

December 2010/January 2011

Pick of the month

Just two providers this month, although one of those has two updated plans (albeit one from a part of the organisation that is shortly to depart for pastures new).

Cuna markets its plans direct and through building societies and credit unions, and its guaranteed premium FuneralProtect+ plan sees it team up with the Co-operative to offer a one stop shop funeral package.

Of Bupa's two plans, its Cash Plan Fundamentals is another very low cost product—in this case offering employers the opportunity to give cash plan benefits to every employee. But our product of the month is the updated critical illness plan, especially for now offering a part payout for those awaiting certain serious NHS operations.

Bupa Cash Plan Fundamentals

Bupa's new Cash Plan Fundamentals plan, launched in late September, has three levels of cover, and gives employers the option to cover different employees at different cover levels. Employees can claim back up to a total of £2,295 a year towards the cost of their everyday healthcare expenses. The maximum annual benefits are up to:

Benefit	Level 1	2	3
Dental:	£50	£100	£200
Dental injury	£200	£300	£400
Optical	£50	£100	£200
Therapies (physiotherapy, osteopathy and chiropractic)	£150	£250	£350
Consultations, scans, diagn's	£200	£300	£400
Chiropody	£50	£100	£200
Medical appliances	£100	£200	£300
Health screening	£100	£150	£200
Prescription charges	£25	£35	£45

All three cover levels include access to a 24/7 helpline offering advice on medical, tax and welfare issues. There is no initial underwriting or upper age limit, and employees can start claiming on their cash plan immediately. Bupa says that its straightforward claims process means that claims are often completed within two working days.

Plans can be extended to provide cover for an employee's entire family, and this starts from an additional £1 per employee per week.

Plus points: *Very low cost (usually from the monthly equivalent of just £1 a week) health cash plans are proving popular and are now offered by a number of providers. They are used both to help employers meet their 'duty of care' responsibilities and to provide at least a basic level of health insurance for every or just for key groups of employees. Bupa's entry to this growing sector is therefore welcome.*

The insured benefits included in the plan are useful and likely to be used regularly by most employees. Adding a 24/7 helpline and a range of member discount offers means that for many employees the plan could pay for itself many times over.

The key to such plans is using the very low ticket price as a base to add on other benefits, often to firms that have not previously had any form of medical insurance cover.

Not so plus points: *One notable absence from the benefits list is a per night or day hospital cash benefit. That said, many other health cash plans also no longer include this benefit, not least because it is arguably less important, given today's generally lower average lengths of stay in hospitals.*

Although the plan is relatively simple and was announced at the end of September, by 22 November we could find no details of the new plan's benefits on Bupa's websites (aside from the initial press release).

Contact: 0500 000 125 or www.bupa.com.

Rating (max 5): Innovation: 3. Overall: 3.5.

Bupa Critical Illness with Life Cover

Our second Bupa review this month is a very different animal and comes from **Bupa Individual Protection**, which is shortly to become part of the **Friends Provident** brand at **Resolution**.

An existing product, Bupa has introduced two main changes to this and the equivalent standalone CI plan:

Severe Crohn's disease and benign brain tumour have been added to the conditions covered. The full list is now: Alzheimer's disease; aorta graft surgery; aplastic anaemia; bacterial meningitis; benign brain tumour; benign spinal cord tumour; blindness; cancer; cardiomyopathy; chronic rheumatoid arthritis; coma; coronary artery by-pass graft; Creutzfeldt-Jakob disease (which, incidentally, is spelt incorrectly in the Policy Summary key facts document); deafness; dementia; heart attack; heart valve replacement; HIV infection; kidney failure; liver failure; loss of hands or feet; loss of independence; loss of speech; major organ transplant; motor neurone disease; multiple sclerosis; open heart surgery; paralysis of limbs; Parkinson's disease; progressive supra-nuclear palsy; respiratory failure; severe Crohn's disease; stroke; systemic lupus erythematosus; third degree burns; traumatic head injury; type 1 insulin dependent diabetes mellitus. In addition, the plan also pays out on death or diagnosis of terminal illness. Eleven of the conditions covered now exceed the ABI model definition for that condition.

