

# The need for protection!



Your clients may have protected their mortgage in the event of death, but if they were to become critically ill or to die, how would the continuing monthly outgoings be met. For example:

	Expenses	
Income <b>£2,550</b> per month	Mortgage	£500
	Council Tax	£150
	Utilities	£100
	Childcare	£530
	Telephone and mobile	£80
	Car expenses / public transport	£390
	Food	£350
	Insurance	£60
	Holidays / entertainment / activities	£260
	Television license / subscription	£70
		Outgoings <b>£2,490</b> per month

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# Did you know?



Legal & General have conducted a survey and have found increasing misery for most as inflation eats away at earnings and the ability to meet monthly bills. It is often harder to encourage clients to add another outgoing in times of financial difficulty – but it is now when having protection in place could bring the most peace of mind.

**●** Nearly 5.3 million people are now being forced to spend more than they earn. This is an 8% increase in only 2 years.

**○** The impact of the credit crunch is clearly visible across the country. The population are spending more than they earn, with huge increases across the country:

The North:	82%	↑
East Anglia:	51%	↑
The North West:	47%	↑
West Midlands:	20%	↑
London:	8%	↑

**●** Looking at age groups, four out of the six age bands questioned saw an increase in numbers living beyond their means:

Over 65 age group:	24%	↑
55-64 age group:	7%	↑
35-44 age group:	18%	↑
25-34 age group:	16%	↑

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## Case study Father, 35, level term assurance payout £142,000



James and Elisabeth Brown\*, both aged 32, had been married for 1 year when Elisabeth fell pregnant. They were thrilled to be starting their family together. Although James was earning good money as an Engineer and could financially support their family, Elisabeth was determined she would retain her independence and return to work after the baby was born.

Being a pragmatist, Elisabeth's pregnancy had prompted James to see his financial adviser and have a full financial review. Their adviser recommended a Level Term Assurance Plan which included Terminal Illness Cover. The amount of cover was £142,000 and the monthly premium included a cost for Waiver of Premiums. Having this protection in place gave them peace of mind.

Shortly after baby Michael was born James began to feel shortness of breath and had a persistent cough. By 2008 James had been diagnosed with lung disease. Although he was only 35, the years of smoking had taken their toll.

Elisabeth and baby Michael were by his side when James died. Nothing could ever make up for the loss of the most important man in their lives. The payment of £142,000 in life assurance allowed Elisabeth to continue paying the bills and purchase a small flat in which she continued to raise her son.

Without this money Elisabeth would have had to move back in with her parents and been reliant on the state to pay for food and bills. This money gave her the financial freedom and independence she would have known if James had survived.

\* Names have been changed to protect their identity.

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## Case study **Housewife, 54, critical illness payout £81,000**



In July 2007, Mr and Mrs Johnson\* were having a regular financial review to discuss their existing cover and future financial planning. During the conversation, it came to light that around two years earlier, Mrs Johnson had developed breast cancer\*\*.

The adviser pointed out that they had an existing life policy with critical illness cover with Legal & General, and asked why they had not made a claim on the plan. Mr Johnson said that at the time he was so concerned about his wife's condition that he forgot that they had the plan.

After the meeting, the adviser phoned Legal & General to discuss the validity of making a claim. He was told that the plan was still in force and that the premiums were paid up to date. He was then told to ask the client to phone the claims line.

On the 26 July 2007, Mr and Mrs Johnson phoned Legal & General to make a claim. Within 3 months, their claim was accepted following receipt of the medical records on the 2 October 2007, and the next day, Mr and Mrs Johnson were paid £81,000.

\* Names have been changed to protect their identity.

\*\*As with all critical illness cover products, our policies do not cover all forms of cancer particularly those that are non-invasive and those diagnosed early, for example skin cancer. The full list of critical illnesses covered and their definitions are given in Legal & General's guide to critical illness cover.

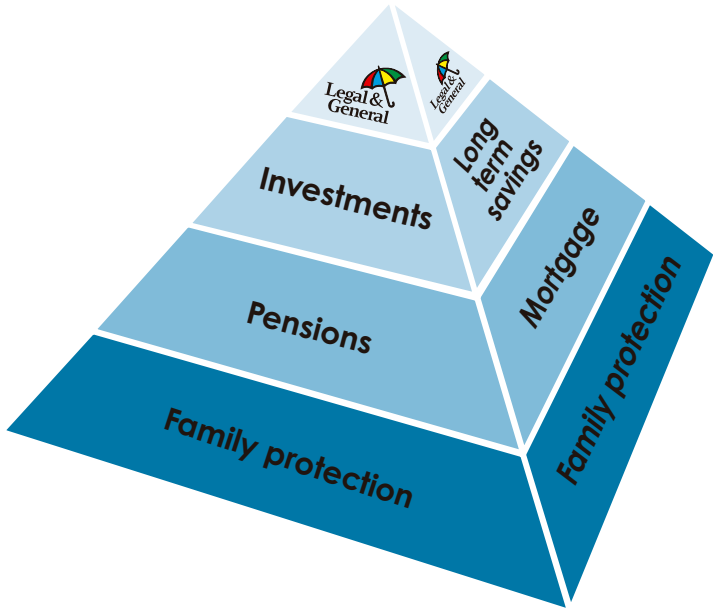
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# Sales tips – the financial planning pyramid



