

## **November 2010**

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

This month's reviews cover a wide spectrum of needs. Canada Life has introduced a raft of changes to its Group Critical Illness plan, while PruProtect has launched the latest evolution of its Serious Illness Cover plan. Both offer worthwhile improvements over what went before.

Our Pick of the Month is also a variation of an existing theme. In this case, WPA has taken the basic and well-established health cash plan concept and added a range of in-built and optional benefits to reposition it as an NHS top-up plan that can act as either a top-up to private medical insurance or as a standalone solution in its own right.

### **Canada Life Group Critical Illness**

**Canada Life**, the UK market leader for group life, has updated its existing group critical illness (CI) policy. Quotes are available now and scheme renewals change from 1 January 2011. The main changes are:

Partnerships with **RED ARC** and **Best Doctors** from 1 January. These will provide enhanced individual support for employees and their families. RED ARC's service includes unlimited access to a personal nurse adviser, who can also arrange further help if needed. That can include a home visit from a specialist nurse, a course of therapy or a programme of counselling. Best Doctors' service provides medical second opinions from consultants highly ranked by other doctors.

The range of conditions covered has been extended from 7 to 12 conditions. Added core conditions are:

- Motor neurone disease
- Parkinson's disease
- Alzheimer's disease
- Dementia/pre-senile dementia
- CJD (Creutzfeldt-Jakob disease).

Core cover can be extended to a further 26 conditions. These are aorta graft surgery; aplastic anaemia; bacterial meningitis; balloon angioplasty; benign brain tumour; blindness; cardiomyopathy; coma; deafness; encephalitis; heart valve replacement or repair; HIV infection (selected occupations only); liver failure; loss of hands or feet; loss of independent existence; loss of speech; open heart surgery; paralysis of limbs; primary pulmonary hypertension; progressive supranuclear palsy; pulmonary artery surgery; respiratory failure; rheumatoid arthritis; terminal illness; third degree burns, and traumatic head injury. Permanent and total disability and spouse's and children's benefits are also included.

A claims helpline to assist claimants and scheme members with the claims process, including validation and claim form completion.

Improved terms and conditions include the maximum free cover limit being increased to £500,000 and the survival period reduced to 14 days.

**Plus points:** *The two new third party services add to the value of the plan to end users, as do the new conditions covered. It is good to see additional marketing support being offered too and the fact that Canada Life has made it easier for intermediaries to sell and clients to buy such cover through the changes in underwriting limits.*

**Not so plus points:** *Both individual and group CI are now complex propositions that still do not provide fully comprehensive cover for those who suffer any critical illness—primarily because they lack an effective ‘catch all’ overarching definition. That said, these changes should prove popular with intermediaries and clients looking for more cover in tough economic times without having to pay significantly more for that cover.*

**Contact:** 0845 223 8000 or [www.canadalife.co.uk/group](http://www.canadalife.co.uk/group).

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

## **PruProtect Serious Illness Cover plan**

**PruProtect** announced the latest evolution of its Serious Illness Cover plan on 21 October.

The main changes are adding eight new conditions, seven of which are unique in the UK market. They are:

- Lumpectomy for ductal carcinoma in situ of the breast (DCIS).
- Carcinoma in situ of the oesophagus—requiring surgery.
- Severe inflammatory Crohn’s disease.
- Encephalitis.
- Craniotomy.
- Guillain-Barré syndrome.
- Spinal tumours.
- Pemphigus vulgaris.

PruProtect says that it now covers over 100 conditions with its Primary Cover and 161 conditions under its Comprehensive Cover version. Seventeen of its definitions also now exceed the **ABI (Association of British Insurers)** standard definition. Indeed, as part of its changes it has also introduced a number of enhancements to some of its other conditions, including heart attack.

Where a cancer exclusion is applied, the premium rate will be reduced accordingly, reflecting the fact that the customer’s cover is not as wide as it would otherwise be.

