

# ***April 2011***

## ***Pick of the month***

We review a wide variety of new and updated plans this month. Both BFS and LV= offer updated IP solutions, while General & Medical now offers cancer cover on its entry level Equus PMI plan.

Denplan launched its Lucent range of group dental plans, while Aetna Global Benefits has updated its International Health Plan.

We could have chosen any one of PruProtect's seven new launches to review this month but chose perhaps the most innovative—Education Cover. It could well open up a new approach to marketing life cover and is our Pick of the Month this month.

### **Aetna Global Benefits International Health Plan**

**Aetna Global Benefits (AGB)** has updated its International Health Plan and employers can now choose from one of four base plans and then add up to 49 additional benefits. The four plans are Core, IHP Essential, IHP Plus and IHP Elite. This review focuses on the Elite product, which includes (annual limits in GB£ shown):

- Denominated in Euros, GB Pounds or US Dollars.
- Max cover £1.6m per member per cover period.
- Full refund for all main benefits including out-patient treatment.
- Accidental damage to teeth.
- Outside area of cover A&E treatment. Full refund, including out-patient treatment up to £315.
- AIDS cover up to £12,500 per person.
- Congenital anomalies cover extended to include conditions identified in child dependents up to 12 months.
- Chronic conditions up to £18,750.
- Evacuation costs.
- Home nursing up to 28 weeks.
- Hospice care up to a lifetime £30,000.
- Injury or illness as an innocent bystander, up to £30,000 per incident.
- In-patient psychiatric treatment up to 30 days.
- Parental accommodation with children to age 18.
- Rehabilitation up to 120 days per condition.
- Vaccinations and inoculations up to £325.

Among the additional options are:

- Dental 1. Routine dental treatment (with various sub-options). Waiting periods have been improved for all dental and pregnancy cover (and can be removed for schemes with ten or more employees).
- Dental 2. Major restorative dental treatment.
- Dental 3. Orthodontic dental treatment.
- Direct settlement network.
- Extended evacuation.
- China private room restriction (China only).

- Hong Kong semi-private room restriction.
- Traditional Chinese medicine.
- Infertility treatment (min ten employees).
- Routine pregnancy. Max £3,000.
- Vision care.
- Wellness Option 1. Max £160.
- Wellness Option 2. Max £325.
- Wellness Option 3. Max £500.
- USA elective treatment.

In addition, many of the options can be flexed, and a choice of excesses is available too. IHP members can access Aetna's wellness resources and services, including the online AGB wellness centre, cancer outreach programme and a health risk assessment tool available in 12 languages.

**Plus points:** *Choice of four plans with a wide choice of options which can also be flexed. Strong brand.*

**Not so plus points:** *Some financial limits. IPMI can be complex, which makes comparison difficult.*

**Contact:** 01870 442 2676 or [www.aetnaglobalbenefits.com](http://www.aetnaglobalbenefits.com).

**Rating (max 5).** Innovation: 3.5. Overall: 4.

## **BFS Protect Policy**

**British Friendly** may be a new name to most advisers, but has been around since 1902, originally providing sickness benefits to commercial travellers and their families.

Now, the company is targeting the adviser market and has introduced a new product to meet their needs.

The income protection plan offers an 'own life' disability definition and no premium loadings for occupation, gender or smoking. Maximum cover is 70% of gross annual income up to £45,500 a year.

Day one cover is available, along with deferred periods of 1, 4, 8, 13, 26 or 52 weeks. Cover can be to age 50-70 or for a benefit period of 1, 2 or 5 years only. Short term policies all have a deferred period of four weeks.

There are no standard exclusions, initial waiting periods or policy fees. Guaranteed insurability (every three years or on certain events happening) and career break options are included and premium reductions are given where a back or mental health exclusion has been applied at underwriting stage. Telephone interviewing is used at underwriting stage. Benefits can be increased by 5% a year or in line with increases in the RPI (capped at 10% a year).

In the event of terminal illness, the deferred period is waived. Customers must notify BFS not just about any change in occupation but also if they change address, their income falls by more than 10% or their employment status changes between employed and self-employed.

A female newsreader aged 35 wanting £2,000 a month benefit to age 65, deferred eight weeks would pay a premium of £54.20 a month.

**Plus points:** *Comprehensive range of benefits and options; pricing looks to be very competitive; tele-underwriting; long-established IP provider. Some nice*

*touches—such as waiving the deferred period on diagnosis of a terminal illness. Can appeal to both blue and white collar workers.*

**Not so plus points:** *As with any small provider looking to expand via IFAs—will the pricing remain competitive, how strict will the underwriting be and will their service levels be OK? We're not sure why address notifications are a T&C.*

**Contact:** 0800 975 6565 or [www.britishfriendly.co.uk](http://www.britishfriendly.co.uk).

**Rating (max 5):** Innovation: 3.75. Overall: 4.

## Denplan Lucent

**Denplan's** new Lucent plan is designed to offer group dental insurance at low premiums. The plan comes in six variants from Lucent 1, which just pays for 100% of NHS dental costs up to £600 a year, up to Lucent 6, which pays up to £2,750 a year. Lucent 2-6 also add benefits for individual private treatments e.g. Lucent 6 pays up to £30 for a normal examination (for comparison, Lucent 2 limits this to £11), up to £63 for scale and polish (£23), up to £73 (£23) for fillings, up to £308 (£138) for crowns, and up to £40 (£15) for a single extraction (or £65 [£40.00] for a surgical extraction). As is usual with this type of cover, most treatment types are broken down in various more specific treatments, each having its own limit.

