

# e-Protection Review

(incorporating HealthCare Insurance Report)  
from Peter Le Beau MBE, Andy Couchman, Kevin Carr

## Ignorance is not bliss: new reports highlight need for protection

New reports from UK health and protection insurers have highlighted the fact that many people are woefully prepared if serious illness hits, while more than half of employees feel undervalued by their employers, leading to possible health risks.

In its *Protection Oversight* report (using research undertaken by **72 Point** in December), **Friends Provident** found that nearly half (24m) of people in the UK have no insurance in place to cover loss of income through illness or the death of a breadwinner. And, a third believe that they could live on less than 35% of their take home pay if they were unable to work through illness or injury. That would mean having an income of just £171 a week (still more than might be paid under Employment & Support Allowance—see Page 16)—instead of average weekly income of £489 and average expenditure of £471 a week.

Of those who have protection insurance in place, 53% have no idea how much they would receive if they were to claim. FP's head of protection sales, Ed Stuart-Brown, said: "Imagine being told that you had just been given a 66% cut in your income—the impact of that for most people would be catastrophic."

Research carried out by **Opinion Matters** for **Aviva** in January found that the average British household may only have enough cash to cover bills for 14 days if their income stopped. Only 1 in 4 could lay their hands on £100 of disposable cash within a week, while 1 in 7 (16%) would sell their TV to get their hands on cash if they fell ill. Without further borrowing, the average British household could only get their hands on £914 of disposable cash—less than twice the average weekly household spend.

Despite that, only 37% of households have life insurance or critical illness cover. Instead, 19% would be prepared to sell their home, while 31% would give up their car. 13% would sell their home computer, 24% of women and 16% of men would give up their Playstations and 6% of people would sell their pet.

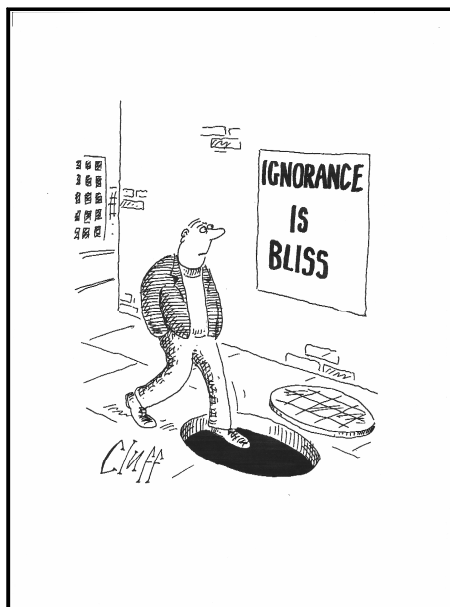
More than half (59% - 67% of men and 55% of women) believe it is their responsibility to cover any loss of income should the worst happen, with 17% seeing it as a Government responsibility and just 9% their employer's responsibility. That is significant because the general trend is for Governments to look more to employers to (Continued on Page 2).

### Quotes of the month:

"It's time people took control of their future and looked at this in a responsible way, instead of burying their heads in the sand, especially in today's environment. Ignorance is not bliss—it's irresponsible." Ed Stuart-Brown, Friends Provident, 2 March.

"A new national care service must be simple, fair, transparent, consistent and flexible. Wherever older people and their families live, it must be clear what care they are entitled to and how much they have to pay. Information and advice should be easily accessible, and family carers should be able to get the support they need." Stephen Burke, chief executive, Counsel and Care, 24 March.

"This is a big f\*\*\*ing deal." US Vice President Joe Biden, 23 March.



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Look out for the next issue of the e-Protection Review, which will be published on 28 April.

### Key statistics:

- NHS waiting lists England to 31 January 2008: 632,108 (See Page 11)
- e-Protection Review Long Term Protection Sales Index: 97.3 (Quarter 4, 2009, compared to base 100 in Quarter 1, 2000).
- e-Protection Review Employment Index: 106.134 (To end January, compared to January 2000, see Page 11).

(Continued from Page 1) fund welfare packages for their employees. Most recently, on 4 March the **TUC (Trades Union Congress)** published *In Sickness and in Health?* which argued that around a third of our waking hours are spent at work and that our working lives help define who we are, where and how well we live, and even how long we live. The report argues that people deserve to work in good jobs where they have a fulfilling working life, job satisfaction and can achieve their full potential. Improving people's working lives not only improves personal wellbeing but it can also lead to better, more successful organisations with loyal and motivated staff.

It is a relatively small step from the concept of promoting staff wellbeing through 'good work' to requiring employers to pick up the full tab if a worker is ill—especially if their condition is in any way work-connected.

Even if that were to happen (and the trend seems well-established), for those not in work or who work for smaller organisations (or themselves) and perhaps too those who work for the State in some form, there is no benevolent employer to fall back on if anything goes wrong and they cannot work.

Moreover, 31% of households rely on a sole breadwinner so, if the breadwinner cannot work, the household's income is likely to fall dramatically.

Aviva's research found that many consumers would be prepared to give up elements of their lifestyle if necessary.

For example, more than half (50.9%) would give up holidays, 30.5% would sell their car, 24.9% would give up hobbies, 18.7% would sell their home and 5.7% would give up a family pet.

One in 25 (4%) would even spend a dependent's university fund or take them out of private education. And 46.7% would use their savings.

Although, superficially, much of this expenditure would be possible to give up, the effects on quality of life could be significant. For example, anyone not working is likely to want to spend more time on their hobbies (assuming that they are well enough to do so), may have greater not lesser need of a car and will be spending more time at home, so selling it is the last thing they would want to do. And, anyone with a company car would invariably lose it (or need to buy it from their employer) if they could not work and lost their job.

Aviva notes that its average critical illness cover payout is currently £78,707 and that premiums for life and CI cover cost roughly the same as a Friday night takeaway for two (a large Big Smoky from **Domino's Pizza** cost £15.99 on 11 February; a 1.25 litre of **Coca Cola** £1.99,

while £100,000 of mortgage protection, life and CI cover would cost a 35 year old non-smoking male £16.49 a month and a female £17.53 a month).

The irony is that if a breadwinner is unable to work due to illness, they are unlikely to be able to afford a Friday night takeaway in future anyway.

Simply cutting out one takeaway a month would free enough after-tax income to enable a thirty something couple to afford enough cover to protect much of their current lifestyle.

Perhaps insurers could promote the concept of 'takeaway protection' - giving up just one takeaway a month in return for taking out enough cover to be able to still afford takeaways for the other three weeks a month. The idea may even have health benefits too. And, unlike the takeaway, the cost remains the same each month (assuming premiums are guaranteed) while the cost of the takeaway is likely to rise in future.

### Fears that employers could cut back

In a separate move, Friends Provident has urged employers to resist the temptation to make cuts to group risk and health insurance benefits.

Group risk marketing manager Declan White said: "Employers are increasingly facing the quandary of whether to 'retain, revise or remove' their employee benefit packages. It is important for employers to consider not only the cost, but the perceived value of benefits held by their staff, as part of their decision making rationale. Even in today's uncertain economic times, employees will still look at what benefits they have versus what benefits they could have elsewhere. And the grass may well be greener [elsewhere]."

In practice though, many employers do look to be planning to reduce their employee benefit spend if they can, or at least to minimise any future cost increases.

And the incoming Government, regardless of its political colour, is likely to be looking to cut welfare costs

or at least to minimise their growth if it can do so.

All of which means that for many breadwinners, protection insurance should be an essential part of their normal monthly budget. And, for many, it will be easier to look at what they can give up now, rather than waiting until they cannot work and then be forced to make such difficult decisions.

One option might be for intermediaries to look beyond traditional financial planning to embrace true holistic financial management. This would include looking at such things as utility costs, loans, general insurance, mobile phone contracts and holidays. Switching to lower cost suppliers would not only make financial sense, but free up additional funds to pay protection premiums too.

## A new name for HealthCare Insurance Report: e-Protection Review

As from this issue, *HealthCare Insurance Report* has been re-named *e-Protection Review* and is now published as part of the *Protection Review* brand by **Protection Review Limited**. However, our editorial policy remains exactly the same and your *HCIR* subscription automatically carries forward to the new publication.

Why the change? Founding editor (and now *e-PR* editor) Andy Couchman explains: "Since 2003, *Protection Review* has built to become one of the most valued names in the health and protection insurance area. With the continued expansion of *Protection Review* in 2010, my co-chairman Peter Le Beau and I, together with our new chief executive Kevin Carr believe that now is the right time to bring this well-established newsletter into the *Protection Review* fold too.

We believe that we can reach even more people, offer even better value and cover even more news and views in this way. The move also enables us to cut subscription prices on renewal (although they will now be subject to VAT). For the time being this paper version will continue but we will look to making the PDF version the standard, to the benefit of all subscribers."

## Dental schemes gaining ground

Two thirds of employers now believe that dental benefits reduce sickness absence and two thirds that they improve morale and aid recruitment and retention, according to **Simplyhealth's Annual Dental Survey 2010**.

The survey also found that 39% of people have struggled to find an NHS dentist for themselves, the same as in 2009 but up from 23% in 2008. 9% found it so hard that they gave up. When it came to their children, 24% of respondents had struggled to find an NHS dentist, again the same as last year, but up from 9% in 2008.

The survey points out that in 2009, some 28,163,000 patients accessed NHS dental care in the previous 24 months, marginally up from 28,145,000 in the 24 months to end 2006 (source: **NHS Information Centre**).

Cost is an issue too. Almost half (43%) of people had put off visiting a dentist as they were too worried about the cost implications, the figure being highest among women in their late twenties and early thirties.

Over a third (35%) of those who had put off seeing a dentist had had a subsequent problem:

- 26% had suffered long term tooth decay.
- 19% had lost a tooth.
- 13% had suffered an abscess.
- 2% needed extreme dental procedures.

