

One-third of new debts do not have life cover

A report by independent financial research company Defaqto has found that almost one-third of new debts do not have life cover associated with them. In 2009, the Association of British Insurers (ABI) recorded 636,973 new mortgage-related life assurance policies written, but the Council of Mortgage Lenders recorded 925,000 new mortgage advances.

Ben Heffer, author of the report and Defaqto's Insight Analyst for Protection, said: "In some cases, there may be prevailing individual circumstances that dispense with the need for life cover. However, the figures suggest that there are many people taking on debt whose loved ones would have no means of paying it off for them if the worst happened. The protection gap does not just apply to life cover but is also a real problem when you look at income replacement products, with so little income protection being sold."

On the back of rising unemployment, this is a key time for consumers to consider making their own provisions against sickness, critical illness, medical expenses and loss of income. Chastened by the experience of carrying too much unserviceable debt, consumers are reducing their household expenditure, and as a result of lower inflation and having less personal debt to service, those in employment now have more disposable income, thus presenting the industry with a key opportunity to sell more protection products.

The report, entitled 'Opportunity Knocks', provides an overview of the protection sector in the UK, including:

- Market size
- The latest regulations to affect the industry
- Industry initiatives such as the Income Protection Task Force, the generic protection campaign and the ABI Statement of Best Practice 2010
- Our protection service and satisfaction survey
- Product reviews and developments including life assurance, critical illness cover, income protection, long-term care, private medical insurance and group protection

The in-depth report presents the results of our latest IFA satisfaction study, which details the factors that are important to IFAs for protection business and how well their chosen providers are performing.

The protection report is available on Defaqto's website:
<http://www.defaqto.com/adviser/insights/protection-report-2010>

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Notes to Editors:

A copy of the full report is available to journalists. Please email mediaenquiries@defaqto.com

About Ben Heffer, author of the Protection Report and Insight Analyst for 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 pensions 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.

www.defaqto.com/media-centre/ben-heffer

For further information contact:

Ben Heffer

01844 295 447

mediaenquiries@defaqto.com

25 August 2010

About Defaqto: www.defaqto.com

Defaqto is an independent financial research company specialising in rating, comparing and analysing financial products.

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.

Our products and services include the following:

Defaqto Star Ratings

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.

Aequos Online

An extensive, independent, financial product analysis and comparison database available in the UK. The database contains feature, rate and fees information on more than 30,000 products from nearly 2,000 providers. Our customers include leading insurance and assurance companies, banks and building societies and investment organisations.

Defaqto Engage

An integrated system for independent financial advisers (IFAs) and insurance brokers. The system makes the reporting, analysis, recommendation and review process easy, delivering the perfect product to meet client needs.

Defaqto Compare

An interactive, comparison tool enabling consumers to easily compare product features against each other on a host of key features, using a simple 'traffic light' system.



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