

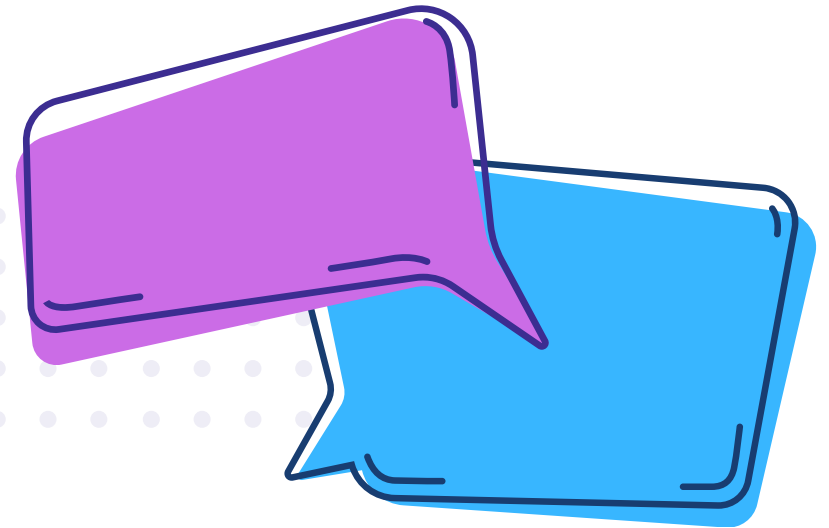


# Critical Thinking Report 2024

Inspiring Innovation in  
Critical Illness Cover

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The most comprehensive research into the UK's  
Critical Illness Cover market

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# Introduction

## Why do research



### Alan Lakey

Director and founder, CIExpert

*“The overwhelming message is one of consumer ignorance, a situation that promotes intransigence and procrastination.”*

Since inception, over a decade ago, CIExpert has striven to exert a positive influence on the critical illness market. This not only involves educating advisers but also helping to shape the design of plans so that they express clarity and combat unfairness.

We have continually promoted the use of wide-ranging definitions that encompass serious conditions that might otherwise have fallen on the wrong side of the claim process. And, in a complex market, we have always sought to champion the importance of product quality over price.

Advisers and insurers devote time and effort into marketing critical illness plans to consumers as health conditions can have greater financial

consequences than death. Despite this, the take up of these plans is extremely low in comparison to life insurance.

We wanted to delve below the surface to find out what consumers understand and what their perception of both products and advice actually is. Whether it is an understanding of the mechanics of plan design, assumptions about cost or claims payments. Perception is the reality that informs consumer decisions. We also felt it appropriate to better understand the advice process and what advisers consider when they recommend plans to their clients.

The overwhelming message is one of consumer ignorance, a situation that promotes intransigence








and procrastination. Whether this relates to the widespread belief that approaching an adviser involves payment of a fee, or the old chestnut that few claims are paid, the outcome is the same. Understanding these false beliefs is essential in developing critical illness insurance into a mainstream product as opposed to its current position as an appendage to a life insurance policy.

But, we do have reason to be hopeful; armed with greater knowledge and understanding of critical illness cover, younger consumers in particular, are far more receptive to critical illness cover. We hope this in depth examination of consumer understanding and the numerous misconceptions will serve to inspire new innovations in product design, education and the marketing of these plans.





# Study demographics

The Critical Thinking report reveals trends & insights from the most comprehensive research into the UK critical illness cover market.

## Consumer insights

-  Research among 5,000 UK consumers.
-  Consumer research was carried out for CIExpert by Opinium Research
-  Conducted in November/December 2023
-  48% male / 52% female
-  14% Gen Z, 26% Millennials, 27% Gen X, 33% Boomer
-  59% homeowners / 34% rent / 7% other
-  15% have taken advice on CIC

## Adviser insights

-  Research among 302 advisers; CIExpert membership & PDG network
-  Conducted in November/December 2023
-  70% male / 30% female, UK wide
-  Protection knowledge: 31% extremely, 58% very, good 11%

Commentary provided by Women in Protection (WIP) and the PDG Network



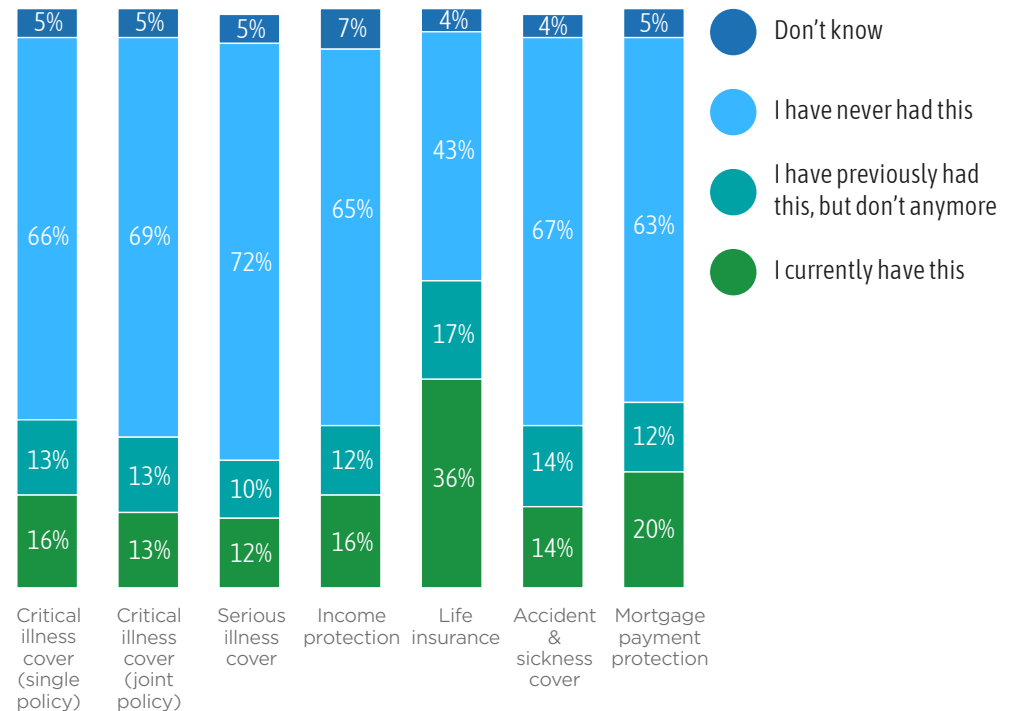
## Definitions

**Critical Illness Cover (CIC)** - Throughout the report is defined as including all Critical Illness & Serious Illness policies

**Gen Z:** 17 to 26 year olds | **Millennials:** 27 to 41 year olds | **Gen X:** 42 to 58 year olds

**Boomers:** 59 to 81 year olds

## Do you have, or have you ever had, the following insurance products?



## Jeff Prestridge

Group Wealth & Personal Finance  
Editor, Daily Mail and General Trust



*“It is time for CIC to be promoted as a vital cog in the financial armoury available to all households. With more imagination, it can become as mainstream as life insurance.”*

THERE are lies, damned lies, and statistics.

Sadly, the statistics in CIEExpert’s probing 2024 Critical Thinking Report are not lies. They provide proof that critical illness cover (CIC) suffers from an identity crisis - misunderstood, under bought and under sold.

All rather depressing you could argue, but I don’t agree. This seminal report should act as a wake-up call to those involved in protection insurance. It is time for CIC to be promoted as a vital cog in the financial armoury available to all households. With more imagination, it can become as mainstream as life insurance.

I will leave you to chew over the mountain of

cud contained in this report, but it’s all thought-provoking. Nearly one in eight consumers don’t have cover (scandalous); most people have never seen any product promotion on TV or in newspapers (why such reticence on behalf of providers to market their wares?); few people realise there are no restrictions on how payouts can be used (why this knowledge gap?); and many have no idea about the key role advisers can play in ensuring they end up with appropriate cover.

There are rays of hope. Namely that when additional product features are explained to them - free health checks through to round-the-clock virtual GPs - consumers become more enthused. It is also heartening that take up of cover is stronger among the younger Gen Z brigade than it is among Gen X

- and that more people now see it as a way to fund private medical care.

CIEExpert’s findings must not be met with a wall of silence. At the very least, they should trigger a debate as to how CIC can be made more appealing to the consumer - leading to a future where potential buyers fully understand what they are buying (warts and all).

At the very best, they should spark a revolution, leading to CIC cover being seen as the equal of life insurance, not its poor cousin - and bought through advisers acting in the best interests of consumers.

Nirvana? Of course. But it’s best to aim for the stars.

# Consumer awareness

What is the level of awareness and understanding of Critical Illness Cover amongst consumers?

## Awareness

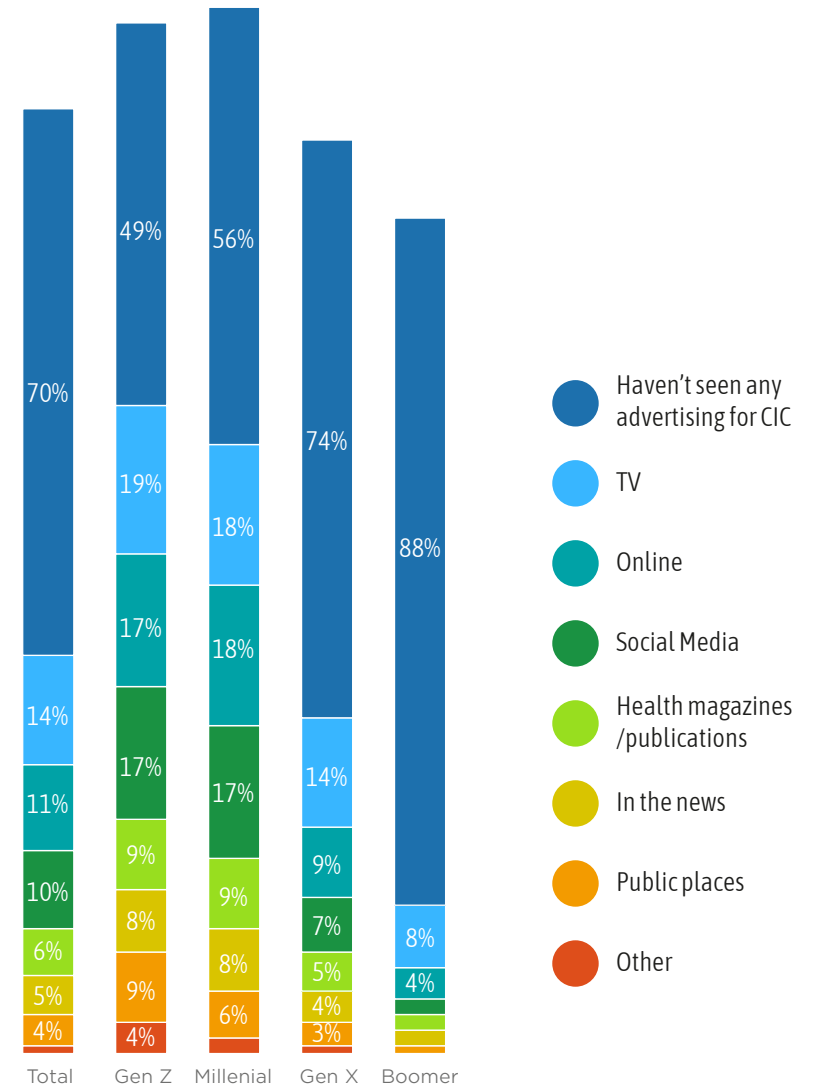
Over the past 10 years our industry has constantly referred to the so-called protection gap but, in terms of marketing, we appear to fall at the first hurdle of just letting consumers know that the product actually exists.

