

October 2010

Pick of the month

This month's reviews are all reworks of existing themes (nothing wrong with that).

Bupa has squeezed in another variant of its Heartbeat PMI plan, Engage Mutual has streamlined its health cash plan offering and Royal London 360° has added two new benefits to its international whole life plan.

Our product of the month is also a rework—Zurich has added renewability and convertability plus underwriting improvements to its Level Protection (term assurance) plan offering perhaps future-proofed term.

Bupa Heartbeat Health care select 3 Plus

Bupa has introduced a number of changes to its Heartbeat PMI plans and launched a new version (Select 3 Plus), which sits between its existing levels 2 and 3, offering flexible pricing and underwriting.

The new plan covers:

- All in-patient and day-patient charges, including radio/chemotherapy and diagnostic tests in a Bupa Heartbeat (network) hospital.
- Up to £1,000 a year for out-patient consultations, diagnostic tests, scans, and physiotherapy (and other therapies) combined. Radio/chemotherapy is also covered as an out-patient.
- Private ambulance up to £60 per trip is included, as is parent accommodation with child under age 12.
- A health check can be added at extra cost.

The plan offers a choice of national or local access hospitals. Exclusions include psychiatric treatment, dental and oral treatments and complementary medicine plus overseas treatment, pregnancy/childbirth and complications from excluded or restricted conditions or treatment as well as standard PMI exclusions such as chronic conditions.

Plus points: *Simple PMI cover that covers most of the essentials and has a £1,000 out-patient pot too. The Bupa name is pre-eminent in this sector and this plan offers a low cost route into its membership.*

Not so plus points: *Limited out-patient cover. Limited other benefits (including no NHS cash benefit), although the range of plans available does allow customers to choose the level of cover that best matches their needs and budget. Limited product information available online.*

Contact: 0800 600 500 or www.bupa.co.uk.

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

Engage Mutual Health Cash Plan

Harrogate based **Engage Mutual**, part of **Homeowners Friendly**, has streamlined its health cash plan to offer three levels of cover and a range of benefits.

Cover is European Community wide, as long as the customer is travelling for business or pleasure up to 28 days a year. There is a 24 months initial period before the life assurance benefit comes into effect.

Children get limited dental and optical benefits only. They get up to £50 a year for

each of dental and optical costs, with the pot split between all eligible children.
The full benefits are:

Benefit	Cash back amount	Everyday	Deluxe	Superior
		£10 a month (£120 a year)	£14 a month (£168 a year)	£18 a month (£216 a year)
Optical cover	100% per year	up to £100	up to £150	up to £200
Dental cover	100% per year	up to £100	up to £150	up to £200
Complementary therapies	100% per year	up to £250	up to £375	up to £500
Life cover	n/a	£1,000	£1,500	£2,000
Personal accident cover (worldwide)	n/a	up to £10,000	up to £15,000	up to £20,000
Accidental death (worldwide)	lump sum	£10,000	£15,000	£20,000

The life cover pays on death and is subject to fairly standard industry exclusions. The personal accident cover pays up to the limit shown, on a severity basis.

For example, on a Superior plan, loss of one eye or one hand or foot would result in a payout of £10,000, whereas accidental death, permanent total disablement, loss of entire sight of both eyes or permanent and incurable insanity would see a payout of £20,000. The minimum payout would be £150 for a broken arm or leg.

The complementary therapies covered are acupuncture, chiropractic, osteopathy and physiotherapy.

The plan is available to UK residents aged 17-65 when they apply for cover. Pre-existing conditions are excluded (except for dental and optical benefits).

Plus points: *Includes life cover (albeit small sums) and PA (personal accident) too. Pays for 100% of dental, optical and therapy costs up to an annual limit, with three price points. Simple to understand and buy.*

Not so plus points: *Life cover is low and then only after two years (except in the case of accidental death). Offers little that is new, and does not include some benefits that are now common on other health cash plans.*

Contact: 0800 169 4321 or www.engagemutual.com.

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

Royal London 360^o LifePlan

Royal London 360^o has added two new benefits to its whole of life international protection plan.

Term benefits are now available up to age 80, up from the previous limit of 65.

Long-term care is also now a standard feature and will be added to all existing policies, increasing the level of cover at no extra cost. Under this benefit, if the customer needs day to day care on a long term basis they can claim the critical illness lump sum to help pay for their long term care costs. The plan pays up to \$7.5m (or other currency equivalent) on death or terminal illness. Critical illness cover can be added, as can term assurance and waiver of premium benefit.

Royal says there are 12 other 'added extras'. These include children's critical illness cover, total and permanent disability and terminal illness benefit. Also available is accidental death benefit, which doubles the life cover, up to a maximum of \$500,000.

Plus points: *On one level these are relatively minor changes—term can now run to older ages and LTC is added as a CI benefit. However, the latter is particularly significant and likely to be adopted by onshore life assurers too. It is easy to think that international protection starts and ends with PMI. It doesn't! Choice of currencies.*

Not so plus points: *International protection remains a relatively niche market.*

Contact: 01624 681 681 or www.royallondon360.com.

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

Zurich Level Protection—Convertible and Renewable Term options

Zurich has added renewable term and convertible term options to its guaranteed rate Level Protection Plan. The two new options are:

- **Convertible Term.** An additional cost option available if the plan has life cover only, this option allows the life assured to convert some or all of the life cover into a new whole of life plan, which then provides lifetime protection on a guaranteed payment basis and also pays on diagnosis of terminal illness). If the plan is joint life, the new plan can be either first (to give maximum protection and earliest payout) or second death (for IHT planning, for example). The convertible option can be exercised up to age 69 (first death) or 83 (second death).
- **Renewable Term.** Again an additional cost option, this enables the customer to renew the plan for a further term at the end of the original term. The option falls away on the life assured's 70th birthday. On the last renewal, the new term can be up to age 74 if the plan includes life and critical illness cover, or 84 if life cover only (i.e. cover must cease by age 75 or 85).

Zurich has also introduced a number of underwriting enhancements, increasing its automatic medical evidence threshold from £600,000 to £750,000 and its GPR (General Practitioner's Report) limit to £1m. Nurse screening examinations now replace GPRs for applicants up to age 40, while automatic HIV testing has been dropped for applicants over age 60 too.

The basic plan offers guaranteed or reviewable plans which can run to age 85 (75 for reviewable plans and those with critical illness cover included). Applicants must be 16 or over, up to 83 at outset (lower if CI or payment protection benefits are included). Minimum premium is £5 a month (or £50 a year). Indexation and waiver can also be added as can guaranteed insurability increases.

Plus points: *Renewability and convertability are due a revival—both can have a place in planning. The underwriting improvements are welcome too.*

Not so plus points: *Both options cost more, which is wasted money if the options are not exercised.*

Contact: 0500 546 546 or www.zurich.co.uk.

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