As well as applying to all new plans, the changes are also being applied to existing plans. The changes took effect from 23 October.

The plan itself is effectively a critical illness plan that pays out on the severity of the condition and offers Vitality points to actively encourage customers to adopt healthy lifestyles. The company reports that sales in the first half of this year were, at APE of £11m, up 98% on the same period of 2009. It now has around 36,000 policies.

**Plus points:** *The new changes mean even wider cover than before, and all changes are also being introduced to improve existing plans too. Reducing premiums where an exclusion applies (e.g. on cancer) is a very positive step.*

**Not so plus points:** *Although PruProtect can claim to cover more conditions than any other critical illness insurer, its plans are also, by definition, more complex. That is not so much a criticism as a recognition that intermediaries need to take the plan seriously (sorry about the pun...) and ensure they are familiar with its complexities before they recommend it. As with Canada Life’s plan, there is also still no overall ‘catch-all’ benefit, although the philosophy of making improvements retrospective is in itself a very positive development.*

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

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

## **WPA NHS Top-up**

**WPA's** new health cash plan offers standard HCP type benefits plus a range of built-in and add-on benefits that aim to top-up what is already available on the NHS. The plan is available in individual, corporate company paid and corporate voluntary (the main market for HCPs) versions. Three price levels are offered with either 75% or 100% reimbursement.

A voluntary scheme with up to 49 employees could pay from £7.76 a month for Level One benefits with 75% reimbursement or up to £21.00 a month for a Level Three plan with 100% reimbursement.

A Level Three plan would pay annual sums of up to:

- Dental: £150.
- Optical: £150.
- Therapies: £300.
- Specialist consultations and second opinions: £250.
- GP services: £150.
- New baby (cash lump sum): £200.
- Hospital stay: £50 a night/day up to 20 days.
- A&E attendance: £20 per visit (max three visits).
- NHS car parking (only when visited as an in-patient): £50.
- All versions of the plan include a 24/7 helpline. In addition to the above benefits, a number of options (the 'extras') can be added to the basic plan. These options pay the following annual maximum benefits:
- Scans and screens: £200 (adding this benefit costs an additional £1.00 a month).
- Mycancerdrugs: £50,000 lifetime benefit (cost £4.20 a month or £10.00 for smokers).
- European cover including air ambulance: £100,000 (cost £1.00 a month).
- Cosmetic surgery: £20,000 (cost £3.00 a month). This benefit pays for reconstructive plastic surgery for certain scars e.g. on the face.
- Face to face counselling and helpline: six sessions (cost £1.00 a month).
- Allergy testing: £80 (cost £0.50 a month).
- Dental trauma: £10,000 (cost £2.50 a month).
- Personal accident: up to £15,000 (cost £0.50 pm).

On corporate paid schemes, employers receive a monthly allowance of between £0.50 to £1.50 to offset against the cost of adding extras if they have 3-249 staff, or £1.00 to £2.00pm for larger schemes. Until the end of March 2011, commission is 40% initial and 5% renewal.

**Plus points:** *This plan takes the well-established HCP concept and adds a number of benefits to position it as a top-up to what people already get on the NHS. By so doing, it will appeal to a wide range of company and individual clients either as a low cost standalone solution or to supplement PMI cover. Cover can be very inexpensive (less than £1 a week for basic company paid cover). Pricing is transparent, and the basic and add-on features all meet real needs. WPA points out that in the Netherlands, 80% of people choose to top-up their basic State health cover.*

**Not so plus points:** *Can be expensive e.g. a top of the range plan with all options would cost £13.70 on top of the basic plan premium (i.e. up to £34.70 per employee a month for a small voluntary scheme at Level Three with 100% indemnity. Having more options adds complexity. One marketing challenge is that many brokers still overlook the opportunities*

*that HCPs offer.*

**Contact:** 0800 783 0 784 or [www.wpa.org.uk/topup](http://www.wpa.org.uk/topup).

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