Are we surprised that there is a protection gap when so few consumers currently have critical illness cover and so few have seen any advertising for it? A staggering 74% of women, and 66% of men, cannot recently recall seeing any advertising for CIC including on TV, on social media or in the news.

Clearly the lack of consumer marketing for matters of protection only serves to exacerbate the lack of awareness. Equally, it's hard to think of any other mass consumer products that are not promoted directly to their target audience. Is there a good reason for keeping it a secret?

**70% have seen no Critical Illness advertising recently**

Where have you seen advertising for CIC recently?



## Misconceptions

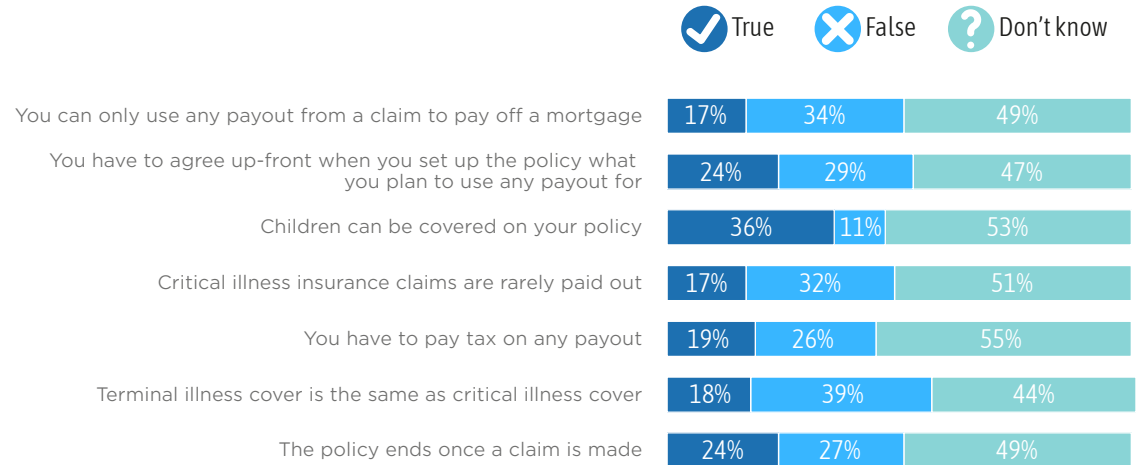
Our study found a significant lack of understanding and awareness of CIC amongst consumers, with typically circa half of the participants responding to each statement shown by saying they didn't know.

Of those that did have a view, 32% - almost a third - thought Terminal Illness Cover to be the same as Critical Illness Cover and almost a half (47%) of them believed a policy ended once a claim is made. This indicates that awareness of the value and benefits of additional / severity payments is not well understood.

Perhaps the most striking is the number of participants who thought a pay-out from a claim must be used to pay off a mortgage. A viewpoint that is strongest amongst younger groups - 26% Gen Z & 27% Millennials - approximately half of those with a view.

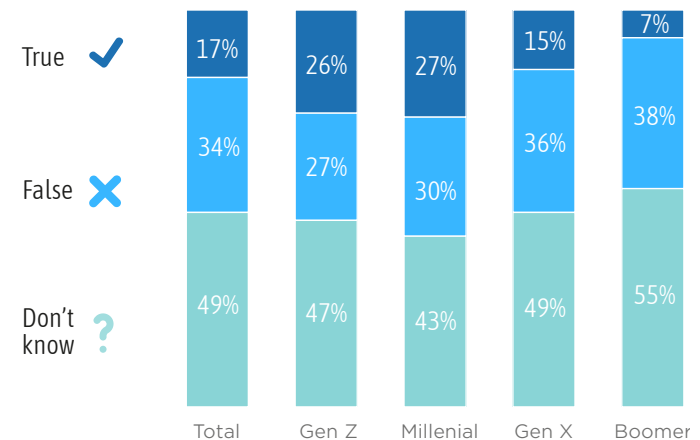
**17% thought a pay-out could only be used to pay off a mortgage**

### Which of the following statements about CIC are true or false?



### Spotlight on generation:

#### You can only use any payout from a claim to pay off a mortgage

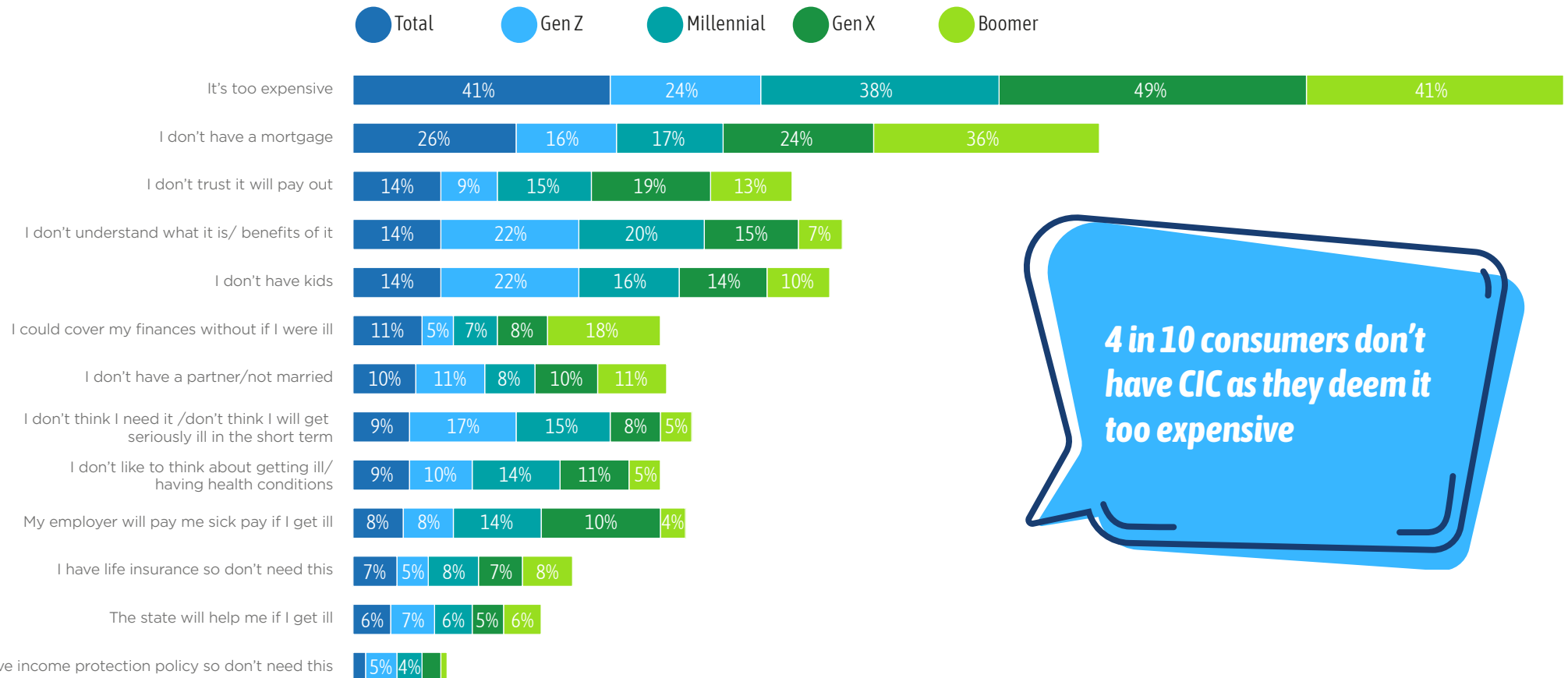


## Why don't consumers have Critical Illness Cover?

The perception of price is a major barrier with 41% stating that as a reason not to have CIC, but equally concerning is the 1 in 4 that don't have a policy because they don't have a mortgage. Among younger consumers, 1 in 5 of Gen Z and Millennials don't understand it nor the benefits. Interestingly these reasons are

far more frequently stated than the more typically expected "it won't happen to me" responses. This highlights that there is a prevailing belief that insurance is only taken to protect a mortgage debt despite its ability to protect the individual and their family.

### Which, if any, of the following are reasons you do not have CIC?



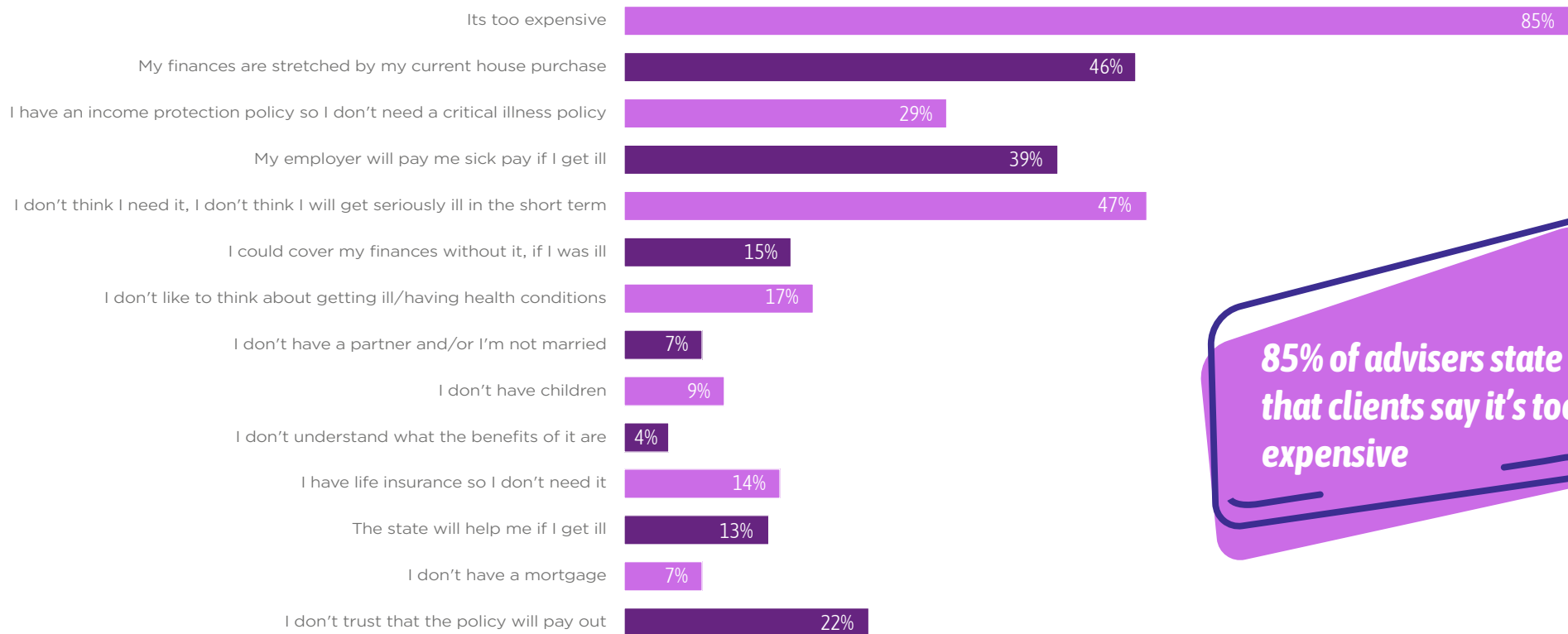
**4 in 10 consumers don't have CIC as they deem it too expensive**



## Barriers to CIC – an adviser view

Our adviser study makes it clear that the adviser experience mirrors the findings of the consumer study, with the perceived expense of CIC being by far the main barrier to purchase. In addition, 46% of advisers state that their clients say their finances are too stretched by their current house purchase. Similarly, 47% of advisers found that clients don't purchase CIC as they don't think they need it nor will get ill in the short term.

