

February 2011

Pick of the month

After a quiet(ish) end to the old year so far as new products were concerned, 2011 has kicked off with a number of new product launches—and even a new provider too.

Assurant has picked up the baton to develop PPI, while Aviva has updated its existing GIP and AXA its Protection Account. Health Shield has launched a new entry level voluntary HCP and Simplyhealth an HCP for the 70+ age group. And Medical Care Direct has opened up healthcare trusts to mid sized organisations. Our Pick of the Month though is a new international PMI provider, Now Health International, with its range of new plans.

Assurant Solutions Home Protector and Income Protector

Assurant Solutions claims to have the first ASU (accid-ent, sickness and unemployment) products to be underwritten at point of sale. It says that this new breed of annually renewable products promises to be the antidote to the problems that have plagued the product in recent years.

The plan comes in two versions—Home Protector for mortgage or rent payments and Income Protector as a short term means to protect a percentage of income.

Essentially, Home Protector covers up to 120% of mortgage or rental payments up to £3,000 a month, while Income Protector covers up to £3,000 of monthly income.

Both plans use a rating engine that takes account of the customer's age and risk profile. Assurant says the products are the first stage of what will be a continual evolution of its point of sale ASU proposition, and that its rating engine can take an infinite number of variables into consideration. Otherwise, plans details follow the traditional ASU format.

Focusing on the Home Protector, it is available to those aged 18 to 64 in the UK who are in full time work. The involuntary unemployment element of the plan includes carer cover, which is payable if the insured becomes a family carer. The plan also includes return to work cover, which pays a proportionate benefit if the claimant returns to work on a reduced income. An independent Jobcare service is built-in to assist return to work.

As with other ASU plans, claims for backache and mental health must be supported by specialist medical evidence. The insurer can cancel cover at renewal or at any time after 90 days' notice if it stops 'offering this type of cover altogether'.

Plus points: *It is good to see new ASU ideas emerging, and Assurant's solution looks to offer a better deal for customers, with the prospect that many will now pay less than before too. Annually renewable plans also (theoretically) give greater security than rolling monthly renewed plans. Point of sale underwriting, rather than simply using a moratorium or excluding PECs (pre-existing conditions), gives greater certainty that all valid claims will be paid.*

Not so plus points: *We have not yet seen pricing so, as always, it pays to shop around when buying ASU. Some customers will pay more but, as that reflects their greater risk, should still get value for money. We were disappointed that a week after launch, there was no mention of these new plans (or even the press release) on the firm's website. Moreover, some of the information on its products page had not been updated since 2004. So, the fact that over 750,000 people were made unemployed in the year to July 2003 may be interesting to historians, but it's embarrassing to still feature that stat. That's a pity—Assurant is better*

than that!

Contact: 01753 493 300 or www.assurantsolutions.com.

Rating (max 5): Innovation: 3.25. Overall: 3.

Aviva Group Income Protection

Aviva's latest changes to its existing group income protection (GIP) plans include:

- A new escalation rate. Benefits can rise in line with the Retail Prices Index (RPI), capped at 2.5% a year.
- Stress counselling helpline. This gives employees access to support from counselling professionals 24/7.
- Bereavement helpline. Offers support to relatives and partners of GIP customers who have died or to those who have suffered bereavement themselves.
- Legal helpline. This offers access to legal advice on any issue.
- GP helpline. This gives employees and their families access to legal advice on any issue at any time.
- The new EAP (employee assistance programme) benefits are included at no extra cost. Employers can also extend the support available to their employees by upgrading their cover to one of:
- Extended EAP . Includes additional debt management and online information for employees and managers.
- Full EAP. Offers all the above services.

EAP benefits can be extended to all employees, not just GIP members. Aviva also offers its occupational health and private medical insurance benefits to complement its GIP benefits. The GIP covers from five employees upwards and offers:

- Benefits of up to 80% of earnings, to a maximum benefit of £350,000 a year.
- Deferred periods of 13, 26, 28, 41, 52 or 104w.
- Benefit to retirement age or for a limited period.
- Once only underwriting.
- A pay direct option (this pays benefits direct to the claimant, which means lower administration costs during long term absences) and lump sum options.
- Dedicated rehabilitation case managers.

Plus points: *A good range of EAP benefits added, but at no extra cost for GIP members and which can be offered to non-GIP employees too. Benefits can now be linked to RPI.*

Not so plus points: *RPI linking for benefits is useful (although average earnings is arguably a better link) but the 2.5% annual ceiling is low and some way below current inflation levels. These are relatively minor changes too—does GIP need more radical change if it is to thrive? Many firms are now looking hard at their whole employee benefits package and legislative changes, especially around continuing to employ older workers, can mean that GIP costs will rise. Where that happens, employers will need convincing that GIP is not just still necessary but also that it offers the right value and most practical benefits.*

Contact: 0845 300 4452 or www.aviva.co.uk.

