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# Protecting you and your family's finances

## Top reasons people gave for not taking out protection

There are many things to consider when looking to protect you and your family. It may not be the most exciting of subjects, but it answers one of our most basic desires – to keep safe all that we hold dear.

The State of the Protection Nation report<sup>[1]</sup> reveals that the top reason people gave for not taking out protection was that they think premiums are too expensive (69%). They also believe they won't get ill and they don't need insurance. Despite this, many people want to protect their lifestyle and loved ones from the financial impact of dying or becoming seriously ill.

### SERIOUS HEALTH CONDITION OR ILLNESS

Nearly half of the people surveyed (46%) felt they were unlikely to go on sick leave for three months or more, 44% thought they were unlikely to have an accident that meant they were unable to work, and a third (34%) felt it was unlikely they would contract a serious health condition or illness. Research<sup>[2]</sup> shows that the chance of being off work for two months or more before age 65 is 26% for males and 37% for females.

Even if illness struck, nearly half (43%) felt they could manage for a year if they were unable to work due to serious illness or injury, 55% said they would manage for six months, and 71% would manage for three months. Yet the reality is that only two in five could survive financially for more than six months if they were unable to work.

### INERTIA PLAYS A PART IN PEOPLE'S DECISION

Despite only a small percentage of consumers saying they had life insurance (3%), critical illness cover (3%) and income protection (5%) through their employer, the majority of people felt they didn't need income protection (58%), critical illness cover (47%) and life insurance (34%).

The results revealed inertia plays a part in people's decision not to buy, as 20% of full-time working people recognise they need income protection but don't have a policy. Over a third (38%) of people working full-time feel they

don't need income protection, but just 8% said they didn't need it because they had cover with their employer.

### LACK OF COVER IN LINE WITH PEOPLE'S NEEDS

The figures show that 58% of people with a mortgage have life cover in place if the home owner dies, leaving 42% unprotected. But worryingly, 71% of people with a mortgage would have no protection in place if they were diagnosed with a critical illness, and 81% of mortgage owners have no income protection in place. The reason this is concerning is that people are far more likely to be diagnosed with a critical illness or have an injury that stops them working than to die before retirement age, so more people should consider critical illness or income protection.

A quarter (25%) of people who don't own any life insurance, critical illness cover or income protection said they were confident that this lack of cover was in line with their needs. This figure doesn't get much better when we look at those in full-time employment (30 hours a week or more), with 27% saying they were confident.

#### Source data:

[1] Royal London's 'State of the Protection Nation' report conducted by Opinium. 2,005 UK adults aged 18+ were surveyed from 9–12 January 2018. Results have been weighted to nationally representative criteria.

[2] Source: Pacific Life Re, March 2018. These figures have been produced based on their interpretation of the Institute and Faculty of Actuaries' Continuous Mortality Investigation insured lives incidence rates together with their estimate view of future trends. Incidence rates for the entire population may be different to those lives that take out insurance products.

## LIFE HAPPENS – LET'S TAKE CARE OF IT

We believe that receiving professional financial advice is vitally important. Life turns out a little differently for everyone, so the amount and type of protection cover you may need depends on your personal circumstances. Please contact us to review your situation.

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