### Having explained what CIC is to a client, what are the main objections to purchasing cover?



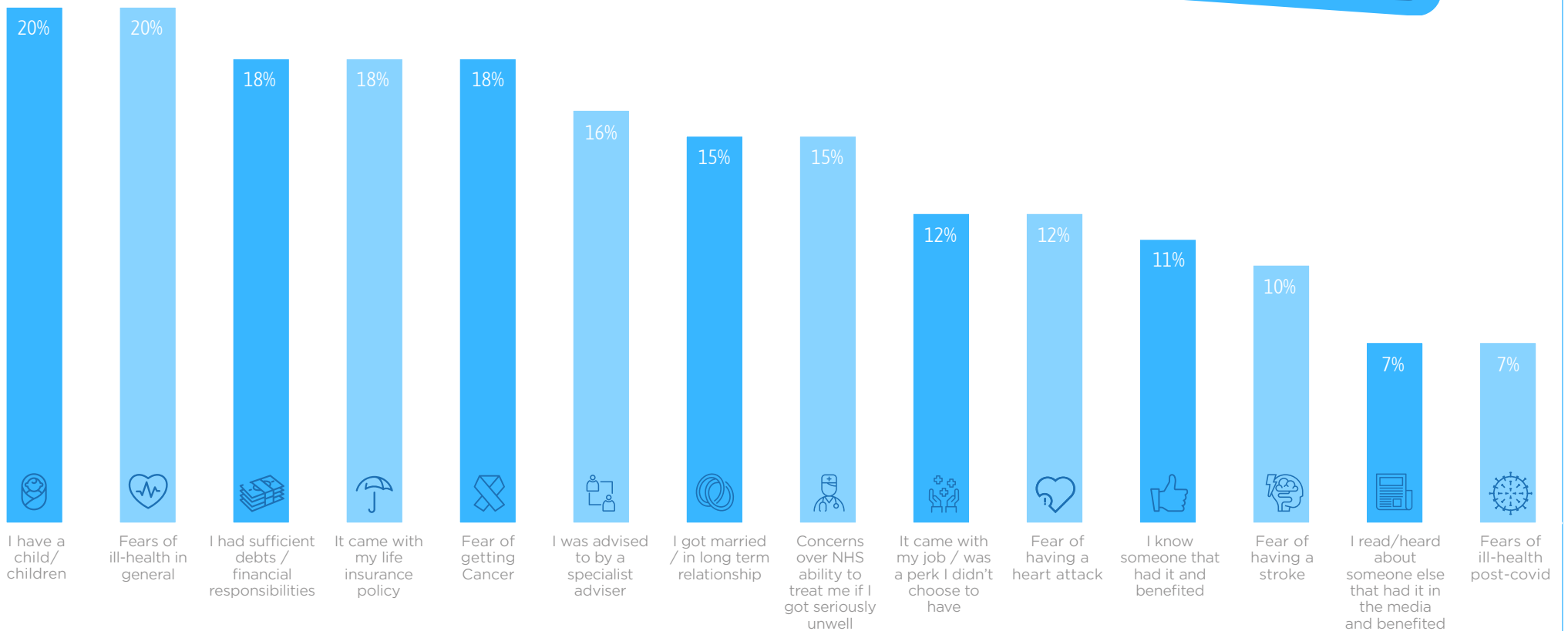
**85% of advisers state that clients say it's too expensive**

## What drives consumers to take Critical Illness Cover?

Amongst those who have or have had a CIC policy, fears of ill-health (20%) and cancer (18%) were the key drivers for their purchase, however having a child (20%) was an equally strong factor. A significant 15% state it was down to concerns over the NHS's ability to treat them if they got seriously unwell – a driver that is likely to grow in the coming years.

**20% of people bought CIC because they have children**

### Which, if any, are reasons you have or have had a CIC policy?



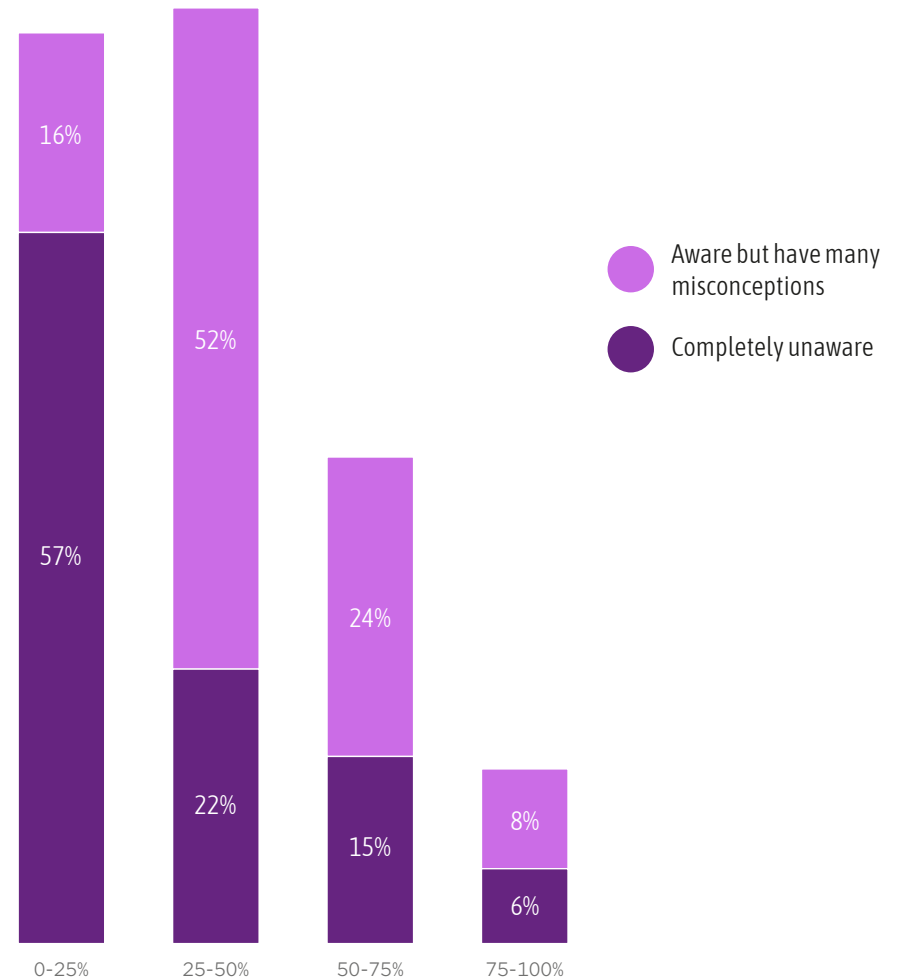
## CIC awareness – an adviser view

Advisers' experience of client awareness again mirrors the consumer research with 22% saying that up to half of their clients are completely unaware of CIC and a further 57% say that 1 in 4 of their clients are completely unaware of it.

Of the clients that are aware, 52% of advisers report that they have many misconceptions. Clearly advisers face an uphill struggle to educate their clients about a product most of them don't even know exists.

**57% of advisers said up to 1 in 4 of their clients were completely unaware of CIC**

**What percentage of your clients are already aware of CIC before seeking advice?**



# Perceptions creating missed opportunities

What perceptions about CIC deter consumers from using a financial adviser and/or buying CIC?

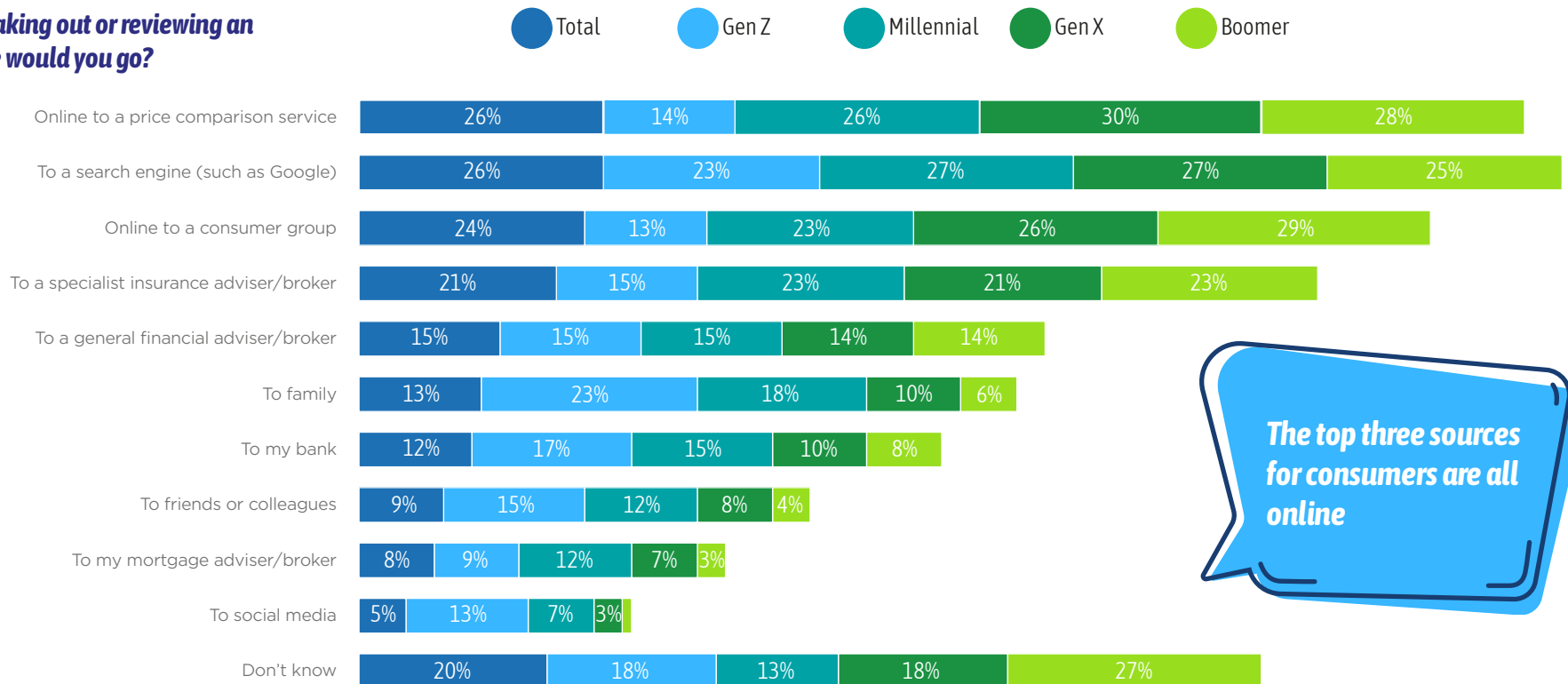


## Where would consumers seek a policy?

Online is the number one destination for consumers if they were looking to take out or renew CIC - notably the top three choices were all online sources. 21% would seek out a specialist adviser, while 21% would rely on family and friends for guidance, rising to 31% of Millennials. Whereas a considerable amount (20%)

appear to be lost as to where to access the product. This raises the question of how we funnel that online interest to professional advice that matches the complexity of the product.