And 39% of those who had to pay a dental bill over £50 had had to pay by credit card (to spread the cost), while 1 in 50 took out a loan.

One in eight (15%) people had contacted **NHS Direct** or gone to A&E about tooth pain instead of before seeing a dentist. Confirming fears that the new NHS dental contract had led to a dumbing down of dental care, Simplyhealth points out that the number of NHS crowns fell by nearly 50% between 2004 and 2009, while the number of root canal treatments fell 40%.

As well as treating teeth, dentists also look for signs of mouth cancer. The **British Dental Health Foundation** notes that incidence of mouth cancer has increased in the past decade by 41%. Worryingly, 11% of respondents had suffered general mouth pain, 7% difficulty chewing or swallowing, 6% had recurring ulcers that did not heal, 7% a lump in the mouth or throat and 6% red or white patches that did not go away. Mouth cancer is associated with tobacco or alcohol in 75% of cases and Simplyhealth says that one person dies every five hours now from mouth cancer in the UK.

Employers are becoming more supportive of dental benefits the report found. 67% of firms now believe that dental benefits improve employee morale (up from 64% in 2009 and from 51% in 2008), while 66% believe dental benefits reduce sickness absence (up from 56% last year and 30% in 2008).

But 10% of companies now discourage dental visits during working hours (up from 4% last year) and only 37% believe it is up to the individual worker when they visit the dentist (down from 53% last year).

The research was carried out by **Opinion Matters** among 250 HR managers and 1,005 working adults in February/March 2010. See [www.simplyhealth.co.uk](http://www.simplyhealth.co.uk).

**Comment:** Dental schemes have become increasingly popular with employers and employees and are a useful extension to other health and insurance employee benefits.

## FSA PPI bill could cost £3bn

The **Financial Services Authority's (FSA's)** consultation document on payment protection insurance (PPI) could cost the industry between £700m and £1.2bn compensation for customers who have complained but, worryingly, could cost a further £1bn-£3bn for those who have not complained, according to analysts **Defaqto**.

The FSA's 170 page CPI0/06 paper *The assessment and redress of PPI complaints* requires responses by 22 April. In it, the FSA expressed disappointment that the insurance industry was highly critical of its proposals, while consumer groups fully supported them. It reiterates its commitment to the proposals and robustly defends its stance, while upping its estimates of the cost to the industry of redress too. It reiterates its requirement that firms where there has been systemic failure should redress affected consumers who have not made a complaint as well as those who have.

**Comment:** *If steam could be said to ever come out of the ears of a paper, this would be that paper. The FSA is hopping mad that the PPI industry appears to be in total denial of its responsibility to sell such products correctly. The industry can therefore expect very short shrift from the FSA as it moves to fully implement its proposals to clean up the PPI market.*

*The sad thing is that the need for products such as PPI is greater than ever and likely to rise still further, while sales of such products have fallen sharply and the level of ongoing innovation remains low. That must surely create an opportunity, but is anyone listening? We do hope so...*

## Insurers increase CI payouts

Leading critical illness (CI) insurers increased the proportion of claims they paid by 4% between their 2007 and 2008 payouts according to **Defaqto's Critical Illness Guide**, published on 10 March. Claims paid on CI policies were:

Provider	2008	2007	Increase
Aegon Scot Equitable	91.0%	82.0%	9.0%
AXA	86.5%	-	-
Bright Grey	83.0%	82.0%	1.0%
Bupa	86.2%	80.8%	5.4%
Friends Provident	87.3%	86.5%	0.8%
Legal & General	93.0%	88.0%	5.0%
LV=	86.7%	86.0%	0.7%
Norwich Union (Aviva)	90.0%	86.0%	4.0%
Scottish Provident	86.7%	80.8%	5.9%
Skandia	89.0%	87.0%	2.0%
Zurich	91.0%	88.0%	3.0%
Average	88.7%	84.7%	4.0%

The 36 page guide also found that CI sales have held up better than expected in the recession. While gross mortgage lending fell from £362.6bn in 2007 to £143.5bn in 2009—a 60% decline—total CI sales fell by just 4.7%. While mortgage related CI sales fell faster, they were down by just 19.5% - less than a third of the fall in the mortgage market. See [www.defaqto.com](http://www.defaqto.com).

Defaqto's free guide (although you do need to register to download it) also includes comment on the market landscape, a review of products and the conditions covered and comment on restoring market confidence.

## Workplace health is political

Workplace health deserves a place on the political agenda according to 59% of people polled for **Simplyhealth's Bothered Britain** report, while 20% believe it should become a public health issue.

The survey also found that 64% of people believed that political parties are only interested in their health in order to get their vote, while only 8% felt they were generally bothered about their health and 28% that they were not bothered at all.

When it came to employers, 31% of them believed that in the recession they went out of their way to be bothered about their employees, while only 12% of employees felt that. 24% of employers and 16% of employees said that employers were too busy to bother, 28% and 38% that they were too focused on cutting costs to bother and 24% and 42% that they were no more or less bothered during the recession.

In terms of actions they could take to show that they were bothered, actions taken included:

- Regular communication to reassure workers 62%.
- Protect workers through careful financial management 57%.
- Look after health and welfare through benefits 35%.
- Reduce stress by creating a fun atmosphere 33%.
- Encourage workers not to overdo it 17%.

On the other hand, some managers took actions designed to create a negative impression:

- Constant threat of job loss leading to stress 47%.
- Work all hours culture which made people ill 33%.
- Employees did not feel vital to the company 11%.
- Clampdown on doctors and dental appointments 4%.
- Reduction of benefits 2%.

The research also found that 37% of employers are now reconsidering employee benefits in order to retain talent and 26% believe they will have to readdress how employees are looked after in a recession.

The research was carried out by **Opinion Matters** in February among 255 HR managers and 1,091 working adults. See [www.simplyhealth.co.uk](http://www.simplyhealth.co.uk).

## Warning: dissatisfied Brits at work

Brits are unfulfilled at work and annoyed by a lack of career progression, according to **Bupa's How Are You Britain?** report, published on 9 March.

A **YouGov** poll of 2,064 adults in December/January found that 49% of people felt unfulfilled in their current job, while 21% were annoyed by a lack of career progression. Bupa's clinical director occupational health, Dr Jenny Leeser, said: "Dissatisfaction at work can lead to problems for businesses with employees taking more sick days than necessary; this in turn affects an organisation's productivity in terms of reduced resources."

## ABI looks at national protection

The **Association of British Insurers (ABI)** is considering proposing a protection scheme in which moderate to high earners would be encouraged to buy their own protection rather than rely on State help, *IFAOnline* reported

on 9 March. The ABI's idea would operate in a similar way to the Government's NEST pensions auto-enrolment scheme, a mechanism that could also apply to those with incomes below £25,000 a year.

ABI assistant director of health and protection, Nick Kirwan, told reporter Laura Miller: "The higher up the income scale, the bigger the gap between State benefits and the income needed to survive."

**Comment:** *Such a system runs the risk of being viewed as elitist but is it fundamentally different to encouraging people to make their own pension provision?*

## 42% of employers reviewed flex

Almost half (42%) of employers operating flexible benefits (flex) schemes have reviewed their providers in the past 12 months to obtain a better deal, according to the **Employee Benefits/Towers Watson Flexible Benefits Research 2010** report, published on 1 March.

And, 34% of respondents plan to review them in the next 12 months too.

The most popular flex benefit to offer was childcare vouchers (offered by 97% of respondents), but dental insurance was the second most popular benefit (93%) ahead of PMI for employee only (90%), PMI for partners (87%) and life assurance (80%). See [www.employeebenefits.co.uk](http://www.employeebenefits.co.uk).

## Mums cost £18K a year

Replacing a mum could cost over £18,000 a year, according to figures from **Defaqto**. It says that to replace a mum could cost a family:

Role	Av salary	Time	Cost
Child care worker	£19,400	40%	£7,760
Housekeeper	£16,384	40%	£6,554
Cook	£14,784	10%	£1,478
Chauffeur	£26,748	10%	£2,675
Total notional salary payable			£18,467

Based on these figures, an income protection plan with a short deferred period and a benefit of around £20,000 a year would be prudent, although many IP providers offer lower maximum levels of cover to housepersons.

## Cost of raising a child: £200,000

It could cost over £200,000 to raise a child from birth to age 21, according to new research for **LV=**.

The biggest constituents of that would be childcare (£54,696 if professional childcare is needed) and education (£52,881). Other key costs would be food (£17,490); clothing (£14,035); holidays (£13,207); babysitting (£11,003); hobbies and toys (£10,780); leisure and recreation (£7,772); pocket money (£4,338); furniture (£2,770); personal (£1,107), and other (£11,731). The total cost of £201,809 is up by 4% on last year.

The survey indicates that families may need more than £200,000 life cover multiplied by the number of children they have (or may have), although the sum assured needed also decreases as the child gets older. The figures also ignore any continuing costs after age 21.

## Protection Review 2010 dinner and conference on 15 July

This year's **Protection Review** dinner and conference are both being held at the **Marriott**, Grosvenor Square, London on Thursday 15 July.

Numbers are already building fast, with more than 250 places at the dinner already taken and the conference set to achieve record numbers this year too. Last year some 360 people attended the dinner, making it one of the most significant events on the health and protection insurance calendar now.

This year's after dinner speaker is the **ABI's** new director general Kerrie Kelly, while a range of leading industry names will be speaking at the conference, which will be held earlier in the day. The dinner will also feature new industry awards as well as give a brief flavour of what's in this year's *Protection Review* book.

The book itself is now being written and again includes articles from leading industry names from across the world, as well as market analysis and unique research.