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

AXA Protection Account

AXA's Protection Account offers life, critical illness, mortgage income protection and business protection cover. A number of changes have recently been introduced:

- Children's cover now includes children in full time education up to age 21 (18 still continues for those not in full time education). The maximum benefit is the lower of 50% of the sum insured or £25,000.
- The stroke definition is now 'ABI+'. AXA has removed the exclusion for traumatic injury to brain tissue or blood vessels (and says it is the first company to do this).
- Overall the plan includes ten ABI+ definitions.
- Open heart surgery has been added as a new condition, taking total conditions covered up to 38.
- The number of countries acceptable for CI and HIV claims has been extended to 44.

A new AXA branded Care Consultants service offers new customers access to additional practical and emotional support. It is available to policyholders, spouses and civil partner and their children up to age 21. The service claims to be the first in the UK to bring three support services into one comprehensive offering. They are:

- Second medical opinion. US based specialists give a second opinion to those with a serious medical condition.
- Claim support. A dedicated counsellor who can also assess what other services may be appropriate.
- Medical helpline. Access to nurses, counsellors, midwives and pharmacists.

The plan includes free cover on application; a choice of application routes; four additional covers that do not reduce the sum insured; advance payments for major heart surgery and terminal illness, and premium reductions where a cancer or MS exclusion has been applied.

AXA says further enhancements are planned and has already introduced a 90 day premium guarantee, which means that rates are guaranteed even if the customer passes a birthday before taking out a plan.

Plus points: *AXA is one of many seemingly in the race to add new CI conditions and ABI+ (i.e. better than industry standard) definitions. Both mean more people can claim if hit by a critical illness. The concept of a single Care Consultants umbrella, with three sub-benefits, is valuable and simple, providing practical help and information at just the time it is needed. Extending child cover to 21 for students is also welcome.*

Not so plus points: *Why limit children's cover to age 21 when many students now study beyond age 21? As with all other CI plans, there is still no effective 'catch all' to cover all critical illnesses. Arguably, CI is also now becoming simply too complex for most customers and even IFAs to fully understand.*

Contact: 0845 607 1979 (Opt 2) or <https://advisers.axa.co.uk/pub/protection/index.html>.

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

Health Shield Corporate Scheme Access Level

Health Shield has added a new entry level 'Access Level' to its existing voluntary Corporate scheme. This costs just £1.25 a week (or £2.50 a week if partner cover is required too) and provides maximum annual benefits (100% reimbursement unless indicated otherwise) of:

- Dental: £30.

- Dental accident: £100.
- Optical: £30.
- Hospital benefit: £10 a night/day up to 25 pa.
- Parental hospital stay: up to 25 nights a year.
- Maternity: £75 cash sum single payment.
- Physiotherapy; chiropractic; osteopathy; acupuncture, and homeopathy: £60.
- Specialist consultation, ECG, X-ray and pathology fees: £60.
- Chiropody: £30.
- Health and wellbeing: £30.
- Health screening: £30.
- Personal accident protection: up to £2,500.
- Prescriptions: One item a year can be claimed.
- Fitness benefit: access to special rates through **Incopore's** Corporate Fitness Network.

Cover is worldwide and includes access to a 24/7 helpline. Customers can choose five other cover levels. The highest (Prestige Level) includes contribution protection (waiver of premium), up to £500 a year for family planning and £2,000 critical illness cover, all for £12.50 a week (£25 for couples). Other price points are £1.95; £4.00; £6.50; £8.25, and £12.50 a week (for the Prestige Level) for individuals.

Plus points: *A useful addition, which adds a very low price point but still offers useful benefits that will be valued (and used regularly) by employees. Health Shield paid 322,571 claims last year, with 89.6% paid within two working days.*

Not so plus points: *Most benefits are relatively low and may not cover all regular health costs. Many brokers are still ignoring HCPs, which is short-sighted.*

Contact: 01270 588 555 or www.healthshield.co.uk.

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

Now Health International WorldCare Apex

Now Health International is a new international PMI provider. It is headquartered in Hong Kong but has offices in Europe, Asia and the Middle East and its plans are underwritten by **AXA**. It has launched into the international PMI market with a comprehensive plan with a choice of four cover levels – Essential, Advance, Excel and Apex.

The top level product, Apex, has core benefits (with annual US dollar limits shown) for company cover of:

- Maintenance of chronic medical conditions: \$35K.
- Hospital charges, medical practitioner and specialist fees: full refund.
- Ancillary charges: \$2,000 per medical condition.
- Diagnostic procedures: full refund.
- Emergency ambulance transportation: full refund.
- Parent accommodation: full refund.
- Renal failure and dialysis: \$75,000.
- Organ transplants: up to full refund.
- Cancer treatment: full refund.
- Pregnancy and childbirth: full refund.
- New born cover: \$150,000.
- Hospital accommodation for new born (up to 16 weeks) accompanying their

mother: full refund.