**If you were considering taking out or reviewing an existing CIC policy, where would you go?**



**The top three sources for consumers are all online**

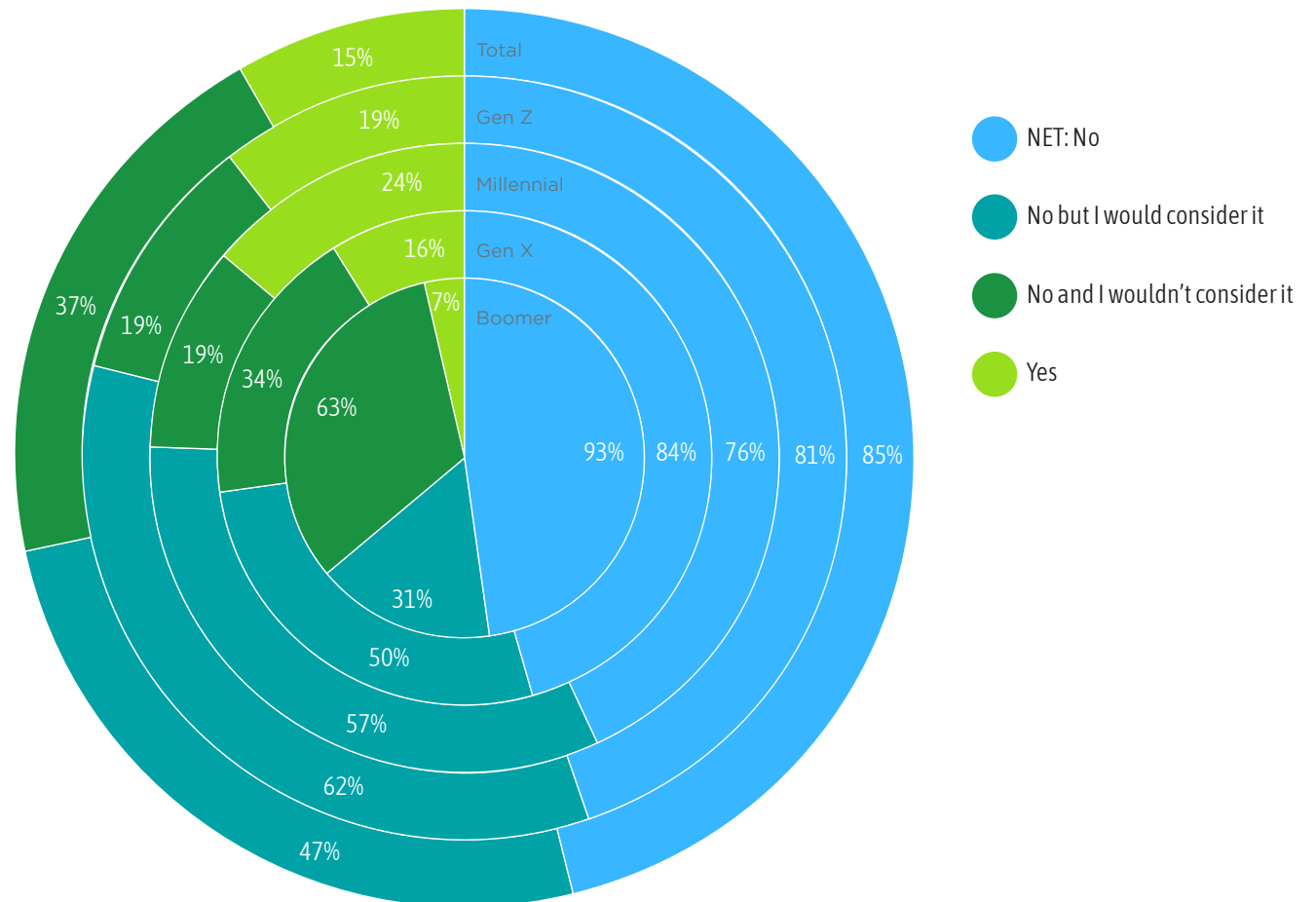
## How many consumers have taken professional advice?

Whilst 85% of consumers have not taken advice for CIC, an opportunity exists. Almost half (47%) said they'd not taken advice but would consider it. Interestingly this rises amongst younger people (62% of Gen Z and 57% Millennials). Clearly to channel this interest amongst these younger age demographics is key. But it's important to recognise that the preference of these age ranges would be to search online for the products they buy.

There is however resistance with 37% saying that they wouldn't consider advice.

**3 in 5 Gen Z haven't taken advice but would consider it**

### Have you ever taken advice from a professional financial adviser regarding CIC?



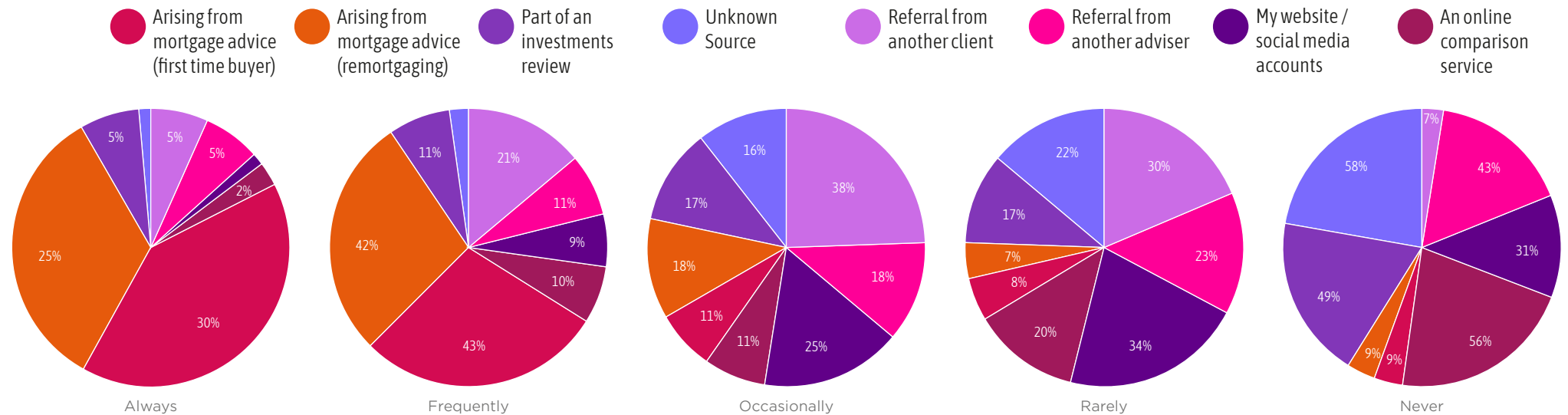
## How do advisers engage clients in a conversation about CIC?

With an obvious lack of client awareness of CIC, where do advisers' clients originate? By far the greatest responses are mortgage-related with advisers saying that the vast majority of their CIC clients originate from either new mortgages or re-mortgaging, with 66% saying rarely or never from an investment review.

It's disappointing to see that referrals from another adviser is an uncommon source for most. 66% state they rarely or never have a referral from another adviser, indicating that the momentum for signposting still has some way to go.

**Their most common source for CIC conversations is mortgage advice: Always 67%, Frequently 73%**

### What are the most common sources for engaging your clients in a conversation about CIC?



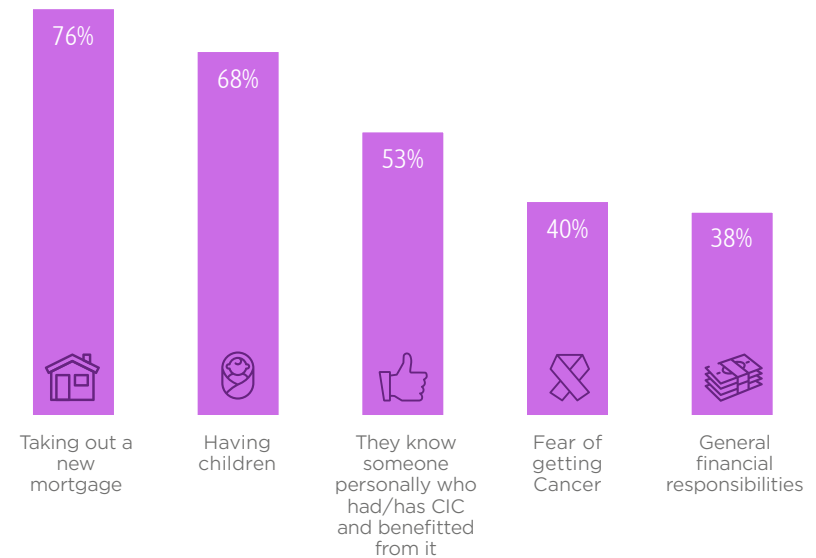
## What do advisers say motivates consumers to take CIC?

Clearly, the industry is still heavily focused on protecting a mortgage with 76% of CIC engagements related to taking out a new mortgage and 68% to having children.

Equally 53% of advisers state that their clients were also influenced to take out CIC because they know someone personally who had/has it and benefited. The power of real-life examples and case studies cannot be underestimated when it comes to driving new business.

**The majority (76%) of discussions arise from new mortgages or re-mortgaging**

### What are the main factors that influence your clients to purchase a CI policy?



## Reasons for not seeking advice

Given that earlier data suggests that advisers are the main source of explaining the merits of CIC, it's disappointing to find that 37% of consumers wouldn't consider using an adviser. Over 1 in 4 (28%) state it's because they don't want to be pressured to buy, 17% don't trust them and 15% don't think they add any value.