Full details are on the [www.protectionreview.co.uk](http://www.protectionreview.co.uk) website. The website itself is being developed throughout 2010 to include more features to make it essential viewing for those working in the sector. That includes regular blogs from key names, a 'Chatham House rules' Forum and regular articles and interviews.

e-Protection Review is also available to subscribers and sponsors to download online, meaning that you can now ensure that key people in your organisation can access it even more easily. Places at the dinner and conference are restricted and places are filling fast, so do book now. See [www.protectionreview.co.uk](http://www.protectionreview.co.uk) to book.

## 1 in 5 companies pays too much

One in five (20%) companies could reduce the cost of their insured benefits by simply shopping around, according to employee benefits consultancy **Mercer**.

Principal in Mercer's Health & Benefits business Paul Ashcroft, says that employers can save 10-15% of their premium costs staying with the same provider (due to soft market conditions) and potentially more by switching to another provider. In some cases, companies have saved over £250,000 by switching. This can apply on group risks and PMI but also on screening, EAPs and other benefits.

## Only one in four thinks that NHS extra billions 'well spent'

A **YouGov** survey conducted for **AXA PPP Healthcare** between 5-8 March involving 2,282 people showed that only one in four thought the extra billions poured into the NHS was 'money well spent'.

In response to whether access to free NHS health-care should be rationed for those with illnesses related to lifestyle (such as smoking or obesity), 34% agreed with rationing, 48% disagreed, 14% neither agreed nor disagreed and 4% didn't know. Responses for charging binge drinkers who end up in casualty a financial sum were respectively; 78%; 12%; 8% and 2%.

Sixty-five percent thought GP average earnings of £104,000 were too high, 28% that they were about right, 3% that they were too low and 4% didn't know.

Four percent were very confident that their local hospital had infections such as MRSA under control, 35% were fairly confident, 33% not very, 16% not at all and 12% didn't know. Responses to which political party would best manage the NHS showed Labour on 26%, Conservatives on 24%, Lib Dems on 9%, 8% Other and 33% didn't know.

## New CII/AMII exam launched

The **Association of Medical Insurance Intermediaries (AMII)** and the **Chartered Insurance Institute (CII)** are launching a new insurance examination at AMII's annual general meeting on 28 April.

The objective of the new IF7 exam is to provide knowledge and understanding of the of the fundamental principles and practices relating to healthcare insurance and in so doing demonstrate professional standards to consumers to inspire their confidence and trust AMII says.

Steve Jenkins, director—financial services markets at the CII said: "The new qualification has been created to provide a benchmark for standards of professionalism and expertise that will meet both the current and future needs of the PMI sector."

**Comment:** *The heavily revised IF7 exam has been developed over the past three years by AMII and the CII using intermediary and company practitioners to ensure that both the syllabus and supporting materials meet market needs. The CII's coursebook has been written by e-PR editor Andy Couchman, who also authors the coursebook for the CII's 790 PMI exam.*

## BIBA extends PMI group remit

The **British Insurance Brokers' Association (BIBA)** has extended the remit of its Private Medical Insurance Group to include areas such as income protection, critical illness and group life insurance as well as PMI.

BIBA has invited large, medium and small members who are involved or specialise in these areas to join the Health Insurance Focus Group, to reflect the group's new focus. The group's chairman, Glen Smith, said: "By widening the remit of the group we will now be representing many more of BIBA's members who have a healthcare focus and I look forward to engaging with them."

The group is currently formulating principles relating to transfer and reporting authority mandates and is seeking full claims transparency from insurers to enable brokers to undertake full broking exercises.

## Fit note opportunity for insurers

The Government's new fit notes, which come into effect in April, could provide an opportunity for insurers according to rehabilitation organisation **Shaw Trust**.

The organisation says that early intervention and vocational rehabilitation can deliver savings, even though the industry is in its infancy in the UK. It points to Australia, where every £1 spent on rehabilitation has saved £4, and also points to its own 27 years' experience in this field. A 4-6 week programme can cost just £900.

## News briefs:

- **Simplyhealth** reports that it paid out 1.6m dental claims in 2009.

- **Aetna Global Benefits** members can now access **Facebook** to get content on how to navigate and use their benefits and achieve optimal health. Just search Facebook under 'Aetna Global Benefits.'

- **Aviva UK Health** has launched a group critical illness cover plan and also MyHealthCounts for Business, an innovative new health risk assessment programme that can provide employers with a tangible return within a year. Full reviews next month.

- **Aon Consulting** has launched *The European Sick Leave Index*, based on data from almost 200 employers, with 370,000 employees across a range of sectors. It says that, on average, each sick day cost employers €160 a day.

- **AMII's** annual exhibition and conference will be held in Hinckley, Leicestershire on 1 July this year. The theme will be *Working Together for a Healthier Britain*. See [www.campaignpartners.co.uk/amii](http://www.campaignpartners.co.uk/amii).

- **Bupa** has made the **Best Doctors** service available to all its group critical illness claimants and their families. Best Doctors has a database of more than 50,000 leading medical specialists identified by their peers as the best in their field who can provide a definitive medical opinion and assessment of a patient's condition based on their medical records. It supports, rather than replaces, the patient's own doctor.

- **Aviva** reports that it has reduced its average time to accept a protection policy from 11 days to 6.5 days through a series of service improvements including dedicated large case teams, a pre-sale freephone underwriting helpline, improved adviser information and querying missing information within two days.

- **Resolution** has a 'long list' of potential targets and hopes to acquire at least one other insurance company by year end it says.

- **Unum** reports that cancer claims on its group income protection (GIP) plans are up by 44%, resulting in a growing demand for tailored rehabilitation services. Cancer accounted for 19% of its GIP claims last year, second only in prevalence to mental health conditions. Research by charity **Macmillan Cancer Support** found that 79% of people would expect to go back to work after a diagnosis of cancer. But a 2006 survey by the **Working with Cancer Group**, with the **Chartered Institute for Personnel and Development (CIPD)** found that 73% of firms did not have a formal policy in place for managing employees affected by cancer.

- The **ONS** reported on 24 March that NHS productivity fell 3.3% or 0.3% a year between 1995 and 2008.

- The 2010 *Business Superbrands Survey* reports **Bupa** being 68th (down from 10th in 2009) and **Aviva** being the second highest riser in 144th place (up from 315th). **Zurich** was 89th; **AXA** 105th; **Prudential** 118th; **Legal & General** 131st; **AXA PPP healthcare** 201st; **Standard Life Healthcare** 329th, and **Allianz** 336th.

- **Bright Grey** paid out on 93% of its CI claims in 2009, with only 2% declined due to non-disclosure. 75% of claims were for cancer.

- Over 10,000 employees suffered a major injury as

a result of a slip or trip in 2008/09 and over 4,000 as a result of a fall from height, according to the **Health & Safety Executive's** [www.hse.gov.uk/shatteredlives](http://www.hse.gov.uk/shatteredlives) website. HSE figures also show that people working in the food and drink industry are 1.6 times more likely to be injured at work than construction workers are.

- Smokers could save as much as £1,640 a year by quitting smoking according to analysts **Defaqto**. That is simply the cost of smoking 15 cigarettes a day, but smokers could save even more because their life cover would be cheaper. A 25 year old male could pay around £5 a month less for £100,000 of term cover if a non-smoker.

- **Friends Provident** has launched three online business protection seminars for advisers. These can be viewed at [www.friendsprovident.com/adviser](http://www.friendsprovident.com/adviser).

- **Sun Life Financial of Canada** has relaunched its brand in the UK, as a result of which the **Lincoln** brand (which it acquired in October) has now disappeared.

- **Aegon** has introduced a tele-claims service to avoid claimants having to fill in claims forms. It estimates this will halve the time it takes to pay a claim. In a pilot, initial take-up was 40% but this rose to 90% by the end.

- 1 in 4 people are more likely to receive a payout with **PruProtect's** severity based Serious Illness Cover compared to traditional critical illness cover, according to research by **Hannover Life Re (UK)**.

- A new '1 minute Life Insurance Check' from **London & Country** enables customers to work out whether they are paying too much for their existing life cover and may be better off switching. See [www.lcplc.co.uk](http://www.lcplc.co.uk).

- **ALC Health** has launched **ALC World**, a joint venture which gives its international PMI customers access to **HTH Worldwide's** contracted community of doctors and hospitals in 180 countries worldwide.

- **Joseph Rowntree Foundation** published *Funding Care: how can each generation pay its fair share?* on 12 March. Written by Donald Hirsch and long term care insurance guru Philip Spiers, it advocates a 'care levy' that would be fair, sustainable and easy to understand. Earlier the JRF also published *Funding social care: what service users say*. See [www.jrf.org.uk](http://www.jrf.org.uk).

- 78% of GPs have seen more symptoms of stress in patients over the past 18 months, according to the **Post Office's Finance: A Family Affair** report published on 22 February. Job security (31% of respondents) and general financial concerns (29%) were the key worries. 55% of under-30s also worried about how they will support older generations in future. The survey polled 110 GPs in Feb.

- **Cirencester Friendly** has introduced a tele-interviewing service for its income protection cover, using **MorganAsh** specialist nurses for the interviewing.

- **Health-on-Line** now allows parents to continue to cover their children on their PMI policy up to age 25.

- **Medicals Direct Group** has acquired competitors **Company Health Ltd**, **Diagnostic Technologies Corporation Ltd** and **Milligan & Hill Ltd** from the administrators of **Company Health Group**, for an undisclosed sum. This takes the group's annual turnover to well above £25m.

- **Exeter Friendly** and **Pioneer** have launched a joint adviser portal to provide quotes and online application submission for both PMI and IP plan.