- Congenital disorder: \$150,000.
- Reconstructive surgery: full refund.
- Rehabilitation: full refund.
- In-patient emergency dental treatment: full refund.
- In-patient psychiatric treatment: 30 days max.
- Terminal illness: \$100,000.
- Emergency non-elective treatment USA cover: full refund for accidents, otherwise \$50,000.
- Evacuation and repatriation: up to full refund.
- Mortal remains: up to full refund.
- Hospital cash benefit: \$250 per night, up to 30 nights a year.
- Out-patient charges: full refund.
- Day or out-patient surgery: full refund.
- Out-patient psychiatric illness: \$7,500.
- Alternative therapies: \$150 per visit, max 15 visits.
- Nursing/GP care at home: up to full refund.
- AIDS: \$50,000.
- Maternity: \$15,000.
- Dental care: up to \$3,000.

Some treatments e.g. PET scans, must be pre-authorized. Benefits can be in US \$, GB £ or Euros. Additional options include: USA elective treatment; co-insurance out-patient charges; direct billing (nil excess on out-patient treatment); wellness, optical and vaccinations, and medical history disregarded. A \$100 excess is standard, but options are \$0, \$50 or \$250. Exclusions are fairly standard for this type of product. Customers can choose to go paper free, and eligible claims should be processed within five working days.

Plus points: *New provider, but with an experienced team running it and the security of AXA underwriting. All information is available online. The promise of good service. Good product choices to tailor cover to need.*

Not so plus points: *Built-in maternity benefits can increase cost. As always, it pays to shop around to get the best cover/price benefits. New provider that has yet to establish a track record in its own right. Not yet authorised in all markets (though that should be resolved quickly). Little innovation.*

Contact: 01276 602110 or www.now-health.com.

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

Medical Care Direct Health Link

Medical Care Direct's Health Link is a healthcare trust fund for firms with as few as 100 employees. Previously such schemes have tended to be the province of 1,000+ schemes, due to the cost and complexity of their set up.

The scheme includes comprehensive third party administration, MCD's unique Treatment Sourcing Service and stop loss insurance in one fixed price package.

MCD says that healthcare trusts can offer employers savings of up to 20% a year when compared to PMI. Partly that is because, except for the stop loss premiums, payments into the scheme do not attract Insurance Premium Tax—which went up from 5% to 6% on 4

January—while the VAT payable on the administration charge is recoverable. Trustee services are provided through fellow **Skipton Group** company, **Pearson Jones plc**.

Plus points: *Healthcare trust benefits for smaller employers. Experienced player that is part of a big financial group. Flexibility to tailor benefits. If claims are less than the trust fund, the surplus is simply retained and reduces future costs.*

Not so plus points: *Are healthcare trusts tax avoidance? Few would now argue that, which begs the question for many: why have PMI for a big group scheme?*

Contact: 0844 848 1460 or www.medicalcaredirect.co.uk.

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

Simplyhealth Simply Cash Plan 70 Plus

Simplyhealth's new health cash plan (HCP) is, as its name suggests, aimed at people aged 70 or over.

This group is often either ignored or disenfranchised by insurers or most are priced out of the market. Simplyhealth's approach is instead to offer a simple plan at low cost, with benefits optimised for older customers.

So, this is not glam cover but bread and butter cover for bread and butter people and none the worse for that. Indeed, for intermediaries, the marketing opportunity is both older clients and their (often) more affluent children who can afford to buy cover for them to pay towards their everyday healthcare costs.

There are three price points—Level 1 (£9.95 a month), Level 2 (£19.95) and Level 3 (£39.95) with premiums doubled for couples. Key benefits are (Level 3):

- Optical. 100% reimbursement up to £150 a year.
- Dental. 100% up to £150.
- Physiotherapy; osteopathy; chiropractic; acupuncture, and homeopathy. 75% up to £200.
- Consultations. 75%, up to £150.
- Hearing aid. 75% up to £200.
- Chiropody/podiatry. 50% up to £150.
- Hospital in/day-patient. £20 a night/day, 10 days.
- Recuperation. Cash payment of £200 after 10 in-patient nights in hospital. This and the previous benefit are not included on Level 1 plans.
- Independent living occupational therapy. 50%, up to £200. This benefit is a cash amount towards assessments by a registered occupational therapist.

Cover is Europe-wide. Customers also get a 20% discount (this year only) on all purchases at www.simplyhealthstore.co.uk, which sells mobility products and daily living aids.

Plus points: *Sustainable benefits optimised for older people and at affordable prices. Could be funded by their children. Premiums typically do not rise every year. The plan could pay for itself—especially if the customer has any disability.*

Not so plus points: *More benefits may be available to younger people. Pre-existing conditions are covered, but not for 12 months for hospital and recuperation cover. 20% store discount only applies for 2011.*

Contact: 0800 072 5846 or www.simplyhealth.co.uk.

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