

Critical illness sales hold up despite plummeting mortgages

Defaqto's new guide to Critical Illness published today reports that despite declining mortgage sales, critical illness sales have not suffered as much as expected. The two have historically been interlinked but in 2009 gross mortgage lending fell from £362,632 million in 2007 to £143,506 million¹. Mortgage related critical illness sales fell by 19.5% but total critical illness sales by only 4.7%².

Ben Heffer, Insight Analyst at Defaqto and author of the new guide, said: "Protection policies are 'sold' not 'bought' and protection advisers have simply had to work harder for their sales. Advisers have had to increase their sales efforts to counter the difficult conditions caused by the recession and householders' desire to rein in spending.

"As the UK emerges from recession, protection advice remains as important as ever but critical illness is a complicated product and advisers have to work harder to communicate the positives – the long term value and benefits, the improving claims statistics and the new product innovations such as the provision of health and wellbeing services.

"We are also seeing new phenomenon – such as 'condition inflation' which has resulted in an increasing numbers of critical illnesses being added to policies, over and above those conditions responsible for the vast majority of claims. This does add further complexity but advisers should not overlook that the policy with the greatest number of conditions may not really represent the best value for their client. The value of a critical illness policy is invested in the quality of the definitions and not simply in the number of conditions covered."

Defaqto's first critical illness guide, to be published on 9th March, explores the real value that each individual critical condition adds to a critical illness policy with a view to helping Independent Financial Advisers (IFAs) sell on the basis of the quality of the cover rather than the number of critical conditions.

The [critical illness guide](#), which can be downloaded at www.Defaqto.com explores:-

- the market background and indicators for critical illness;
- the challenges presented by the Association of British Insurers' next statement of best practice;
- the real value that each individual condition adds to the policy;
- an analysis of the critical illness products available on the market.

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¹ Source: Council of Mortgage Lenders

² Source: Swiss RE

Notes to Editors:

Ben Heffer is an Insight Analyst for Life and Protection

Ben graduated from Leeds University in 1984 and, after a spell in the civil service, entered the financial services industry working first for Bradford & Bingley Building Society and then at Countrywide Independent Advisers as a pensions researcher. In April 1994, Ben helped to establish the new company and the launch of the very first release of Aequos. Initially a pension specialist, in the course of his career with Defaqto, Ben has at various times been involved with annuities, investments, statistics, general database management and, latterly, the Defaqto Service Project. He now works in the Insight team with special responsibility for the life and protection brief.

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About Defaqto: www.defaqto.com

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Since 1994, Defaqto has built the largest, whole of market, financial product database and become one of the leading providers of financial product data in the UK. We now cover over 30,000 products across banking, life, pensions, investments and general insurance.

Our experts validate and analyse the data to provide insight and consultancy to all layers of the financial services sector including IFAs, mortgage and general insurance brokers, providers, web aggregators and the public sector.

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Our Star Ratings reflect the quality of a financial product and help to identify the range of features and benefits in each one. We review and assess every financial product across various categories and award a Star Rating from 1 to 5. The ratings are aimed at helping consumers and advisers decide which product suits their specific needs. Providers also use the ratings to ensure they offer products to meet differing consumer demands.

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