## Pick of the month

We review some innovative solutions this month. Exeter Friendly features twice—first with its own ‘pot’ based PMI plan and then with MIAB’s plan for GP practices. Both offer specialised solutions to meet sophisticated needs rather than being targeted at everyone.

Westfield Health has taken its existing Foresight health cash plan and introduced a raft of changes aimed at both employer and employee, albeit accompanied by a price rise (but at just one level). It is our Pick of the Month.

### Exeter Friendly Health & Stuff

**Exeter Friendly’s** Health & Stuff is a private medical insurance (PMI) plan with a defined pot of money to spend on private medical treatment within the UK.

Four ‘pot’ sizes are available - £2,500; £5,000; £10,000, and £20,000 a year and the customer pays 10% of costs (co-payment), with the policy picking up the balance, up to the annual pot limit. The pot can be spent on in-patient and day-patient treatment; out-patient treatment including therapies; cancer (all stages) care; manipulative treatment; private ambulance, home nursing and parental accommodation with children up to age 18.

The plan also includes a free GP helpline. Exclusions include emergency A&E, major organ transplants, mental and psychological treatment, pregnancy, complementary treatments (e.g. acupuncture and homeopathy) and professional (i.e. any paid) sports treatments. In addition, personal exclusions may be made at the underwriting stage.

Cancer treatments are covered with Exeter using **NICE** (the **National Institute for Health and Clinical Excellence**) as its main benchmark regarding the clinical effectiveness of drugs (although it ignores NICE’s rejection of treatments on cost grounds).

One of the main benefits of the ‘pot’ approach is very low premiums, and Exeter makes further cost savings available too. For example a 10% premium discount is available for having a BMI (body mass index) between 18 and 25 and another 10% is available for not having smoked tobacco within the last 12 months. Further discounts, up to 26%, are available based on geographic location.

The plan pays 35% initial commission and 5% renewal commission.

**Plus points:** *We haven’t seen premium rates yet but would expect this plan to significantly undercut traditional PMI cover. The plan’s benefits are particularly well set out in the literature (fast becoming an Exeter trademark), with many examples being given, especially around ‘difficult’ areas such as chronic conditions and cancer. Customers have a choice of four pot sizes. Attractive premium discounts available depending on where you live, your BMI and whether you smoke. A big cheer too for making parental accommodation available up to age 18.*

**Not so plus points:** *The available pot is actually 90% of the nominal pot—so a plan with a £5,000 pot will pay out up to £4,500, with the remaining £500 paid by the customer.*

*One major concern is that most customers will have little understanding of the total costs involved on PMI claims. The literature does spell out how much cover is needed for some common treatments, but there is no fallback such as a borrowing facility in cases where the treatment cost is significantly*

*higher than the pot size. In some cases (e.g. cancer) the cost of treatment could, in exceptional cases, be more than ten times larger than even the largest pot size—one reason why it is essential for customers to speak to Exeter before embarking on any treatment.*

*Treatment must also be in the UK and some conditions (e.g. psychiatric) are excluded.*

*Does this mean the plan should be avoided? No, far from it. But it is essential for customers to understand the full implications of what could potentially be very limited cover if they run into serious health problems in future.*

*In most situations, most customers should find that they can obtain significant cost savings and that the plan will pay out for most or all treatment they will ever need.*

*But, if a customer does not have significant other financial resources, does not understand the potential costs involved or is not prepared to use the NHS for high cost treatment, then this will not be the plan for them.*

**Contact:** 0300 123 3200 or [www.exeterfriendly.co.uk](http://www.exeterfriendly.co.uk).

**Rating (max 5).** Innovation: 4.5. Overall: 3.

### MIAB Permanent Locum Plan

**MIAB (Medical Insurance Advisory Bureau)** is based in Stevenage and is the market leader in independent advice to doctors, dentists, veterinary and optical practitioners. This income protection plan is underwritten by **Pioneer**, part of **Exeter Friendly Society Ltd**.

The plan is a long term income protection plan designed to meet the specific needs of GP (general practitioner) practices.

This sector’s needs have been difficult to meet from IP plans, partly because if a GP is ill, their income (which mainly comes from the NHS) continues but a locum has to be employed to carry out the work they would have done. In the short term, other partners within the practice may simply work longer hours to share out the work normally done by their fellow GP but in either case, it can be hard to identify exactly what the true financial loss is.

Key features of the MIAB plan include:

- Pays out for up to 12 months per claim. For the first three months (including the waiting or deferred period) for doctors and other medically qualified staff the insured benefit is paid less any Primary Care Organisation (PCO) payments received, without sight of documentary evidence of any costs incurred. After three months, benefit is locum receipts less any PCO payments received. In all cases this is subject to a maximum of the insured benefit. Claims benefits are paid for up to 12 months on any claim.

- For other employees the benefit payable is the cost of replacement staff up to the insured amount.

- As no evidence of costs is required for the first three months of a claim, GP practices can have short term flexibility by covering the gap themselves e.g. by working longer hours, and can still receive claims benefit.

- A choice of cover from £500 to £3,000 a week. Benefits can be increased in line with RPI inflation, up to a maximum of 10% a year.

- Choice of 4, 8, 13 or 26 week waiting periods.

- Multiple claims are allowed for the life of the policy subject to re-qualifying periods.

- No waiting periods for linked claims.

- Cover for insured GPs or staff up to age 60 or 65.
- Additional features include cover for part-time staff (over 16hrs a week), jury service cover (up to two weeks, with no waiting period applied), compassionate leave (up to one week's benefit), winter sports injuries (some destinations are not covered), voluntary trips abroad (e.g. if injured or ill while undertaking voluntary work abroad) and multiple member discounts.

- Standard exclusions are pregnancy, cosmetic surgery, sterilisation, travelling abroad (outside the EU and some other destinations) and voluntary military service.

**Plus points:** *Ensuring GPs have the right level of IP cover has always been a complex area risking the customer being over or under insured or being unable to claim despite a GP clearly being unable to work. This plan meets GPs' specific needs and extends wider than IP traditionally does. Designed to cover locum costs, with no evidence of financial loss needed in the first three months of a claim. Can include cover for staff, voluntary working abroad, jury service and winter sports.*

**Not so plus points:** *Some cover limitations; the maximum payout is just 12 months; IP cover for GPs remains complex and may be beyond many IFAs' experience. Not all territories abroad are covered.*

**Contact:** 01438 730210 or [www.themiab.co.uk](http://www.themiab.co.uk).

**Rating (max 5):** Innovation: 4.5. Overall: 4.

## Westfield Health Foresight Healthcare Plan

Westfield Health's Foresight plan was first launched in 1999, and has now undergone a thorough review, with the outcome being a raft of benefit enhancements, albeit with a small premium increase on some plans.

The main changes being made are:

- The introduction of a CBT (cognitive behavioural therapy) benefit, which includes face-to-face counselling.
- A new online personal health risk assessment, run by **Roadtohealth**. Results are then aggregated and anonymised and are then available to the employer as an electronic Company Health Report.
- BusinessCare. A 24/7 phone advice service covering legal issues such as employment and health and safety.
- HR helpline. 24/7 access to confidential advice on people management issues.
- The introduction of dental trauma benefit, which pays up to £110 on Level 1 plans (and up to £440 on Level 4).
- On Level 1 plans, the optical benefit has been increased by more than 22% to £55 a year and the therapies benefit by 25% to £150 a year.

Three optional modules can be added to the plan:

- Surgery choices. This benefit covers 60 non-urgent surgical procedures and is underwritten by **Great Lakes Reinsurance**.
- For Kids. This benefit provides health cover for employees' children.
- DoctorLine. This gives 24/7 phone access to a private GP as well as special membership deals at various UK health and fitness clubs.

Level 3 premiums have been increased by the

equivalent of 25p a week per employee, but premiums remain the same for other levels. Westfield points out that premiums for levels 1 and 2 have remained unaltered for more than ten years.

A new fourth benefit level has been introduced and premiums now range from £1 a week for Level 1 cover up to £6 a week for Level 4. Voluntary partner premiums range from £1.40 to £8.40 a week. Premiums are paid by employers, but employees can upgrade their cover by paying an additional premium.

The new benefits come into effect from 1 April and existing plans can be converted to the new benefits from their next anniversary date.

**Plus points:** *Health cash plans now look to align their benefits much more with what employers need for all employees, not just some (as private medical insurance often does) and to meet duty of care requirements. One key benefit of HCPs is that, although not fixed, premiums and benefits tend to remain the same for long periods of time. This revamp adds value for employers in the form of making additional help available to them, while benefit increases and new benefits have only been accompanied by a price rise on Level 3 plans.*

**Not so plus points:** *Level 3 cover is now more expensive; cover ceases on leaving that employment; employee upgrade options and partner cover are available, but not in Guernsey, Alderney or Sark.*

**Contact:** 0845 602 1629 or [www.westfieldhealth.com/foresight](http://www.westfieldhealth.com/foresight).

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

## Budget 2010

Chancellor Alistair Darling held his latest (last?) Budget on Wednesday 24 March. He faced the difficult task of having to balance needing to take action to start paying off the UK's huge debt mountain, with making a strong case to the electorate (many believe that the General Election will be on 6 May) and not frightening the City or the increasingly important rating agencies.

In the event, most pundits viewed it as a lacklustre Budget, with most of the key decisions having already been announced in last year's Pre-Budget Report.

However, the Chancellor did announce that Inheritance Tax (IHT) thresholds will be frozen for four years, which will mean that more estates will become subject to IHT. That in turn should lead to greater demand for whole life insurance solutions.

In the mortgage market, the lower (nil rate) threshold for Stamp Duty Land Tax was 'doubled' to £250,000. However this 'tax holiday' has become something of a yo-yo tax—in 2008 the Government announced first that it would be raised to £175,000 and then to £200,000, a figure that lasted throughout 2009. Then in January 2010 it went back to £125,000 only to be increased again now. But, many first time buyers will be better off and so better able to ensure that their mortgage is fully protected. However, most others will be worse off due to frozen allowances.