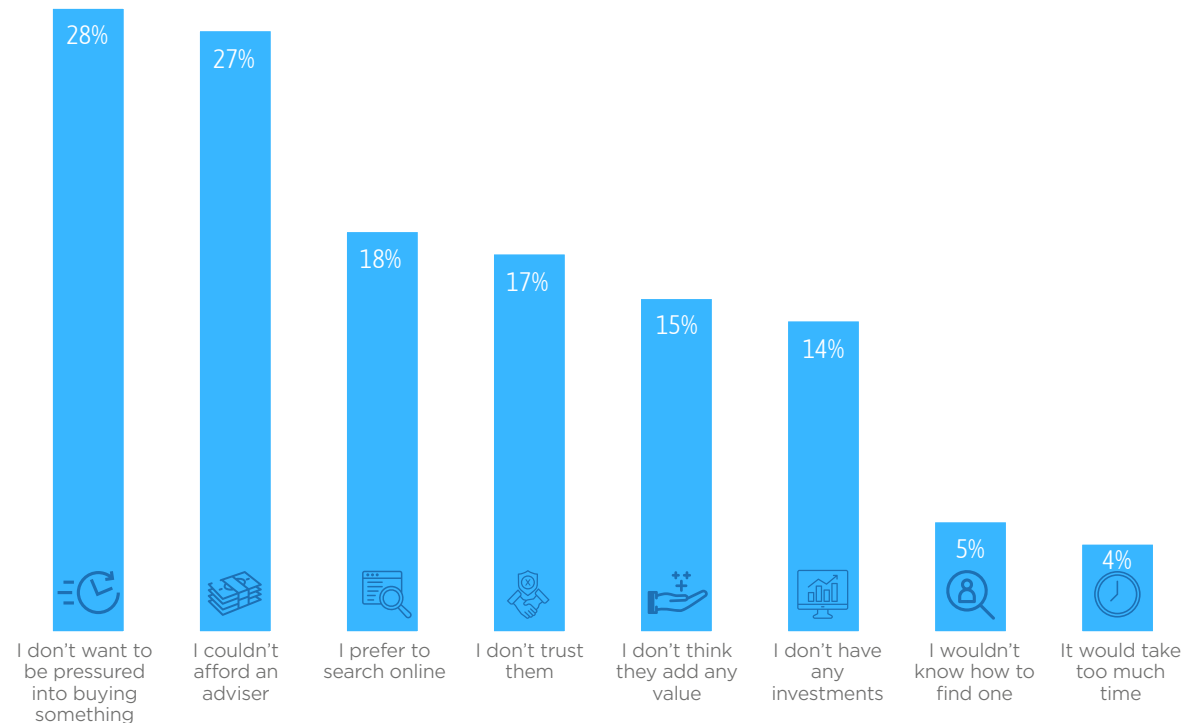
Another deterrent clearly comes from concern about the cost of using an adviser with 32% believing they would be charged for doing so, resulting in (27%) stating they can't afford advice. There is clearly work to do to improve the attitude and confidence of consumers to encourage them to seek professional advice on protection.

**28% are put off taking advice as they don't want to be pressured into buying something**

*"More women than men have concerns about being pressurised or believe that they can't afford advice. Conversely women have more trust in advisers and recognise the value they add, illustrating the opportunity for advisers to effectively engage with female consumers."*

**Emma Thomson — Chair of the Women in Protection Network**

**You said you would not consider taking advice from a financial adviser for a CIC policy. Which, if any, are reasons for this?**



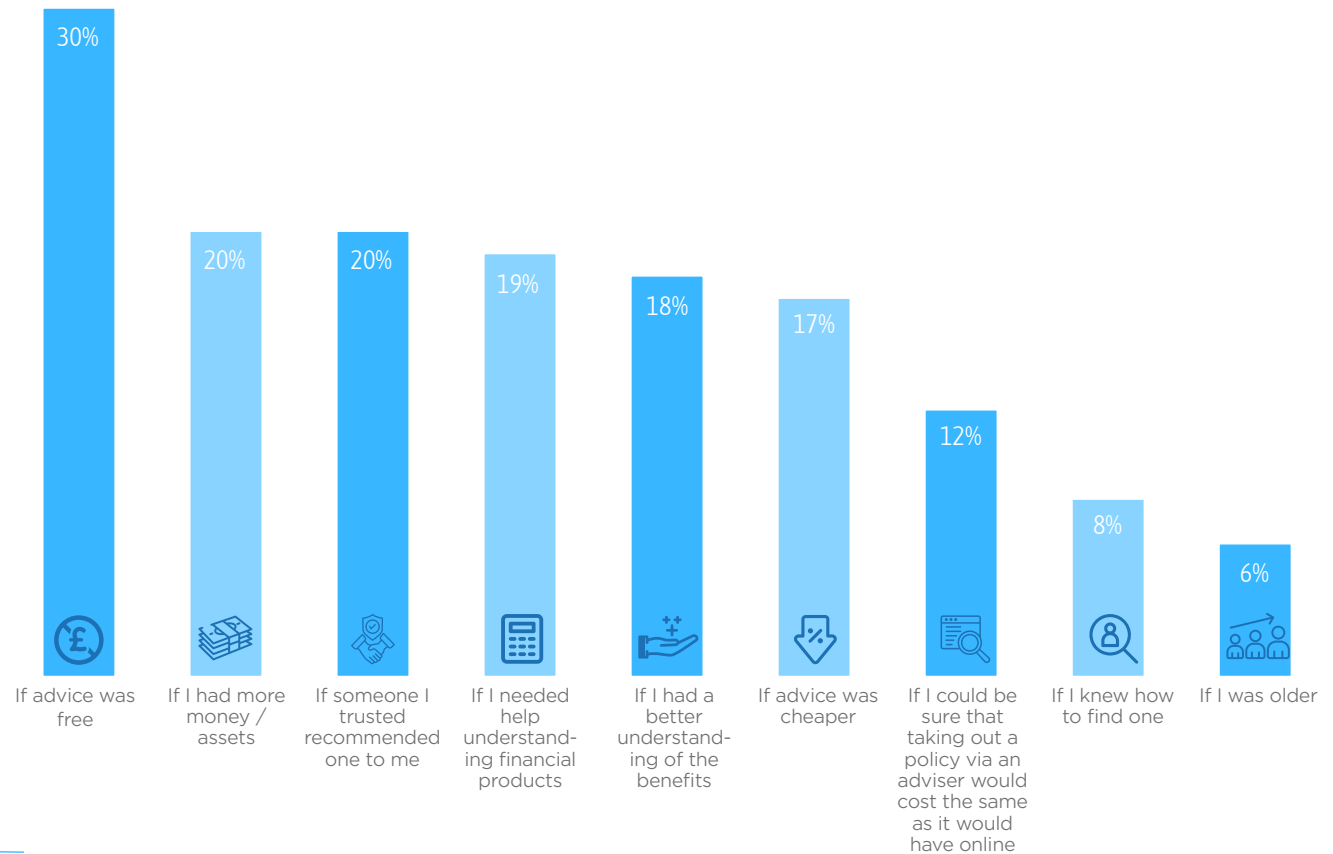


## What would motivate consumers to take advice?

The lack of understanding about the cost of financial advice is a clear barrier. Almost half say they'd be more likely to seek advice on CIC if it were "free" or "cheaper". But 1 in 5 would engage with an adviser if they had received a recommendation from a trusted source, as would 18% if they had a better understanding of the benefits of advice.

30% would get advice if it was "free" and 17% would if it were "cheaper"

### What would make you more likely to use a financial adviser for advice on CIC products in the future?



*"There remains a challenge to the industry to explain to consumers the value of advice and to reinforce that most advisers do not charge a fee for the advice they provide on protection products."*

**Neil McCarthy —  
Chair of the Protection Distributors  
Group**

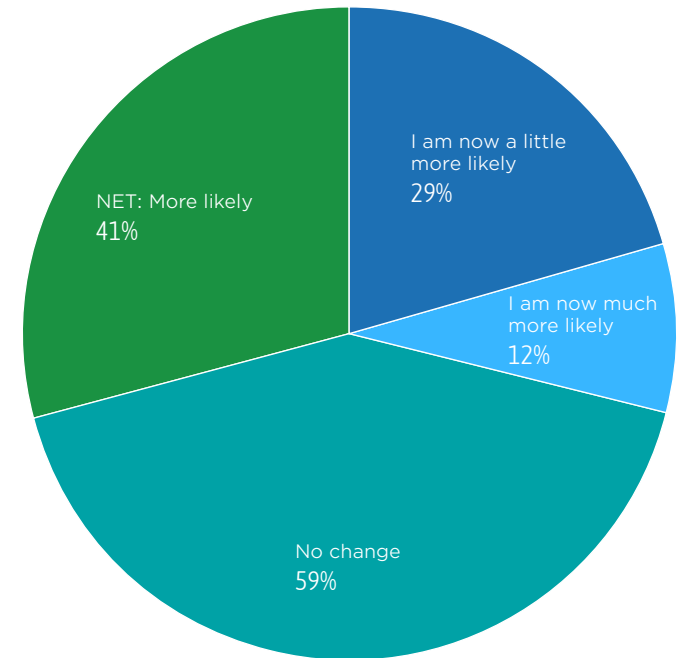
## What new knowledge would change their view?

While 49% of consumers don't know if advisers charge for advice, almost two-thirds (63%) of the rest thought that they do charge for advice. When they are made aware that advisers do not charge for advice, have access to better quality products and have access to research tools to help get the best quality policies - 4 in 10 say they are more likely to consider using an adviser for CIC in the future.

### Do you think the following statements are true or false?

	True ✓	False ✗	Don't know ?
Advisers don't charge you for advice on CIC products	19%	32%	49%
Advisers have access to better quality policies that are not available online	37%	15%	48%
Advisers have access to research tools that can help to identify the best quality policies to match your needs	59%	7%	34%

### Has knowing these 3 statements are true impacted your likelihood of considering using an adviser in the future?



**Once they understood advisers' value, 4 in 10 consumers say they'd consider taking advice**

# New market influences

Are the ongoing concerns about the ability to rely on the NHS influencing consumers' decisions around buying CIC?



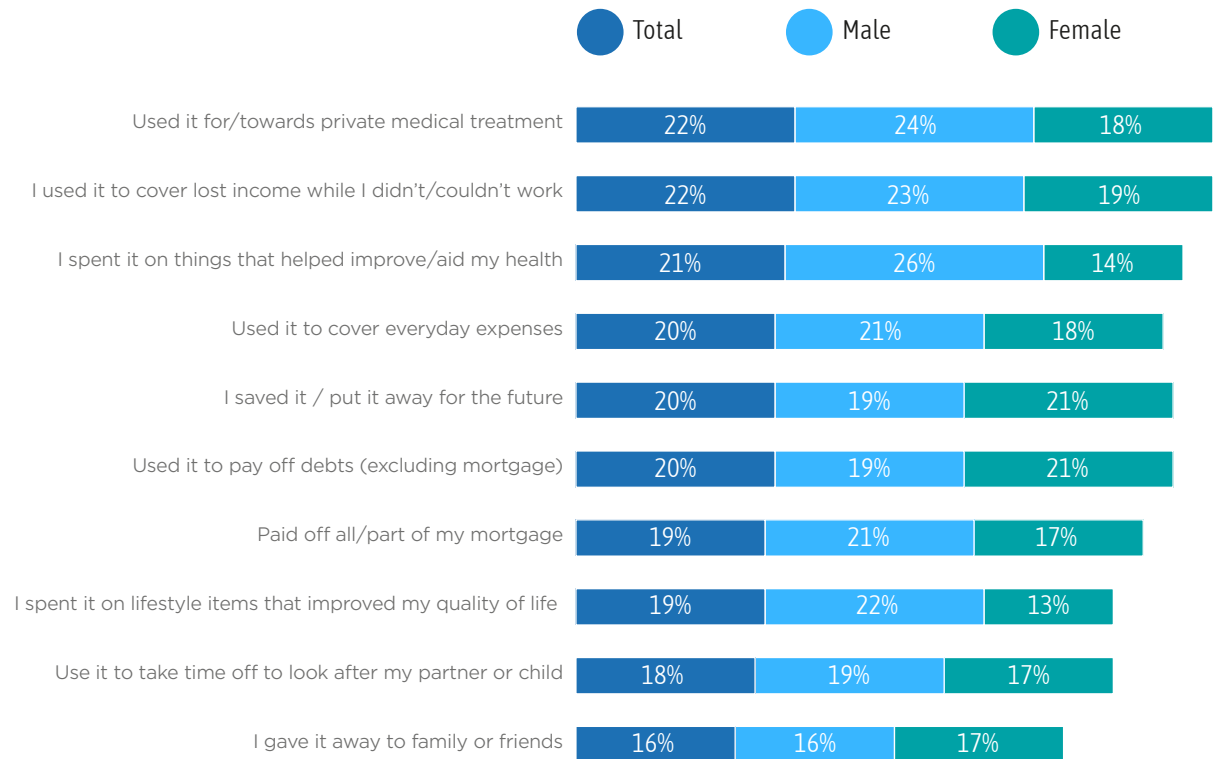
**22% used their payout towards private medical treatment**

## How is claims money actually spent?

When we look at what those who have made a claim have actually used the money for, there was a surprisingly high level (22%) who used it towards private medical treatment, rising to 27% of Millennials. In contrast only 19% used it to pay off their mortgage and 20% used it to pay off other debts.

