

Financial support for your dependants

Over half of UK adults have no life insurance, leaving many families vulnerable

We can't predict the future, which makes it all the more important we're prepared for whatever life may throw at us. In the event that the worst happens to you life insurance could help support your dependants, giving you peace of mind that they'll be financially protected when you're gone.

A range of benefits

Life insurance could provide a range of benefits should the worst happen to you, enabling you to pay off your mortgage; ensure your family is financially protected, to cover the cost of school or university fees and still being able to pay for childcare costs.

Research from Scottish Widows shows that an estimated 28 million¹ of the UK population do not have any life insurance in place, leaving their loved ones vulnerable to financial insecurity if something were to happen to them.

- 56 per cent of adults in the UK don't have any life insurance in place to secure the financial wellbeing of their loved ones
- More UK adults insure their pets (15 per cent) and mobile phones (13 per cent) than they do their income in case of ill health (12 per cent)
- One-fifth of the population would consider cutting back on critical illness cover (21 per cent) and life insurance (20 per cent) compared to just 15 per cent prepared to cut back on broadband access
- Over half the population (54 per cent) say they review their finances regularly, yet uptake of protection products remains low

Many continue to shun protection products

The third Scottish Widows Consumer Protection Report, which details research carried out on 5,148 UK Adults², shows that many are continuing to shun protection products including life insurance, critical illness cover and income protection.

Although over half of the UK population (54 per cent) admit to reviewing their finances once or twice a year and awareness of protection is high, the reality is that the take up of these products remains exceptionally low.

Awareness remains high

From those surveyed, 97 per cent were aware of life insurance and the importance of having it, however only 44 per cent had cover. Similarly, when it comes to critical illness cover the awareness remains high (86 per cent).

However the percent of respondents who have actually taken out a product is worryingly low at just 12 per cent. The same goes for income protection insurance where the awareness is 83 per cent, with take up at just 7 per cent.

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The research also shows that almost a quarter of the UK population (23 per cent) say they believe they cannot afford life insurance and when it comes to critical illness cover 26 per cent state this as their primary barrier to not taking it out.

Luxury vs. necessity

A worrying trend is that many material goods (e.g. internet broadband) are seen as 'essential', whereas insuring income in case of illness is seen as a 'luxury'. 69 per cent of respondents said their broadband was essential to their day to day living and 55 per cent stated their mobile phone.

In contrast just 35 per cent said ensuring their financial security if they were unable to work was essential. Just 15 per cent of respondents said they would consider cutting back on broadband internet access, whilst a fifth said they would be prepared to cut back on critical illness and life insurance.

Coping strategies should the worst happen

The research shows that when faced with the prospect of the loss of their or their partner's income, over two-fifths (44 per cent) of respondents would make cuts on their general expenditure and 43 per cent said they would delve into their savings. This is a worrying statistic, given that 58 per cent of people surveyed have less than £2,500 in savings, don't have any at all or don't know how much they have. This would not go far if you consider that the average monthly mortgage (Interest and Capital repayment) in the UK for new borrowers currently stands at £577 a month.

PLEASE CONTACT US TO REVIEW YOUR CURRENT REQUIREMENTS.

Source data

1 General population over 18 in mid 2010 = 49,212,000 according to GAD <http://www.gad.gov.uk/Demography%20Data/Population/2006/uk/wuk06singyear.xls> (F27 to F104). Calculation = 56 per cent of 49,212,000

2 The survey was carried out online by YouGov who interviewed a total of 5,148 UK adults between 23rd and 28th February 2011. The figures have been weighted and are representative of all UK adults (aged 18+)

3 Halifax and the Bank of England average monthly mortgage payment for a new borrower (Interest and Capital repayment, February 2011)

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