Although not part of the Budget Statement, in December the Government announced that most State benefits would be increased by 1.5%, despite inflation then being negative, at -1.4%. However, this apparent windfall has been more than negated by inflation now being double the increase, at 3.0% (see Pages 11 and 16).

## New studies fail to find human retrovirus link to chronic fatigue

New studies seeking to confirm the promising results of a US study that looked for evidence of xenotropic murine leukaemia virus-related virus (XMRV) in patients with chronic fatigue syndrome, have not found the same link described in the US study. *BMJ* 2010; 340: c1099 reports the study's claim that 67% of chronic fatigue sufferers were XMRV carriers, compared to 3.7% of healthy controls. This raised the prospect among sufferers of new treatments. It also addressed their concerns that some in the medical profession doubted the reality of the syndrome or insisted the condition involved mental as well as physical origins.

Most researchers were sceptical, bearing in mind the imprecise boundaries of the syndrome and its definition. Although they did not doubt a viral cause in some patients, the possibility of two thirds of cases being linked to a single risk factor seemed implausible on the basis of what had already been established. Dutch and British studies have failed to find evidence of a new human retrovirus in patients with chronic fatigue syndrome.

There remains the possibility that the XMRV infection is geographically confined to the US or that the virus is infecting an atypical cohort of patients who were from an outbreak at Incline village on the northern shores of Lake Tahoe in the mid-1980s. The results from other US laboratories investigating XMRV and chronic fatigue syndrome are eagerly awaited.

In a separate letter to the *BMJ* (*BMJ* 2010; 340: c1179) chronic fatigue sufferer, Stephanie E. Munn, a consultant dermatologist, says she worked throughout the four years of her condition, receiving cognitive behaviour therapy and graded exercise therapy and the encouragement of her managers to work the hours she could without going off sick. She suggested that "staying at work is one of the most important prognostic factors for patients".

## Aspirin for heart disease prevention reaffirmed by BHS

The **British Hypertension Society** has reaffirmed its recommendation of low dose aspirin to prevent cardiovascular disease events in those for whom the balance of benefit outweighs the risk of harm (usually from gastrointestinal bleeding), *BMJ* 2010; 340: c1183 reported on 2 March.

Until the results of further studies in patients at lower risk and in those with diabetes become available, the society says the evidence is unequivocal that low dose aspirin should be used to prevent a further cardiovascular event in patients who have already had a myocardial infarction or stroke.

However, the results of a large trial of low dose aspirin for adults without clinical cardiovascular disease that began in Scotland in 1998 suggest that 100mg of enteric coated aspirin a day is no more effective than a placebo at preventing serious cardiovascular events such as heart attacks, strokes and revascularisation procedures.

Any prophylactic effect was likely to be small whereas the harms, such as major bleeds, were more obvious. See: *BMJ* 2010; 340: c1347.

**Comment:** Aspirin. Wonder drug or not? The jury's out.

## Sex as a life expectancy tool?

It is well established that sexual activity has health benefits and is linked to living longer and new US research shows that people who are in good health are almost twice as likely to be interested in sex compared to those in poor health. At the age of 30, men have a sexually active life expectancy of nearly 35 years and for women the figure is nearly 31 years. At 55 this figure changes to almost 15 years for men and 10 for women. This gender difference diminishes for people with a spouse or intimate partner and although sexually active life expectancy for men was longer they lost more years of this activity because of poorer health than women.

Researchers suggest that 'sexually active life expectancy estimation is a new life expectancy tool that can be used for projecting public health and patient needs in the arena of sexual health' and that 'projecting the population patterns of later life sexual activity is useful in anticipating the need for public health resources, expertise and medical services'. See: [www.bmj.com/cgi/doi/10.1136/bmj.c810](http://www.bmj.com/cgi/doi/10.1136/bmj.c810).

## Higher hospital volume and specialisation give better outcomes

Surgeons who perform higher volumes of cases have better outcomes as do those with more experience of a procedure. What is less well understood is why patients operated on by lower volume surgeons in high volume hospitals still have better outcomes than those operated on by similar volume surgeons in lower volume hospitals. The effect is thought to result from improved care processes in higher volume hospitals.

A linked study shows hospitals with a specialisation in orthopaedic surgery have better patient outcomes for total joint replacement than do less specialised ones. Further examination of care elements that result in improved outcomes in higher volume or more specialised hospitals could identify ways of transferring improvements from centres of excellence to other hospitals.

See: *BMJ* 2010; 340: c160.

## Malnutrition in hospitals kills

The *Independent* reported on 26 February that 47,800 patients died in NHS hospitals in a state of malnutrition in 2007 and 239 because of malnutrition. However, malnutrition predisposes to disease, delays recovery from illness and increases mortality and so its effect on mortality rates is more substantial than the reported numbers.

## Integrated back care works

A programme of integrated care, directed at both the patient and the workplace, can help people with chronic low back pain to return to work, on average, four months earlier than those receiving usual care, according to a study in *BMJ* on 17 March.

Research was carried out in the Netherlands and Canada on 134 patients aged 18-65 with the condition who had been off work, on average, for almost half a year. Patients were randomly assigned to the two treatments.

## Medical briefs:

- Dr Sethna Saverymuttu has been suspended by the **GMC (General Medical Council)** for 12 months for dishonestly claiming payment for procedures on private patients. This follows a complaint by **Aviva UK Health**, which was supported by evidence from three other PMI insurers. The consultant had continually claimed for a more complex procedure than those he performed, generating higher remuneration than he was entitled to.

- The NHS should close tens of thousands of hospital beds, moving care to people's homes according to *Fewer hospitals, more competition* published by **Reform** on 17 March. See [www.reform.co.uk](http://www.reform.co.uk).

- Carotid endarterectomy is safer than carotid stenting. Research has found that stents were associated with more deaths and strokes and an imaging study has reported more new ischaemic lesions after stenting than after surgery, strengthening the finding still further. See: *BMJ* 2010; 340: c1162.

- **Virgin Healthcare** has bought a 75% stake in the **Assura Group's GPCo**, a group of walk-in medical centres. It is not yet certain if the centres will be re-branded under the Virgin name.

- The working week for US doctors has been getting shorter: a mean of 54.9 hours a week in 1996 compared to a mean of 51.0 hours a week in 2008. Analysts worry that as a result there won't be enough US doctors in the coming decade. See: *BMJ* 2010; 340: c1162.

- Hair dye and smoking both increase the risk of progressive liver disease, *Gut* reported in March.

- Men are twice as likely to develop kidney cancer than women according to research by **Cancer UK** and the **National Cancer Intelligence Network**. The research also show that men are 16% more likely to get any cancer and 40% more likely to die from it than women are. Excluding gender specific cancers, 62% of men are more likely to be diagnosed with cancer and 69% more likely to die from it.

- Chronically unstable blood pressure is a bad sign for those with treated hypertension or a previous transient ischaemic attack according to new research published in *The Lancet* (2010; 375:895-905). It found that those in the top 10th of variability were six times more likely to suffer a stroke than those in the bottom 10th.

- The tide may be turning against using the PSA (prostate specific antigen) test to help detect early prostate cancer, according to an article by Nigel Hawkes in the *BMJ* on 17 March. He cites a *New York Times* article where the

test's discoverer, Dr Richard Ablin described its popularity on the USA as having led to a 'hugely expensive public health disaster'. The US spends \$3bn a year on PSA tests.

- A US study shows that for adults aged 65 and over without dementia, those hospitalised for a non-critical illness had a 40% higher risk of dementia later. Those admitted with a critical illness also had a higher risk of dementia although the result was not significant. The authors said: 'Hospitalization may be a marker for cognitive decline or dementia that has not been diagnosed'. See: *Journal of the American Medical Association* (2010) 303; 763-770.

- Comprehensive information on specialist care for older people can be accessed at the **British Geriatrics Society** website at [www.bgs.org.uk](http://www.bgs.org.uk).

- 17% of cirrhosis in women is due to excess body weight, compared to 42% for alcohol, the *BMJ* reported on 11 March, based on recent **University of Oxford** research using the million women study.

- The Assessment of Mental Capacity Audit Tool (AMCAT) produced by the **Mental Health Foundation** and the **Foundation for People with Learning Disabilities** can assess a patient's mental capacity in 20 minutes, producing a confidential report and advice on how to carry out assessments in the future. See: [www.amcat.org.uk](http://www.amcat.org.uk).

- Two systematic reviews have found little to suggest that vitamin D supplements prevent or delay cardiovascular disease. There are good biological reasons why vitamin D might protect the cardiovascular system and a further big trial should test high dose vitamin D in a diverse population of men and women, looking for the harms as well as the benefits. See: *BMJ* 2010; 340: c1347.

- Research from **Oxford University** predicts that by 2020 eight out of 10 men and almost seven out of 10 women will be overweight. Analysing data from 1993 to 2007, researchers suggests that by 2020, 41% of men aged 25-65 will be obese and 40% will be overweight (figures for women will be 36% and 32% respectively).

- American research shows that people would have to undergo 1,000 to 2,000 backscatter scans at airports before receiving a dose equivalent to a medical chest x-ray. Scans that use millimetre radio wave technology do not use x-rays. See: [www.bmj.com/cgi/doi/10.1136/bmj.c993](http://www.bmj.com/cgi/doi/10.1136/bmj.c993).

- Curcumin, one of the principle components of the Indian spice tumeric, a key element of curry, has been found to delay the liver damage that eventually causes cirrhosis, suggests experimental research in *Gut* in March. We always knew that 14 pints of lager followed by a curry was good for you...