Consumer attitudes have shifted significantly in light of the pressures on the NHS in recent years. This is reflected significantly in the surprising priority allocated by consumers to utilise their claim pay-outs for private medical treatment. Which in turn questions the existing premise that the prime purpose for CIC is to pay off a mortgage. Is there an opportunity here to shift our thinking as an industry to closer match consumer priorities?

### What did you use the payout for / spend the money on?

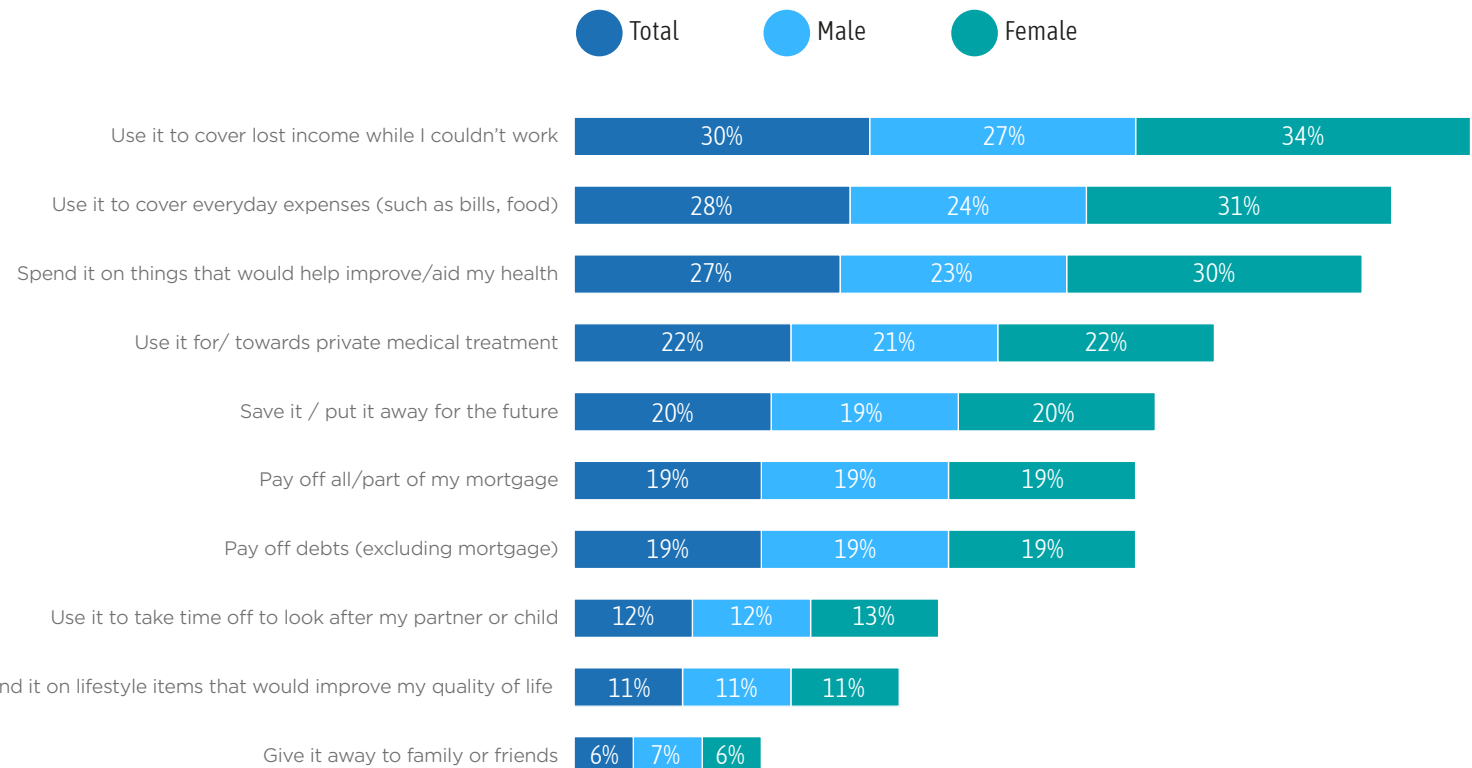


## How do consumers anticipate using claims money?

Furthering this, when asking consumers to anticipate what they would use a future claims payout for, they responded with almost identical priorities. Over a fifth (22%) said they would use it for private medical treatment, while many

would use it to cover any lost income while they were off work (30%) or to cover everyday bills (28%). One in five (20%) said they'd save the money for the future. Notably only 19% said they would use it to pay off all/part of their mortgage.

### If you had a CIC policy and needed to claim in the future, what would you expect to use the payout for / spend the money on?



**22% anticipate using a payout towards private medical treatment**

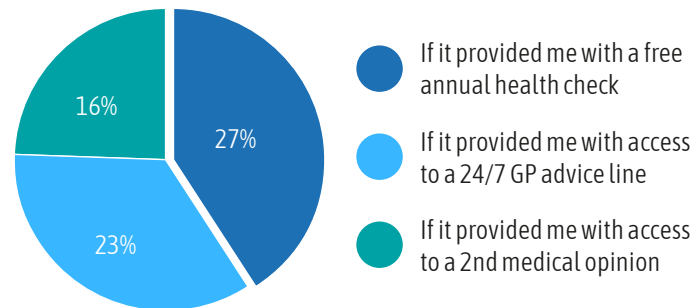
## Consumers' motivation to consider CIC in the future

Amongst health-related added value services, the most appealing option was a free annual health check with 27% stating that as something that would motivate them to buy CIC in the future. If we look at generational attitudes, younger people (30% Gen Z, rising to 33% of Millennials) see it as an even more important factor.

Clearly there is a significant opportunity to focus on the added value services being provided and improve the way these features are communicated to consumers. The reality is that many existing CIC consumers are probably unaware of the benefits they already have, in part because they are not mentioned within policy documents. This is exacerbated by a lack of annual statements and a number of other issues.

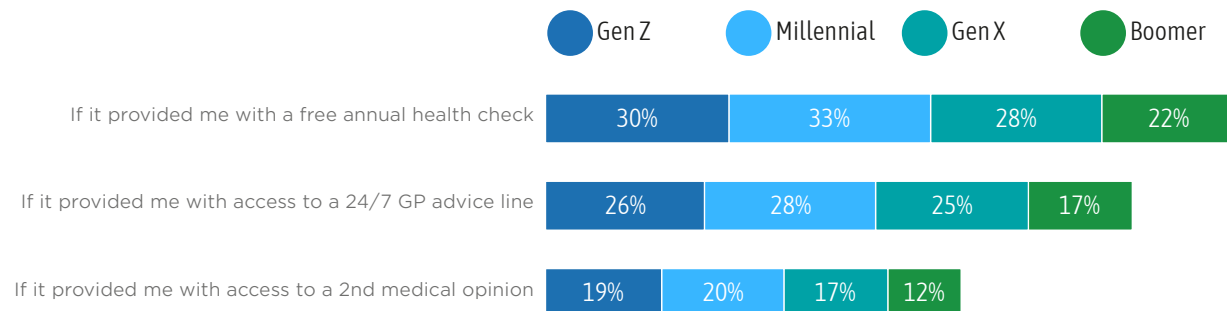
**27% are incentivised to purchase CIC by a free annual health check**

### Which, if any, of the following would make you more likely to buy CIC cover in the future?



### Spotlight on generations:

### Which, if any, of the following would make you more likely to buy CIC cover in the future?



## The purpose of children's cover

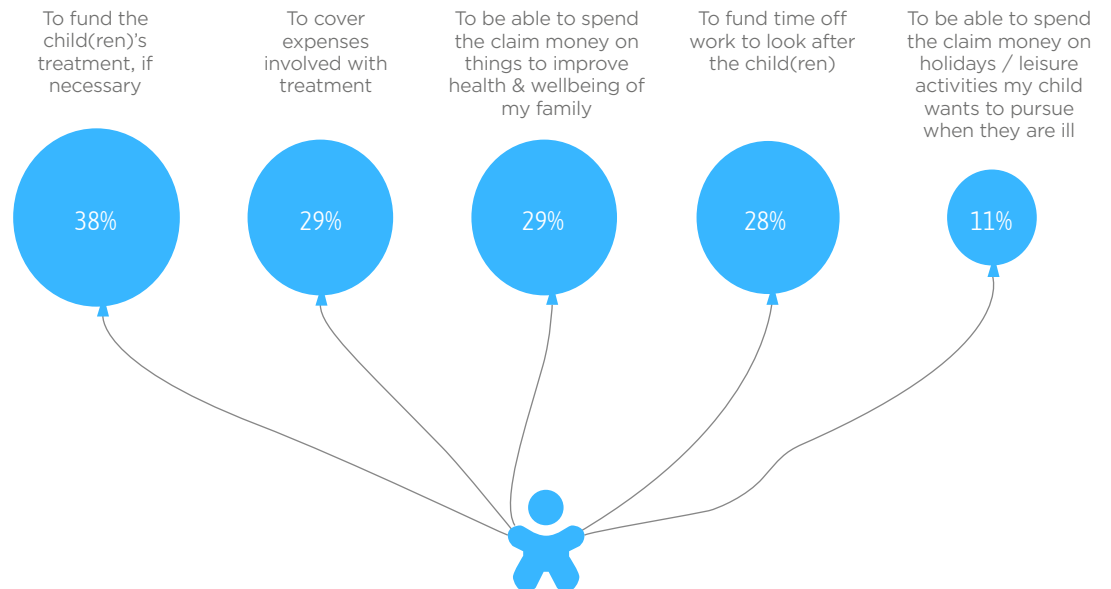
In recent years, children's cover has increasingly become a feature that differentiates quality CIC policies. With a range of condition coverage and payment levels being improved substantially, its importance is substantiated by the fact 85% of CIEExpert comparisons include children. But what drives that consumer need? What do they imagine they would use this cover for?