Where the life insured is waiting for an operation on the NHS for aorta graft surgery, coronary artery by-pass graft, heart valve replacement or repair or open heart surgery, the plan pays out the lesser of 25% of the sum insured or £25,000 directly into their bank account. Bupa says it is the first CI provider to offer this benefit.

Other features of the plan remain the same. Options include fracture cover, indexation and a reinstatement option (on the second life). The plan also includes access to a Healthline and the **Best Doctors** facility.

Plus points: *We especially like the idea of pre-releasing part of the benefit if the life insured is awaiting one of the NHS operations specified. Limiting that to 25% of the sum insured looks to be a reasonable compromise and should help customers meet the additional costs they may incur at such a time. Overall, this is a strong plan and the enhancements simply add to that.*

Not so plus points: *The more we look at CI plans, the more we become convinced that over-complexity and lack of an overall 'catch all' definition are holding back the product. This is not a criticism of this or any other provider, but we do think that these are issues (along with*

the ongoing saga about what total and permanent disability—TPD—should cover). The one thing missing looks to be what customers would actually want their plans to cover. More on that later...

Contact: 0845 600 3122 or www.bupa.co.uk.

Rating (max 5): Innovation: 4.25. Overall: 4.

Cuna Mutual FuneralProtect+

Cuna Mutual has launched a new life insurance product in conjunction with **The Co-operative Life Planning**. The plan is available direct, and also through building societies and credit unions across the UK.

FuneralProtect+ offers a choice of guaranteed sum assured of between £2,000 and £6,000 per insured person and can cover up to 12 family members. Premiums start at just £2 a month. Someone aged 50-59 would pay £7.00 a month for £2,000 of cover, while someone aged 30-39 would pay £3.00 a month and someone aged 60-69 would pay £13.00 a month. Premiums are pro rata for higher sums insured. Under 18s are covered free.

Premiums and sums insured are set at outset and guaranteed for life. Acceptance is guaranteed up to age 70, with no medical or health questions and full benefits payable after six months.

Applicants must be aged under 70 and be resident in the UK (older applicants may be accepted, at Cuna Mutual's discretion).

During the first six months of the policy (or any subsequent increase to an existing plan) no benefit is payable, except in the case of accidental death. Thereafter the full sum insured is paid.

Benefit is paid automatically (using a charge in their favour) to Co-operative Funeralcare to pay for the life insured's funeral, with any positive balance being paid to their estate. Or, if other lives insured remain alive, to the policyholder (if alive) or their spouse (or significant other), parents or children, in that order.

Under the same policy, a spouse or significant other, parents and children can also be covered (up to 12 lives in total). The policy is written as a whole life policy, and can run until the last person insured dies.

Plus points: *Guaranteed payment policies are simple, offering whole of life cover at low cost and so are marketed as being able to pay for a funeral (the average cost of which is now around £3,000 according to Cuna).*

Linking the benefit directly to the Co-op makes the process of organising a funeral even easier (and customers can choose later on not to use the Co-op if they wish).

Cuna is unusual in that it allows up to 12 family members to be covered under the same policy, so a family couple could insure their parents as well as their children and themselves all under the same policy. Full benefits after six months.

Not so plus points: *Someone in their 60s would have paid in more than the plan's sum insured after 153 months (less than 13 years), although the period is much longer at younger ages. Better value can be obtained from conventional policies, although that may mean having to pay a larger premium (for more cover) and having to be underwritten. No mention is made of being able to add grandchildren either—this would otherwise look to be an opportunity for grandparents to pay for cover for the whole family.*

Contact: 0845 123 7880 or www.funeralprotectplus.co.uk.

Rating (max 5): Innovation: 3. Overall: 2.5.