## What is BIBA?

**BIBA**—the **British Insurance Brokers' Association**—is the UK's leading general insurance organisation representing the interests of insurance brokers, intermediaries and their customers.

BIBA was founded in 1977 to represent independent insurance brokers. Following the introduction of the Financial Services Act in 1988, membership was extended to cover IFAs (independent financial advisers), when it became the **British Insurance and Investment Brokers Association (BIIBA)**. In 1994 a sister organisation, the **IFA Association**, was set up to represent their interests and the 'Investment' part of BIIBA was dropped in 1999, and so it became BIBA again.

Today, BIBA membership includes 1,700 regulated firms who, between them, distribute nearly two-thirds of all UK general insurance business. The organisation advises the Government and others on key insurance issues and works with the **CII (Chartered Insurance Institute)** to provide training and qualifications to those working in the industry.

Chief executive is Eric Galbraith and chairman is Patrick Smith (CEO of **Swinton**). BIBA has 13 regions, each with its own regional committee and officers and is headquartered in Bevis Marks in the City of London. Its website is [www.biba.org.uk](http://www.biba.org.uk).

## Employment and unemployment both falling says ONS

Unemployment in the UK fell from 2.457m to 2.449m in the rolling three month period November 2009 to January 2010, according to the latest *Labour Market Statistics*, released by the **ONS** on 17 March. The number of Job-seeker's Allowance claimants fell in February from 1.636m to 1.585m (down 51,000)—both sets of data suggesting that unemployment may be stabilising.

The unemployment rate was 7.8% over the quarter, with the JSA rate being 4.9%.

The number of people employed in November to January was 28.860m. This means that the *e-Protection Review Employment Index* fell from 106.300 to 106.134. This index compares the latest employment figure with the 27.192m figure recorded for the first quarter of 2000, and is a proxy for the growth in size of the main health and protection insurance market since then.

It is interesting to note that the previous month's employment figure was 28.905m so we now have the unusual situation of both employment and unemployment being down over the quarter. To some extent that indicates people dropping out of the jobs market completely.

For example, some ex-students but also some ex-employees are taking up unpaid internships as a route into the jobs market.

There is also a growth in part-time working. ONS says that there were some 1.04m employees and self-employed people working part-time because they could not find a full time job, and that this figure was up by 20,000 on the quarter.

There were 687,000 people unemployed for more than 12 months—up by 61,000 over the quarter. And the inactivity rate (those not working or unemployed) was 21.5%, up 0.4 on the quarter. That translates to a record high of 8.16m, up 149,000 on the quarter.

Pay was up 0.9% on the year before (including bonuses) in the November to January quarter or by 1.4% excluding bonuses.

The ONS announced on 23 March that RPI (Retail Prices Index) annual inflation in February remained at 3.7%, although the Government's preferred index, the CPI (Consumer Prices Index) fell from 3.5% to 3.0%

## Hospital waiting lists continue to rise—now over 630,000

NHS hospital waiting lists in England are continuing to rise, according to the latest statistical press notice, published by **ONS** on 26 February.

At the end of January 2010, there were 632,108 people waiting for hospital admission in England.

This figure was up by 6,959 compared to end December 2009, and by 55,7999 compared to the end of January 2009 when 576,309 people were waiting for admission. For comparison, the figures to end January 2007 and 2008 were 755,038 and 575,714 respectively.

Median waiting times were also up—to 5.0 weeks, compared to 4.9 weeks at end December and from 4.0 weeks at the end of January 2009. Some 67,664 people were waiting more than 13 weeks for admission, compared

to 45,621 at the end of January 2009.

The number of patients waiting more than 13 weeks for a first out-patient appointment was 143 at the end of January 2010, up from 93 the month before. The median wait however fell, from 3.4 to 2.5 weeks.

**Comment:** *NHS hospital waiting lists appear to be on a solid upward trend, yet this has largely been ignored by the national media. It appears that up to 2007 the trend was downwards but that since then hospitals have struggled to maintain those record low figures and are now seeing them regularly rise. Tighter NHS funding in future does not augur well for reducing waiting lists over the medium term, although in the short term waits could well fall again.*

## US health reform bill signed

After 14 months of wrangling, the US Congress finally passed President Obama's \$940bn health Bill on 23 March.

The Bill requires US citizens by law to obtain health insurance. Those who fail to obtain it would face fines of \$695 a year or 2.5% of their income by 2016. And, employers with more than 50 workers which do not offer medical coverage could face fines of \$2,000 per full-time employee.

An estimated 24m Americans will be eligible for tax credits to buy insurance on new insurance exchanges, while a further 16m citizens will qualify for Medicaid.

Health insurers will be prohibited from excluding pre-existing conditions for children and, from 2014, for all Americans. They will also be unable to drop those who become ill. Young people will be able to stay on their parents' policy until they are 26—a move that is long overdue in the UK PMI market too.

From 2014 families with an income over \$250,000 will face an additional 3.8% tax on their investment income and higher taxes on their income to fund Medicaid.

The Republican Party has vowed to fight the legislation and to repeal it when next elected. It is estimated that up to 46.3m Americans had no health insurance in 2008.

## New capital limits for care

On 25 February the **Department of Health (DH)** announced that from 12 April the lower capital limit for those in residential care in England will be increased from £14,000 to £14,250. The higher limit will rise from £23,000 to £23,250 and the weekly personal expenses allowance (PEA) will go up from £21.90 to £22.30. The changes are set out in S.I. 2010/11.

The DH also announced that, from 6 April, local authorities will no longer have powers to seek liable relatives payments under sections 42 and 43 of the National Assistance Act 1948. This gave authorities discretionary powers to ask a person's 'liable relatives' (i.e. spouse or partner) to make payments towards the costs incurred by the State. The DH says these were 'anachronistic'.

The Government's *Personal Care at Home Bill*, which proposes increased local authority funding to those needing care at home was defeated by the House of Lords on 17 March after Tory and Liberal Democrat peers supported amendments to delay implementation until next April. A new White Paper is expected soon but will be too late to be implemented before the General Election.

## Political briefs:

- The Government has proposed moving 294,000 people currently still on Incapacity Benefit (IB) to Employment and Support Allowance (ESA). Most affected will be those former Invalidation Benefit claimants who were given transitional protection in 1995 when IB started who may in future have to pay tax on their ESA entitlement. See [www.ssac.org.uk/pdf/employment\\_and\\_support\\_allowance\\_regs.pdf](http://www.ssac.org.uk/pdf/employment_and_support_allowance_regs.pdf).

- From 1 April NHS-funded (free) Nursing Care will be increased from £106.30 to £108.70 a week. The 'higher rate' payable to those on old top band goes up from £146.30 to £149.60 a week.

- The public do not have a clear idea of how the care system works beyond rejecting what is currently available, according to research by the **IPPR (Institute for Public Policy Research)** and **PricewaterhouseCoopers LLP**. Most people have no idea how they will foot the bill if they or a loved one need care and do not want to face the issue of payment or care needed until they have to, the research also found.

- Reform of care funding is necessary and should be introduced in a staged approach according to *Securing Good Care for More People*, published by the **King's Fund** on 16 March. A revised partnership model (along the lines set out in its 2006 report by Sir Derek Wanless) should be adopted it says, along with reforms to Attendance Allowance, which would release £3bn a year.

- 'Professional' males can expect to live, on average 12.5 years longer than those in the 'unskilled and manual' class, according to *Health Statistics Quarterly 45* in February. For women, the gap was 11.4 years.

- *The Times* reported on 11 March that hospital consultants, GPs, dentists and NHS managers along with senior civil servants, judges and generals would have their pay frozen this year. Junior doctors will receive 1% and nurses will receive 2.3% for the final year of their agreed three year award. MPs will still get a 1.5% rise...

- GPs' incomes fell for the second year in a row in 2007-8. Those GPs on a General Medical Services (GMS) contract received an average of £100,324 before income tax; a fall of more than £3,000 on 2006-7 and £6,000 on 2005-6. GPs on Personal Medical Services (PMS) contracts received an average of £106,072 (£116,527 in 2005-6). Salaried GPs received an average of £55,790 (3.4% increase on 2006-7). Single handed practice GPs averaged £124,185 and those in rural areas, usually dispensing practices, averaged £113,570. The average income for GMS and PMS contract GPs combined was £110,139 in England, £93,366 in Wales, £91,056 in Northern Ireland and £87,371 in Scotland. See: *BMJ* 2010; 340: c1292.

- From 1 April, NHS patients in England get a guaranteed right, through the NHS Constitution, to start treatment by a consultant within 18 weeks of GP referral and to be seen by a specialist within two weeks of urgent GP referral for suspected cancer the DH announced on 8 March. From 1 April 2012, everyone aged 40-74 who is eligible will have the legal right to an NHS health check every five years.

- A report from the think tank, **Civitas**, concludes that eight years after market forces were introduced to the health service that the NHS 'may have found itself in a lose-lose situation – taking on the extra costs of competi-

tion without experiencing the benefits'. Providers remain too powerful, commissioning by primary care trusts is weak, innovation is largely non-existent and the tariff payment system encourages providers to be no more than average. It is 'questionable' whether positive changes since 2002 are due to market forces alone while 'wavering' over the commitment to the idea of a market has stunted the impact it could have had. See: *BMJ* 2010; 340: c1194.

- The DH is trying to recover £22m from foreign nationals who have had NHS treatment in the past two years but have not paid their bills, the *Times* reported on 27 February. Government proposals include requiring visitors to Britain to have health insurance or in future to ban entry for those with unpaid NHS bills or refuse them permission to extend their stay. An immigrant's application to become a British citizen could also be delayed by unpaid NHS bills. Some existing debts may have to be written off.