Only 28% thought that CIC would provide a financial support for them when a child is unwell by funding time off work, while a surprising 38% think the purpose of children's cover is to fund the child(ren)'s treatment. This reinforces the views we have seen already, signifying a lack of public trust in the NHS's ability to respond.

Perhaps another opportunity is revealing itself here, to consider how we communicate the value of children's cover?

**38% think the purpose of children's cover is to fund child(ren)'s treatment**

### What do you think the purpose of children's cover is, when included in your CIC policy?



# Knowledge gaps

What knowledge and awareness would encourage more consumers to consider buying CIC?

## Multiple claims are possible

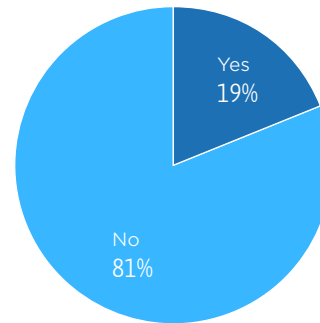
There are indications that as an industry we are not communicating with consumers about some of the key features of CIC products that could influence more of them to purchase.

In recent years the quality of policies has evolved significantly to a position where additional payment conditions or severity level payments have become the main differentiator between quality policies. Yet 81% of consumers didn't think it was possible to make multiple claims for either adults or their children.

When given the information that multiple claims can be made on a policy, 36% said they'd be more likely now to consider CIC in the future, rising to 70% of Gen Z and 54% of Millennials.

Clearly there is a lack of awareness that CIC provides smaller pay-outs for lesser critical illnesses that would not terminate their policy, despite this being one of the very fundamental values that a CIC policy provides.

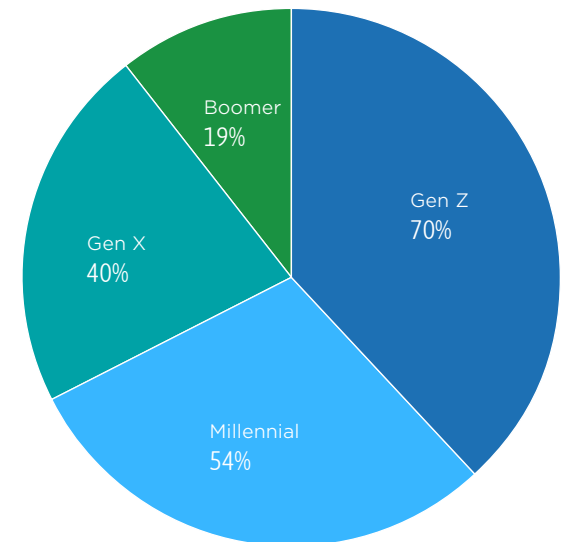
**Were you aware some CIC policies provide multiple claims, for both adults and children, for less critical conditions such as less advanced cancers?**



Spotlight on generation:  
**Now that you know this, are you more likely to consider buying CIC in the future?**



**70% of Gen Z and 54% of Millennials more likely to consider buying CIC**



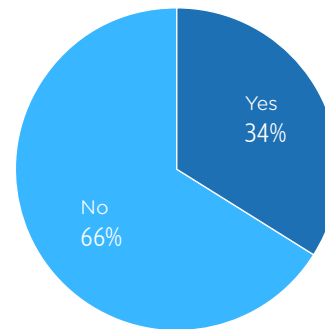
## Cost is lower the earlier in life a CIC policy starts

There is little awareness amongst consumers about what impacts the cost of CIC for them. Two-thirds (66%) are unaware that the cost of CIC is fixed at the time you buy it for the duration of the term.

Again, once that information was conveyed it had a significant impact with 4 in 10 of those without CIC more likely to buy a policy sooner rather than later in life, rising to 67% of Gen Z and 57% of Millennials.

This is yet another strong example of a benefit of CIC as a product that is not getting across to consumers. That the cost of a policy can be fixed for 35 years is a key selling point and yet the majority are completely unaware. Has the industry fallen into the trap of assuming consumers understand this?

**The younger you are, the cheaper the starting price is, meaning the younger you are, the lower the monthly cost is for the duration of the policy. Were you aware of this?**



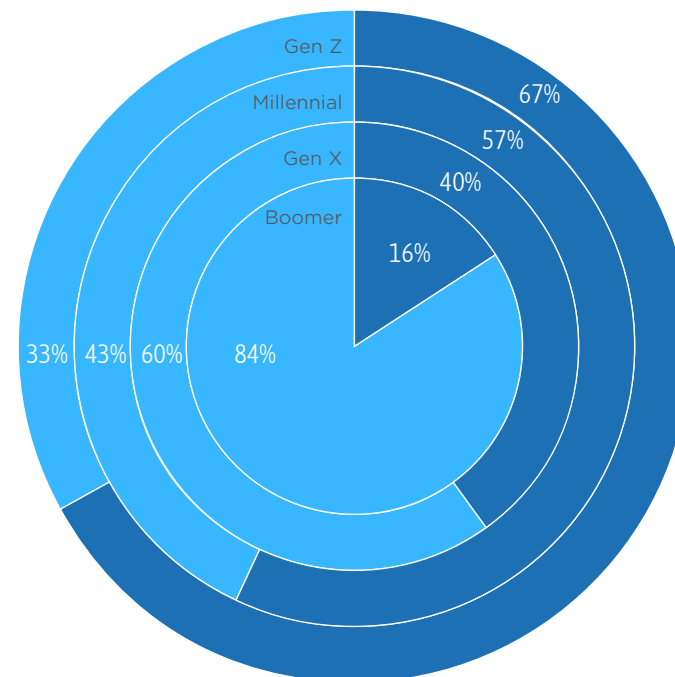
**66% unaware that cost of CIC is fixed for the term**

Spotlight on generation:

**Knowing this, are you more likely to buy a policy sooner rather than later in life?**



**Once aware 67% of Gen Z and 57% Millennials are more likely to buy sooner**



● More likely  
● No change



## Understanding the value of children's cover

Children's cover has become increasingly important in recent years, however the level of cover offered between a typical core plan and an enhanced plan varies substantially particularly when it comes to the inclusion of birth-related conditions.

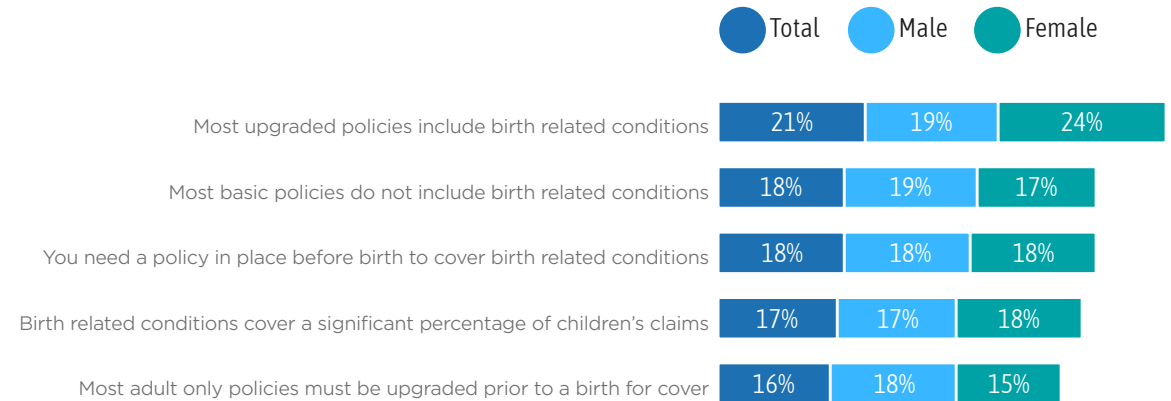
Once aware of the differences, 51% of women said they would choose a policy that does include birth-related conditions.

”

*“What this data shows is that for consumers who plan to have a family, too many do not understand the value of having pregnancy cover and congenital illnesses included. This illustrates the vital role advisers play in improving awareness of this valuable cover and enabling more people to claim.”*

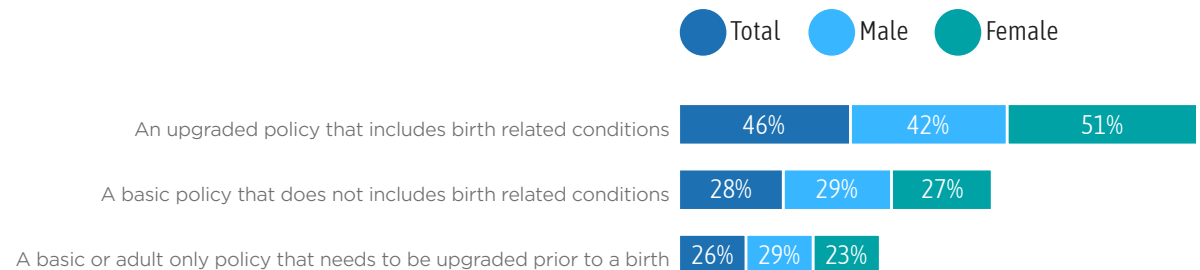
**Emma Thomson —  
Chair of the Women in Protection Network**

### Which of the following facts/information would influence you to choose a policy that included birth related conditions?



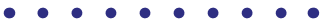
**51% of women would choose a policy that included birth related conditions**

### Having responded to the above question, what type of policy would you most likely select from the following options?



# Aligning products with evolving needs

Is the product matching the needs or wants of consumers today? What changes do advisers think would help them serve their clients? What changes could be made to improve/meet their needs and/or wants.