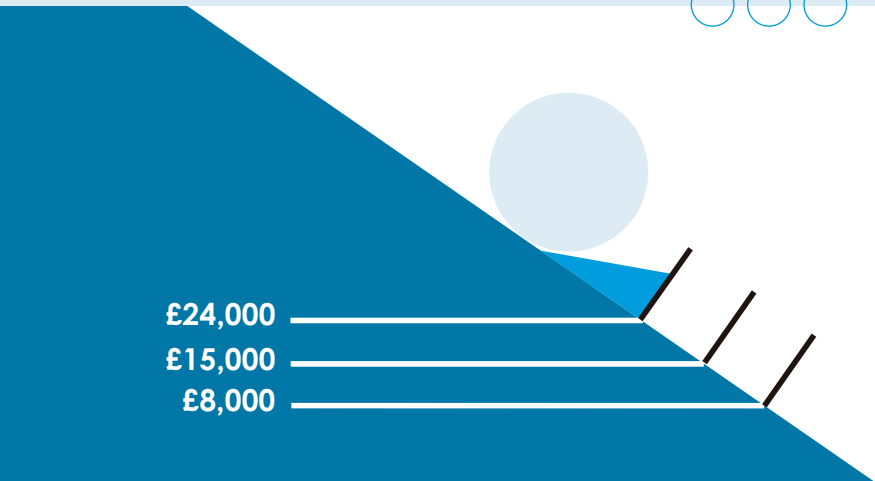
You need to consider the financial planning pyramid. Thinking firstly about your client's protection needs. This is the basis of all good financial planning.



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# Sales tips – the rolling ball



Let us assume that this slope represents possible annual income for your client's family. The ball is resting on the slope, kept up by a peg, which represents their current earnings. At present this peg is on the £24,000 mark.

Let's assume that if your client were to get a critical illness or lose their life, this peg is removed. How far down will the ball roll before it comes to rest against the peg, which represents the income from their present protection policies?

How far down could they afford to let the ball drop before it starts to impact on their family's current standard of living?

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# Selling yourself



Your client needs to appreciate what role you perform as an adviser. They need to understand the benefit of your professional advice. The bigger belief they have in you, the stronger belief they will have in your recommendation.

## **It is essential you sell yourself as a:**

- Qualified professional.
- Adviser that will carry out a fact-find to identify fully your client needs to help protect themselves, their family and their home.
- Adviser that will advise and recommend how to address these needs.

It is important you sell the benefits of the cover to the client so they understand what they have and the importance of it.

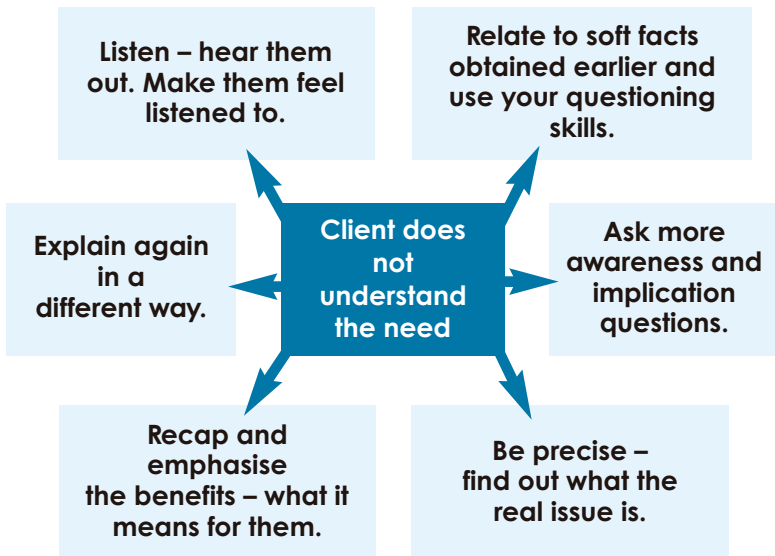
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# How to handle an objection



An example of a common objection and how to handle it:



Handle objection and then obtain agreement to proceed...

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# Family protection products



## Term Assurance Plan

**What it does:** the plan aims to pay a lump sum amount if during the period of cover, your client dies or becomes eligible for terminal illness cover.