- In the quarter ending 31 December 2009, some 1.3m decisions to admit (patients to hospital) were made, the DH said on 26 February. This was up 6% (73,000) on the year before. The number of actual admissions rose by 52,000 (4.8%) to 1.1m. GP out-patient referrals rose 6.2% to 4.0m and total attendances increased by 662,000 to 12.4m. The DNA (did not attend) rate fell 0.2% to 8.8%.

- People with rare diseases (those that affect fewer than 5 in every 10,000 people) need better care, chief medical officer Liam Donaldson said in March when announcing his annual report.

- 1 in 7 people in work also have responsibilities as a carer and this will increase as the number of people needing care will nearly double in the next 20 years. On 12 March the DH reported that representatives of business, the Government and charities had backed better support for staff who also cared for an older or disabled person with ideas such as flexible working hours. Six government departments are to sign an agreement with **Employers for Carers** to develop and promote support for carers in the workplace.

- A new fast track compensation system for road traffic accidents victims is expected to come into effect from 30 April. It offers fixed stages and costs with set deadlines to be met by both sets of solicitors according to how many stages the case had to go through before it is settled. It will apply to the vast majority of personal injury claims which are valued at between £1,000 and £10,000. A new industry led online portal will allow solicitors to share information quickly and securely.

- Restricting access to barbecue charcoal could lower the number of suicides as the practice of suicide by carbon monoxide poisoning by burning charcoal in a sealed room begins to occur outside Asia. Apparently, cleaner car exhausts has led some Japanese businessmen to instead burn charcoal in a sealed room as their preferred method of suicide. See: *BMJ* 2010; 340: c1324.

- When he signed the historic health reform Bill, the US President used 22 separate pens to sign his name. As Barack Hussein Obama only has 18 letters, it required some creative penwork by the President to use all the pens, which will now be given to those who helped most in getting the controversial Bill through Congress. Anyone want to buy a second hand Waterman with an interesting history? (Republicans need not apply)...

## ABI new business stats 2009

The **ABI (Association of British Insurers)** has kindly made available to us its new business stats for long term protection insurance for 2009. Overall, despite the very difficult economic situation, the individual market was up by 5.9% in terms of numbers of new policies sold and on the books and up by 0.2% in terms of new annualised premiums (APE—annual premium equivalent).

**Table 1. New business sales, 2005-2009. 000s of contracts**

Product	2005	2006	2007	2008	2009
Whole of life	186	177	203	255	359
Term non-mortgage	665	734	806	<b>842</b>	929
Term mortgage	887	834	771	<b>691</b>	637
Income protection	130	139	118	135	111
Standalone crit illness	59	64	85	<b>30</b>	31
Critical illness rider	465	460	417	392	417
TOTAL	2,392	2,408	2,400	2,345	2,484

Figures in **bold italics** are changed from last year's analysis

**Table 2. New business premiums, 2005-2009. £m APE**

Product	2005	2006	2007	2008	2009
Whole of life	73	70	82	101	100
Term non-mortgage	283	318	306	<b>353</b>	382
Term mortgage	364	349	323	<b>261</b>	236
Income protection	52	50	51	56	51
Standalone crit illness	33	36	42	<b>18</b>	19
Critical illness rider	246	251	228	219	222
TOTAL	1,051	1,074	1,032	1,008	1,010

Figures in **bold italics** are changed from last year's analysis

In terms of individual products, whole of life saw a 40.8% increase in sales, although APE fell marginally. This suggests that most of the business was low premium funeral/over 50s guaranteed acceptance business. Although that may partly reflect higher media spending, it also supports our premise that in times of economic difficulty, many people's natural inclination is towards thinking more about protection rather than less.

If we are right, this suggests that the market has missed an opportunity by not spending more on promoting other forms of protection insurance too. The results also suggest that simple products and easier (or guaranteed) acceptance is also widely desired by consumers.

Mortgage related term plans were down, as expected, due to the state of the underlying mortgage market, but non-mortgage sales were up by 10.3%, with APE up by 8.2%. Again this suggests a strong underlying interest in protection products.

Further proof of that is that critical illness (CI) rider plans were up 6.4%, with APE up 1.4% (as with other products, illustrating both intense price competition, and perhaps lower cover levels too). Standalone CI was little changed from its new, lower, base set in 2008 however.

Income protection (IP) had a poor year, with sales down by 17.8% compared to 2008 (which was up by 14.4% compared to 2007) and APE down by 8.9%. IP now seems to have settled at around £50m APE a year—which is a very disappointing result for what many people believe is the most important protection product for many people.

Table 3 shows new group and single premium plans. These reflect some movement between single premium

(sharply down) and regular premium (up 35.7%) collective life products, although the ABI says that this is not a true reflection of the underlying markets, as there was a redefinition of a large amount of collective life business from single to regular premium.

Regular premium group life was up (by 16.9%), as was group CI (by 33.3%) but group IP was down 5% compared to 2008 and by 17.4% compared to 2007. Long term care single premiums were down by 5.6% and were similar to 2007's figures.

**Table 3. Group new business sales, 2005-2009. £m APE**

Product	2005	2006	2007	2008	2009
Collective life	88	81	63	70	95
Group life	246	179	174	160	187
Group CI	15	12	6	9	12
Group income prot'n	127	119	138	120	114
TOTAL	476	391	381	359	408

Plus, single premium protection products were:

Product	2005	2006	2007	2008	2009
Collective life	1,360	1,182	1,083	904	120
Other	90	75	82	8	15
Long term care	87	93	102	107	101
TOTAL	1,538	1,350	1,266	1,019	236

The ABI reports that across all long term product areas (e.g. including savings, investment and pension plans) monetary sales were down by 9%, which makes individual protection's rise of almost 0.2% a better result than it first appears to be.

Finally, when looking at the year as a whole, IFAs (independent financial advisers) and whole of market intermediaries tended to be the lead distribution channel for all except mortgage term and whole of life sales. However, single ties were very strong on mortgage term sales and had a third or more of most other markets. Non-intermediated whole of life sales were largely direct response funeral/over 50s plan sales.

With the **FSA's (Financial Services Authority's)** retail distribution review due to be implemented after 2012, independent intermediaries of some form or other are likely to remain the major distribution channel for most individual protection products and we could see the market overall expand as some current IFAs look to move out of what they see as an ever more restricted investment market more into protection sales.

**Table 4. Distribution channels by product**

Product	IFA	Single	Non	Banc
Whole of life	29.0	33.0	38.0	23.0
Term non-mortgage	63.6	33.0	3.4	25.4
Term mortgage	43.6	46.2	10.2	38.6
Income protection	52.9	43.1	2.0	25.5
Standalone crit illness	84.2	15.8	0	0
Critical illness rider	58.9	40.4	0.7	23.9

Key: IFA: IFAs and whole of market intermediaries. Single: single tie. Non: non-intermediated sales. Banc: bancassurance. Note: the first three will add up to 100% (allowing for roundings) but as bancassurance can be a single tie or an IFA or WoM, that figure is shown as percentage of the total and is not comparable with the other figures.

Tables 5 and 6 show sales for the fourth quarter of 2009 compared to Q4 of 2008 (Table 5) and compared to Q3 of 2009 (Table 6).

**Table 5. New business premiums, Q4 2008 vs Q4 2009.**

Product	Sales 000s		APE £m	
	2008	2009	2008	2009
Whole of life	76	60	24	24
Term non-mortgage	<b>217</b>	239	<b>90</b>	97
Term mortgage	<b>160</b>	163	<b>58</b>	61
Income protection	31	24	13	11
Standalone crit illness	<b>9</b>	8	<b>5</b>	5
Critical illness rider	97	111	53	59
TOTAL	590	605	243	257

Figures in **bold italics** are changed from last year's analysis

**Table 6. New business premiums, Q3 2009 vs Q4 2009.**

Product	Sales 000s		APE £m	
	Q3	Q4	Q3	Q4
Whole of life	80	60	24	24
Term non-mortgage	240	239	98	97
Term mortgage	171	163	63	61
Income protection	25	24	13	11
Standalone crit illness	10	8	5	5
Critical illness rider	111	111	60	59
TOTAL	637	605	263	257

Figures in **bold italics** are changed from last quarter.

Compared to the third quarter, sales were down 32,000 or 5%, while APE was down £6m or by 2.3%.

Almost half the sales drop came from whole life policies (down 20,000), with all other products either flat or down slightly too. These falls were somewhat reflected in APE too, the quarter being lacklustre all round.

Relative to the fourth quarter of 2008, the figures look better—sales were up 15,000 or 2.5%, while APE was up by 5.8%. Again, whole life was a big loser, down 21.1%, but IP sales were even worse, having fallen 22.6%. Balancing that, non-mortgage term sales were up 10.1%, while CI rider plans were up 14.4%.

The e-Protection Review Protection Sales Index now stands at 97.3. This compares the latest quarter's 605,000 sales with the 622,000 in quarter one of 2000. In other words, individual protection sales in Q4 of 2009 were down 2.7% compared to Q1 of 2000, despite population growth and higher disposable incomes.

Finally, Table 7 shows group sales:

**Table 7. Group protection sales, new premiums £m**

Product	Q4 2008	Q3 2009	Q4 2009
Group life	36	50	55
Group critical illness	2	4	4
Group IP	22	32	27

This indicates that group life is continuing to grow, group CI may have stalled and that group IP is down from Q3 but still up on Q4 of 2008.

Overall, protection insurers will want to move on quickly from 2009. To do so, we believe that they will need to develop simpler cost-effective solutions to people's needs, backed up by more effective use of technology to make the buying experience simpler and faster for both intermediaries and for their clients.

