

Advertisement



OLP Connect just got another connection



[Visit the adviser site](#)

[Where am I?](#) > [Home](#) >

Advice

Case study

Cover | 01 Mar 2009 | 00:00

Following his brother's diagnosis and recovery from throat cancer last year, Bob wants to take out s...

Following his brother's diagnosis and recovery from throat cancer last year, Bob wants to take out some critical illness (CI) cover for himself. Bob is 47, drinks moderately but has a body mass index (BMI) of 32 despite being physically active by cycling to work twice a week. What cover would you recommend for him?

**PETER CHADBORN, CBK
COLCHESTER**

If the cover is required to serve a particular purpose such as protecting a mortgage, the level of cover and term will be obvious. If not, it is likely that Bob would need CI cover until his retirement age or beyond.

Rather than just 'order taking', detailed discussion could reveal whether Bob's primary concern is to protect his income, in which case income protection (IP) should be recommended in addition to CI.

IP should complement any employer benefits, the time Bob could survive financially without income and be sufficient to meet outgoings. LV= has a good IP calculator on its website to facilitate this exercise.

Dialogue will be required with underwriters to establish views on Bob's BMI and family history in relation to his brother's cancer.

The former will be of greatest concern. This is an essential part of the research process without which the initial premium quoted will be meaningless and the client's expectations unmanageable. Most providers offer underwriting helplines and Aegon Scottish Equitable has a useful pre-sale underwriting questionnaire.

The quality and flexibility of the product should take precedence over cost. Aequos Engage filters out policies that do not meet criteria, a selection can then be made from the shortlist based upon the likely underwriting outcome and cost.

A typical recommendation would incorporate index-linked IP until realistic retirement age and level CI over the same term, with possibly some CI continuing beyond retirement.

IAN SMART, BRIGHT GREY

Unfortunately, it is often the case that some people only recognise the need for protection when something happens to someone they know.

Bob should not find it too difficult to get the cover he is looking for at a reasonable price, assuming that there is no other family history of cancer, he is a non-smoker and there are no other risk factors such as high cholesterol, diabetes or family history of heart disease. But, with a BMI of 32, he may find that he will be charged an extra premium. If this happens, he should look for a company that will review loading if he loses weight and brings his BMI down. If he has only recently started cycling to

[Brands](#) [Subscribe](#) [Email alerts](#)

Partner Brands



[Tag cloud](#) [Related articles](#) [Most read](#)

Blog [Comment](#) [Dow Jones](#) [FSA](#) [FTSE](#) [FTSE](#)
 100 Feature [News and articles](#) [News in brief](#) [Papers](#)
[Products & Services](#) [market report](#)
[markets](#) [news](#) [pensions](#)

Advertisement



Related Media



Schroder Income Maximiser
 Income Maximised. The 7% target yield of Schroder Income Maximiser should attract the interest of any income seeking investor.
[Visit Webpage](#)



5-Minute Snapshot
 '5-Minute Snapshot': James Mashiter, Sector Specialist at Standard & Poor's Fund Services describes the key findings of the recent global fixed interest sector review.
[View Video](#)



Blue Sky Asset Management
 Redefining the structured investment industry, providing research-backed, client-centric, 'intelligent' structured investments.
[View PDF](#)

Advertisement

work in an effort to address this, he should certainly continue as it could help improve his finances as well as his health.

He should also look wider than just CI cover. While this will provide him with a lump sum, it is not likely to last very long if he is unable to work following his illness. It will also not pay out for other illnesses that could leave him unable to work for an extended period.

He should therefore think about taking out some IP cover to make sure he has some continuing income if he is unable to work because of an accident or illness. This, of course, needs to tie in with any sick pay arrangements that his employer provides and could therefore be a higher priority than CI cover.

KEVIN CARR, PRUPROTECT

The amount and length of cover is dependent on individual needs and circumstances. Compared with traditional CI products, PruProtect's serious illness cover plan would be particularly suitable in the case of Bob as it covers 154 illnesses and provides rewards, including a reduction in premiums for policyholders who lead a healthy lifestyle. £100,000 of serious illness cover over the next 15 years, including life cover, would cost Bob from as little as £80 a month. However, this premium could reduce by 2% every year under the Vitality programme as well as providing discounts on a range of services such as gym membership and Eurostar travel tickets.

On the underwriting side, moderate alcohol consumption does not pose any problems and PruProtect would be unlikely to take the family history of one family member with throat cancer into account, irrespective of the date and the age of diagnosis; however, his BMI could be an issue. At 32, this could warrant a loading of 25% for life and serious illness cover benefit. We would get a mini-screening in place to check blood pressure and configuration - ratio of chest measurement to waist measurement - but, depending on the results this could offset the loading meaning that standard rates would be applied.

Depending on Bob's further circumstances, IP would also be an option, and would provide a regular income instead of a lump sum.

Tags: Risk clinic

Comment Email to a friend Print Share

Comments

There are no comments submitted yet. Do you have an interesting opinion? Then be the first to post a comment.

Related articles

- Case study
- Case study
- Bright Grey - Lifestyle Protection cover
- Case study
- LV= free CI offer latest protection innovation

Audio/Video

- Annuities debate
- Creating Certainty in Uncertain Markets
- About the new-look IFAonline
- ETF debate
- Counterparty Risk

Marketing promotion block

Ask the Experts - SSAS special



IFAonline, in association with Axa Winterthur Wealth Management, presents Ask The Experts, where you have the chance to quiz key figures from across the financial services industry. This is your opportunity to gain expert knowledge and insight into the works of the financial market. This month, the subject matter is on the topic of SSAS - Small Self Administered pension Schemes.
[Ask our panel now](#)

Events

- Investment Week Fund Manager of the Year Awards
09 Jul 2009
- International Investment Channel Islands Investment Summit
03 Sep 2009
- International Investment Nordic Forum
23 Sep 2009
- Benelux Investment & Pensions Summit
01 Oct 2009
- The Mortgage Event
06 - 08 Oct 2009



In Focus



Martin Currie Global Energy Fund
After a significant retrenchment in the share prices of energy companies, we believe this is an excellent time to invest in this part of the market.

Viewpoints



Your home is your castle
Back then, just 22% agreed that it would be adequate but this has now jumped to 35%.