All plans also include up to £12,000 for mouth cancer treatment (90 day initial waiting period, and only one course of treatment is funded, which must be within 18 months of diagnosis). Also included is an NHS cash benefit of £50 a night and dentist call-out fees up to £50 per incident (max £100 a year).

**Plus points:** *Six price/benefit points to suit budget; wide range of benefits including specific benefit for mouth cancer treatment; Denplan is the big brand and market leader.*

**Not so plus points:** *In some cases, even on Lucent 6 plans, the benefit payable may be less than the actual treatment cost; mouth cancer benefit only covers treatment costs rather than providing a CI style cash lump sum on diagnosis. Other dental insurance plans do not provide this either, but it would be good to include some form of cost saving benefit or help service for the growing list of non-insurable cosmetic treatments many people now choose to have.*

**Contact:** 01962 827931 or [www.denplan.co.uk](http://www.denplan.co.uk)

**Rating (max 5):** Innovation: 3.5. Overall: 3.75.

## General & Medical Equus

Established in the 1980s, Peterborough based **General & Medical** has added cancer cover to its entry level Equus private medical insurance product.

Cancer cover in year one is £5,000, rising each year over five years up to £25,000 provided a cancer claim has not been made. The plan also includes:

- Full refund for in-patient hospital charges, including diagnostic tests.
- Up to £500 a year for initial out-patient consultations and up to £250 a year for physiotherapy.
- Choice of three hospital rate bandings. Customers get £100 a night.
- Travel insurance and cover for up to two pre-existing conditions can be added too.

A stress counselling helpline is also included and customers can add an excess

to reduce cost further. Three other plan versions (Equus Plus, Altus and Altus Plus) are also available.

**Plus points:** *Low cost cover that can be tailored to need and budget; now includes escalating cancer cover (a clever way for insurers to manage the cancer risk); other plan versions available at extra cost.*

**Not so plus points:** *Being the lowest cost version, many traditional PMI benefits are not included.*

**Contact:** 0800 970 9442 or [www.generallandmedical.com](http://www.generallandmedical.com).

**Rating (max 5):** Innovation: 4. Overall: 3.5.

## **LV= Income Protection**

LV= has introduced a raft of changes to its existing Critical Illness Cover and Income Protection plans. The CI plan can now run to age 70 (or 40 years if less) and more CI conditions are now included.

The main changes to the IP plan are:

- Minimum benefit £1,000 a month (e.g. if income fluctuates and is low at the point of claim).
- Cover available up to age 70 for 94% of occupations covered (reflecting higher State retirement ages).
- One and two month deferred periods now available for all occupations.
- Removal of the 'suited' definition and an increase in the number of 'own occupation' definitions (1,170 occupations are now covered under this, with 326 having instead a 'task' based definition).
- Maximum benefit now 55% of income or net profit (previously 50%).
- For self-employed customers, pre-claim earnings are now averaged over three years rather than one year.
- Rehabilitation benefit now ceases at the plan's cease date rather than at age 60.

**Plus points:** *A range of improvements on cover length, maximum benefit, and income and disability definitions. Nearly 80% of occupations are now 'own occupation'.*

**Not so plus points:** *Some restrictions remain, adding to the complexity of the plan (especially for intermediaries). All of the changes are relatively minor—IP continues to perform below par so a more innovative approach may be needed to change that. In some areas this plan offers less than the BFS plan reviewed on Page 7—although much can depend on the actual decisions taken by respective underwriters so such comparisons may not be quite so easy to make in practice.*

**Contact:** 01202 292 333 or [www.lv.com/adviser](http://www.lv.com/adviser).

**Rating (max 5):** Innovation: 3.5. Overall: 3.75.

## **PruProtect Education Cover**

PruProtect has launched no less than seven new products including whole of life cover and family income benefit.

This review focuses on the unique Education plan. This product covers the cost of school and tuition fees in the event of a parent's death. The plan's key details are:

- On death of a parent pays £750 per school term per child covered.

- Or, the Private School option pays school fees, up to £10,000 per term per child.
- £1,000 star award if a child excels in a particular discipline e.g. grade 8 in a musical instrument.
- Tuition fees paid for children in higher education.
- Or £3,000 a year for five years if they do not go into higher education.
- Benefits reviewed annually to allow for inflation.
- One-off £1,000 payment if hospitalised for more than 10 days or off school ill for more than 20 days.
- Free serious illness cover on the child's life. This pays up to £5,000 per family.
- Access to the Vitality programme.

The plan is available in three variants—State (for children in State education), Private School-Day, and Private School—Boarding.

**Plus points:** *A few insurers have launched school fees programmes in the past but, except in a handful of cases, they have not been successful and have focused on investments to fund future school fees rather than protection. This plan should appeal to parents who want hypothecated cover for their children to ensure they get a good education. Good range of benefits and realistic, affordable cover levels. The Accelerator (low start) option can keep initial premiums even lower.*

**Not so plus points:** *Would have been even better with a PMI option. Could discourage parents from having sufficient life cover overall, but as too many people have little or no life cover, that criticism can be discounted—this plan could open up a whole new market.*

**Contact:** 0845 601 0072 or [www.pruprotect.co.uk/adviser](http://www.pruprotect.co.uk/adviser).

**Rating (max 5):** Innovation: 4.75. Overall: 4.5.