## Paying for long term care

*With long term care funding now a hot political issue and with a General Election pending (on May 6?) Christopher Cain, executive chairman at Grace Consulting puts forward his hope for how the issue may be resolved.*

With an election almost upon us, our politicians are under pressure to respond to the numerous reports, in particular the Green Paper of 2009, which call for better standards of long term care and wider patient choice. It would be hard to disagree with the need for improvement. We have an ageing population, with many people living longer than ever before, but often with several years of poor health.

Standards in long term care are not always good. Recently there have been numerous reports of poor care in hospitals, unsatisfactory standards of care in nursing homes and a shortage of carers to provide sufficient levels of care at home.

There should be common agreement that we must do better than this. However, when it comes to finding the money to fund the needs of our aging population there is neither agreement nor a realistic answer, especially nothing that will sell well to voters who can expect nothing but swingeing taxation for years to come.

Before attempting to forecast how much money must be raised by a mix of taxation and insurance, shouldn't we first stand back and take a clear look at two critical factors - funding and lifestyle choice:

Adequate funding for care should be accumulated over a long period, with contributions throughout peoples' working lives. Otherwise, with an ageing population, the burden falls on too few working people to pay for the growing number of pensioners who need care, often for many years.

We should not be too quick to pile more money into a system which falls far short of providing the kind of lifestyle in retirement which best promotes the opportunity for healthier and happier living.

Most political decisions are drawn up on party lines. Elections are not won by too much accord. But isn't care for the elderly one subject where we would be delighted to find politicians in general agreement, with a long term plan for 10, 20 even 30 years ahead? Who would argue against first concentrating on the development of special housing, better community support and spirit, and new projects for older people to work as carers? These are just some of the ways to improve the provision of care, reduce emergency hospital admissions, help people live longer, more independent and purposeful lives, and at a more manageable cost for government.

Those who cannot afford care are already funded. Others with above £23k (including the value of any property), have to pay in full. There are some allowances, for example a contribution for nursing of a little over £100 per week, but private funders are often charged more than those funded by the state, and in many cases opt to pay even higher rates for more comfortable surroundings. Let's be sure too that we all understand that when 'free care' is discussed it is care at the State funded level.

The steps worth considering are these:

- Agree immediate steps to improve standards and controls. Look again at what people really want. Do not

assume that people prefer to stay alone at home for their high-need care. Encourage the next generation of retirees towards more self-help and provide better facilities for them to do this. Make this a 20 year plan.

- Introduce taxation which would contribute to care for all at the state funded level starting in 20 years time.
- Encourage optional private insurance to pay for higher levels of care. To be cost effective such policies would in any case require about 20 years of premium income.
- As income from taxation grows, start to phase in a contribution to care costs for self-funders. For example, up to £50k of assets could qualify for 100% funding, £100,000 for 50% and £200,000 for £25%.
- Make it clear that for at least five years, and probably for ten, there would be only gradual change to funding, and any extra money would be allocated to improving standards.

Let's be realistic. The demand for long term care will continue to grow for years to come. The costs associated with long term care are significant and the detail of long term care packages is important. Let's hope all parties can work together to produce a practical and affordable solution to this vital care need.

**Christopher Cain, Executive Chairman, Grace Consulting.** [www.grace-care.co.uk](http://www.grace-care.co.uk)

## People news

- **Aegon UK.** Adrian Grace has been appointed chief operating officer, life and pensions. Iain Black has been appointed chief operating officer, distribution in its Distribution business, which comprises IFAs **Origen** and **Positive Solutions**. Patrick Gale has been appointed chairman of the Distribution Board.
- **ALC Health.** Tash Pearce has been promoted to head of operations
- **British Insurance.** MD Simon Burgess has left to provide unemployment insurance in the USA. He is replaced as MD by Nel Mooy.
- **Friends Provident.** MD Simon Clamp, 51, sadly passed away after a short illness on 12 March. He joined

the industry 28 years ago, working for **Scottish Life** and **Aegon Scottish Equitable** before joining FP in 2002 and becoming its MD in 2005. Our thoughts are with Simon's family and many friends at this time.

- **InterGlobal.** Nicola Morris has been appointed business development manager. She was previously at **PPC Worldwide**.
- **LV=.** Richard Rowney has been appointed MD of its life and pensions business. Previous MD Rodney Cook moves to **Just Retirement** in July.
- **National Patient Safety Agency.** Current Government chief medical officer (CMO) Sir Liam Donaldson has been appointed chairman. He will take up his new post in July after 12 years as CMO.
- **UK Rehabilitation Council.** Aviva UK **Health's** clinical development manager Mark Sharpe has been appointed to UKRC's board.

## e-Protection Review T&C

Our regular training and competence (T&C) section consists of five questions that test your knowledge of what is happening in the health and protection insurance world. Each question is covered somewhere in this issue of e-PR.

All you have to do is answer the questions, check your answers against the newsletter (or log on to and see the Forum section at [www.protectionreview.co.uk](http://www.protectionreview.co.uk)) and then record your answers. Over time you build up additional evidence of your training and competence. This issue's questions are:

1. By how much will most State benefits go up by in April 2010? a) 1.5% b) 3.0% or c) they will not go up.
2. What is the new name for HealthCare Insurance Report, and which company publishes it?
3. How much could it cost to bring up a child from birth to age 21 according to LV= research? a) £100,000 b) £200,000 or c) £300,000.
4. In terms of new individual long term protection insurance policies sold, how did 2009 compare with 2008 according to ABI statistics?
5. Which State benefit replaced Incapacity Benefit for new claimants from October 2008?

## Subscribing to e-Protection Review

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To subscribe, or for information on sponsorship opportunities, please contact Andy Couchman at Protection Review Limited, Bank House, Great Rissington, Cheltenham, Gloucestershire, GL54 2LP. Or phone 01451 821982, fax 01451 821972 or e-mail [andy@andycouchman.com](mailto:andy@andycouchman.com). Or contact Peter Le Beau on 07799 074020 or [peter@lebeauvisage.co.uk](mailto:peter@lebeauvisage.co.uk). Or contact Kevin Carr on 07887 838811 or [kevin@kevincarrconsulting.co.uk](mailto:kevin@kevincarrconsulting.co.uk).

## 2010/11 State benefit rates

New State benefit rates were announced by the **Department for Work and Pensions** on 14 December 2009.

They come into effect from the first benefit week after the beginning of the new fiscal year on 6 April. This year, that is week commencing 12 April. Despite inflation (RPI) being at -1.4% at the time, key benefits for disabled people, carers and parents were raised by 1.5%.

### Attendance Allowance (age 65+)

Higher rate	£71.40
Lower rate	£47.80

**Carer's Allowance (was Invalid Care Allowance)** £53.90  
Only paid if carer earns no more than £95 a week.

### Disability Living Allowance Care component

Highest rate	£71.40
Middle rate	£47.80
Lower rate	£18.95

### Mobility component

Higher rate	£49.85
Lower rate	£18.95

### Employment and Support Allowance

ESA replaced Incapacity Benefit for all new claimants from 27 October 2008.

During the first 13 weeks (assessment phase)

Single person aged under 25 gets up to	£51.85
Single person aged 25 or over gets up to	£65.45

Then, during the main phase (14 weeks onward) claimants in the Work-related Activity group get:

Single person aged under 25 gets up to	£77.80
Single person aged 25 or over gets up to	£91.40

While those in the Support group get:

Single person aged under 25 gets up to	£83.25
Single person aged 25 or over gets up to	£96.85

Additional weekly premiums are paid to pensioners, lone parents, couples, those with an enhanced or severe disability and carers.

**Incapacity Benefit (IB)** Now replaced by ESA for all new claimants

### Short term (under State pension age)

Higher rate	£81.60
Lower rate	£68.95

### Short term (over State pension age)

Higher rate	£91.40
Lower rate	£87.75

### Long term

Increase in long term benefit if under 35	£15.00
Increase in long term benefit if aged 35-44	£5.80

### Industrial Injuries Disablement Pension

100% assessment and age 18+	£145.80
20% assessment and age 18+	£29.16
Other rates (10% increments) are broadly pro-rata.	
Maximum life gratuity (lump sum)	£9,680

### Jobseeker's Allowance

Flat rate (min 2yrs NICs paid): age 25 or over	£65.45
Age 18-24	£51.85
Lone parent under age 18	£51.85
Alternatively, income based JSA pays the same weekly sum (also for up to six months), but in addition pays weekly premiums based on situation and dependents.	

### Statutory Sick Pay

Earnings must be £97 a week or more.	£79.15
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### Bereavement Benefit

Bereavement Payment (lump sum)	£2,000
Widowed Parent's Allowance	£97.65
Bereavement Allowance standard rate from age 55, payable up to 12 months	£97.65

Lower rates of Bereavement Allowance are payable at younger ages but not below age 45.

The weekly benefit at age 45 is £29.30.

### Pension credit (replaced minimum income guarantee)

This has been increased by £2.60 a week and ensures that the poorest single pensioners get a minimum of £132.60 a week. Couples get £202.40 a week—up by £3.95.

Source (all): [www.dwp.gov.uk/docs/benefitrates2010.pdf](http://www.dwp.gov.uk/docs/benefitrates2010.pdf), 14 December 2009.

**Comment:** People who cannot work are protected by the State safety net, but the benefits are not generous.

This year, most benefits are up by 1.5% (although some have not increased at all) but, since the new rates were set, deflation has been replaced by (relatively) high inflation, so most claimants will be worse off than they were a year ago.

In addition to the benefits shown, claimants may be eligible for other State help too, but much of this is means tested—taking into account savings as well as income.

## Protection Review: financial services consultancy and communications solutions

We provide bespoke marketing and strategic consultancy and communications services to firms across health and protection insurance, led by three of the best-known names in the industry. Our expertise, knowledge and contacts enable us to help clients maximize their potential in a fast and cost-effective way.

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