**Minimum premium:** £6 per month or £60 per annum.

**Age limits:** 17.5nb\* – 78nb\* (maximum expiry age is 80nb\*).

**Maximum sum assured:** over £5,000,000 – subject to reinsurance.

**Contact Length:** 1yrs – 40yrs.

**Features:** guaranteed insurability option, waiver of payment, single or joint life policies, indexation / inflation proofing.

## Whole of Life Protection Plan

**What it does:** the plan pays out a lump sum in the event of death providing cover for the whole of your clients' life.

**Minimum premium:** £6 per month or £60 per annum

**Age limits:** 17nb\* – 85nb\*

**Maximum sum assured:** £5,000,000 level and £1,000,000 indexed

**Contact length:** no minimum or maximum term

**Features:** guaranteed insurability option, waiver of payment, single or joint life policies.

## Critical Illness Cover

**What it does:** the plan aims to pay a lump sum upon diagnosis of one of the specified critical illnesses if your client is eligible to claim, or on death, whichever occurs first during the period of cover.

**Minimum premium:** £6 per month or £60 per annum (reviewable).

**Age limits:** 17.5nb\* – 60nb\* (Maximum expiry age is 65nb\*)

Maximum sum assured: £1,000,000.

**Contact Length:** 5yrs – 40yrs

**Features:** guaranteed insurability option, children's CIC, life cover, waiver of payment, single or joint.

\* next birthday

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# Family protection products



## Family and Personal Income Plan

**What it does:** the plan aims to pay a monthly amount if during the period of cover, your client dies or becomes eligible for terminal illness cover or (if chosen) critical illness cover.

**Minimum premium:** £6 per month or £60 per annum

**Age limits:** (FPIP Term Assurance) 17.5nb\* – 65nb\* (maximum age at expiry is 70nb\*)

**Age limits** (FPIP Term Assurance + CIC): 17.5nb – 60nb\* (maximum age at expiry is 65nb\*)

**Age limits** (FPIP CIC): 17.5nb – 60nb\* (maximum age at expiry is 65nb\*)

**Maximum sum assured Term Assurance:** £350,000pm

**Maximum sum assured Term Assurance + CIC:** £4,000pm

**Maximum sum assured FPIP CIC:** £4,000pm

**Contact Length:** 5yrs – 40yrs

**Features:** guaranteed insurability option, terminal illness cover, waiver of payment, indexation / inflation proofing, single or joint life policies.

## Income Protection Benefit

**What it does:** the plan aims to pay out a monthly benefit due to incapacity caused by illness, accident or unemployment (if this option is selected) if your client is unable to work resulting in a loss of earnings.

**Maximum sum assured:** (IPB) £10,000 pm

**Minimum premium:** £10 per month or £100 per annum

**Age limits:** 18nb\* – 60nb\* (maximum age at expiry is 65)

**Contact Length:** 5yrs – 47yrs

**Features:** guaranteed insurability option, waiver of payment benefit, hospitalisation of benefit, continuous cover, proportionate benefit, linked claims, stepped benefits, indexation, permanent and total incapacity benefit, low cost option.

\* next birthday

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# Why should your client choose Legal & General?



## Claims

Legal & General are a multi award winning company, we treat clients fairly, we deliver promptly on our promises and we pay 100% of valid claims.

In 2008 Legal & General paid 98.1% of Death Claims and 92.8% of all critical illness claims. We are proud of the fact that in 2008 we paid out a high percentage of claims and that we are the UK's number 1 Term Assurance and Critical Illness provider\*!

### Death claims

Year	Amount paid	% of claims paid
2008	£215 million	98.1%
2007	£179 million	96.3%
2006	£165 million	96.6%
2005	£163.8 million	96.4%

### Critical illness claims

Year	Amount paid	% of claims paid
2008	£146 million	92.8% (up 4.6%)
2007	£110.1 million	88.2% (up 5.8%)
2006	£92.1 million	83.3% (up 4.9%)
2005	£83 million	79.4%

Source: Legal & General Claims Department, 2009.

\* Swiss Re Term & Health Watch 2009 Report based on new individual term assurance sales and critical illness sales in 2008

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# Claims service



Legal & General aim to manage all of our claims with compassion and competence and to ensure we are able to do this our claims staff are trained by the Samaritans in communicating with bereaved family members.

We also have a confidential 24 hour help and advice service for our clients and their families. This service is provided by an independent company Capita Assistance and can help your clients by providing:

- Practical advice
- Sympathetic counselling
- Details of self-help groups
- Medical and health care advice
- Details of specialists and hospital waiting lists
- Information on social services and
- A stress helpline

**Its important your client tells us everything we ask them in the application form. It's also important that the information is true, accurate and complete.**

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