to cover their earnings should they become unable to work.

Norwich Union has redesigned its existing individual income protection policy to create a broader product, available via independent financial advisers.

Customers can tailor their policy to suit them, choosing how long they want to defer the first payment of their insurance depending on their level of savings and employment benefits, and what age they want the policy to finish at retirement.

Benefits paid out can be level or index-linked, and Norwich Union will pay a maximum benefit level of 60 per cent of the first £25,000 of earnings and 50 per cent of the remainder up to £180,000.

Is this good?

One of the better features of the Norwich Union product is the access provided to a rehabilitation service, with medically-trained staff to get policyholders back into work and a personal health manager, available 24 hours a day by telephone.

This type of personalised service is becoming more prevalent, but is still relatively unusual.

There are further aspects of the deal that make it slightly better than the norm. Instead of a few standardised deferment options, customers can choose to hold off the first date of a claim payment anywhere from four to 112 weeks.

The age at which the policy ends also reaches up to 70, rather than 65, which is good news for the self-employed or anyone else who expects to be working beyond the current retirement age.

The deal, says Peter Chadborn, financial adviser at CBK, appears to be genuinely enhanced rather than just remarketed.

What's the catch?

While this isn't the most expensive income protection deal, it certainly won't be the cheapest, although financial advisers say flexibility is more important than cost with these policies. And if customers want to extend their cover they may need to set up a new policy to meet the extra underwriting risk to the company. This could mean an increase in the cost of the premium.

What are the alternatives?

Scottish Provident has an income protection plan that allows customers to increase or decrease the cover and extend or reduce the term at any time.

Bright Grey provides a support service which could include a home visit from a specialist nurse and is available to the whole family, not just the policyholder. Royal Liver offers a Carers Benefit of four times monthly income, payable if the policyholder's child suffers from illness.

Howdo I find out more?

Using an intermediary is advisable because of the range of products and conditions in these plans. Specialist insurance advisers can be found at www.unbiased.co.uk.