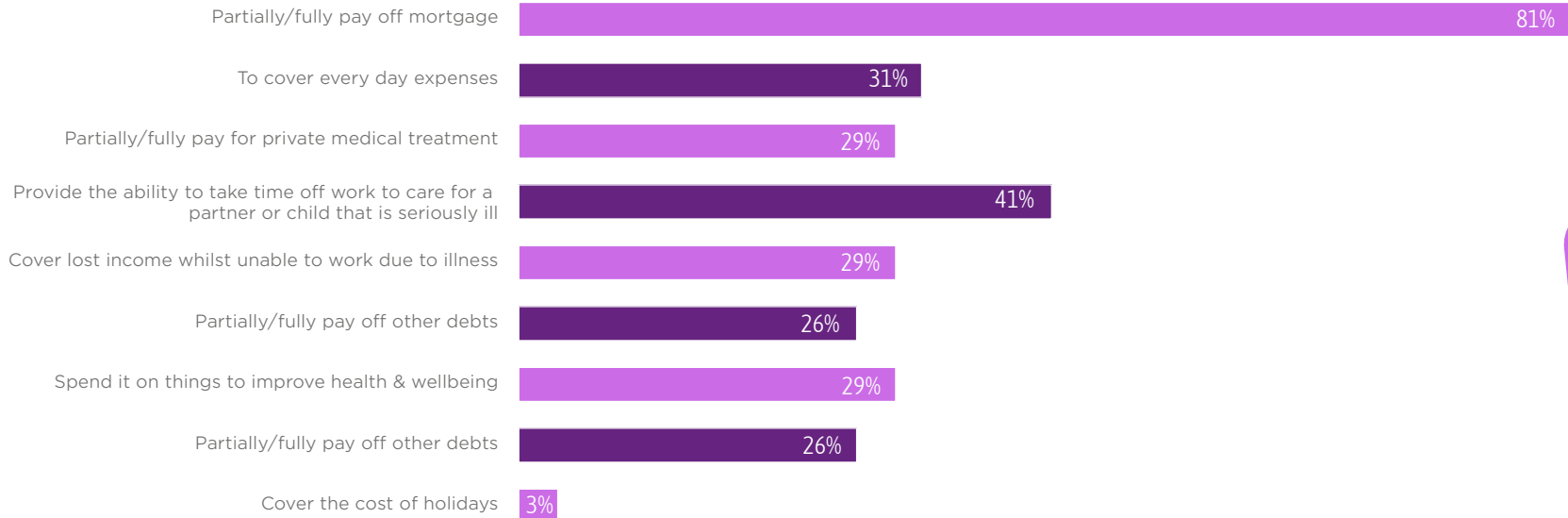


## Explaining the purpose

It is clear to see that the majority of discussions about CIC arise from an initial mortgage-related conversation and perhaps not surprisingly, advisers main “selling point” for CIC is therefore to pay off the mortgage. However, as the section on New market influences in this report highlights, in reality this is not the prime priority for a consumer when a claim occurs. Consumers are more focused on covering lost income and funding private medical treatment.

This indicates there is a mismatch between consumer motivations and what the industry communicates as the key benefits for having a CIC policy. For example, decreasing term CIC policies are aligned to the premise that its purpose is to pay off a mortgage. Should we not be widening the scope of what a CIC policy is intended to cover? Focusing on mortgages is also increasingly going to fail with younger generations who have a far higher proportion of renters.

### When explaining to a client what they could use a payout for, which of the following do you highlight the most frequently?



**81% of advisers emphasise paying off a mortgage**

## Health concerns

We have seen from consumer data that there is appetite and demand to use a claim to help pay towards private medical treatment and similarly there's a strong interest in added value health-related services.

According to Legal & General's 2022 claim stats, the average age of a claimant is 48 years, which is typical for the industry. We expected that most people would anticipate the age to be older.

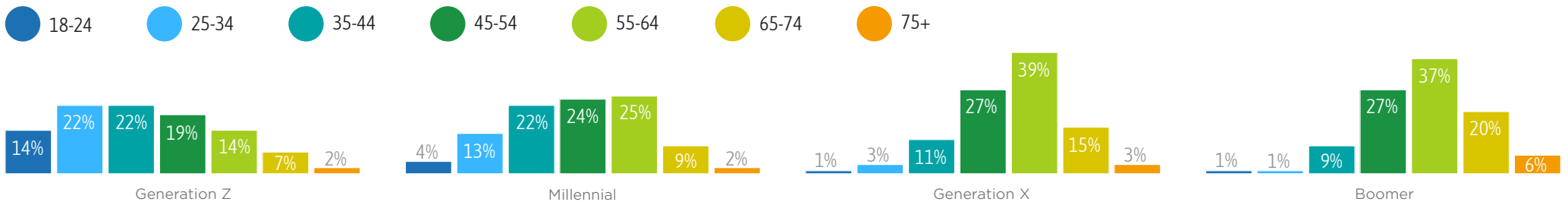
Surprisingly, the following data illustrates that Gen Z thinks that 36% of people will make a claim before the age of 34, vs Millennials at 17%. This is a huge difference to Gen X who said 4% and Boomers who only said 2%.

Gen Z in particular appears to be a much more health-conscious generation, which dispels the commonly held view that younger generations believe they are unlikely to get ill until they are far older.

So what opportunities are there to respond to these needs and/or concerns?

**Gen Z illustrate their health concerns expecting 36% of claims before age 34**

### What do you think the average age of an individual making a claim on their CIC policy is?



## Responding to pressures on the NHS

Our study indicates that the impact of pressures on the NHS is proving to be a primary driver for consumers taking CIC, as it will help them to fund private medical treatment and speed up access to healthcare.

When asking advisers how they view those elements of a policy, the ability to make rapid payments to make private treatment viable and avoid NHS delays are seen as high value to their clients.

This is perhaps a signal to product designers that there is an opportunity to develop a solution to this consumer need, that could make an impact on the appeal of CIC and start to shift the concept of its purpose.

**67% want fast payment for private medical treatment of early stage cancers**

**Many consumers are worried about NHS delays for treatment. Which of the following are most likely to make your clients buy CIC?**



If they received a pay out immediately after being added to the NHS treatment waiting list



If additional/severity payments paid out quickly enough to pay for private treatment



If they received a pay out quickly enough to pay for private treatment for early stage cancers

**71% always or frequently explain added value service**

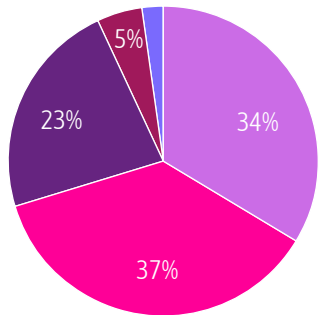
## Importance of added value services

We asked advisers just how important added value services are to them, by asking how often they explain them to clients and to what extent it influenced their choice of policy.

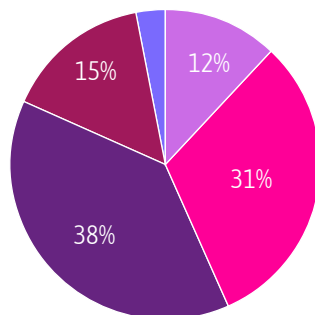
Over a third (34%) said they “always” and 37% they “frequently” explain these benefits to their clients. Surprisingly 43% of advisers also said that they “always” or “frequently” influence their choice of policy.

Given their growing importance, almost 1 in 2 (47%) of advisers say that they find it difficult to distinguish between the different insurers’ offerings.

**How often do you explain added value services?**

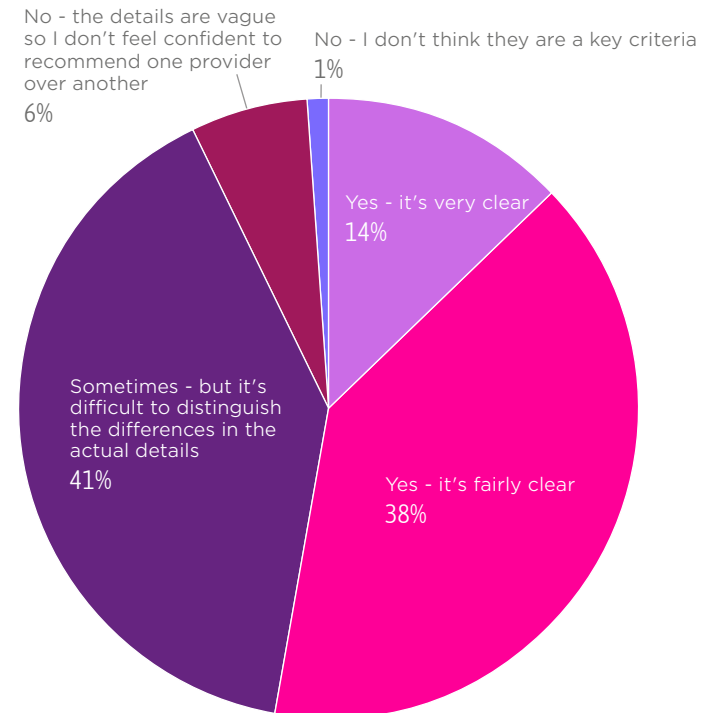


**Do they influence policy recommendations?**



- Always
- Frequently
- Occasionally
- Rarely
- Never

## Can you distinguish between insurers added value services?



## Mitchell Barker

Head of Product and Chief Distribution Officer, HSBC Life (UK) Ltd



*“There needs to be increased promotion and awareness of VABs to enable the industry to evolve.”*

Value Added Benefits (VABs) are potentially transformational in the protection market for providers and advisers and particularly at a time when the combined impact of the cost of living crisis and Consumer Duty are highlighting the need for value.

Providers are expanding the range of additional benefits alongside critical illness policies with clients able to access services such as second medical opinions, unlimited remote GP appointments, prescription services, physiotherapy, mental health support and annual health MOTs.

These services can be genuinely life-changing; being able to source a second medical opinion quickly can, for instance, lead to an entirely different course of treatment for a client using VABs.

At a time when health services are under strain and the cost-of-living crisis is stretching household budgets with knock-on effects on physical, mental,

and financial health, value added benefits can provide medical support more quickly when it is needed.

Critical illness insurance is clearly very valuable when clients make a claim on the core cover, while VABs can deliver value year in, year out for clients who would not otherwise claim on their policies, except if the worst were to happen.

VABs play a key role in helping to demonstrate good customer outcomes and value for money as highlighted by Consumer Duty and just as importantly they help advisers to promote the wider value of critical illness insurance beyond the claims acceptance rates.

The CIExpert research with advisers paints a fascinating picture of the motivations driving customers to take out critical illness within the market. More than a fifth of customers said they took out a policy because they have children and

starting a family was the second biggest reason, behind buying a house, for taking out critical illness cover (CIC). Children’s coverage is becoming ever more important in decision-making when buying CIC and the support of children’s access to VABs, especially on mental health, remote GP and second medical opinion, we believe, will play a big part in consumers’ decision making.

It was very interesting to see that 71% of advisers always or very often explain VABs to clients and that 43% say that VABs always or frequently influence the choice of policy. The figure to focus on however is that nearly half (47%) of advisers find it difficult to distinguish between the different VAB offerings from providers.

VABs are making a major contribution already to helping support sales of critical illness cover. But there needs to be increased promotion and awareness of VABs to enable the industry to evolve. There’s work to be done for providers and advisers.

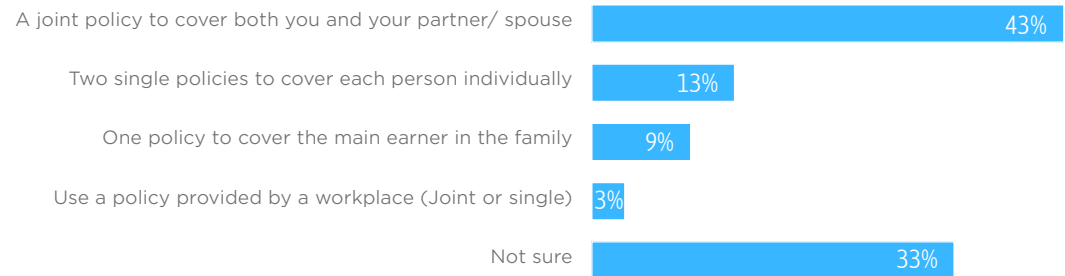
## Consumers' view of joint policies

Without any explanation, consumers assume that a joint policy is better value than a single policy, with 43% choosing it as the best option for them. It's clear that very few of them understand the benefits of having two separate policies vs a joint policy, with 55% not aware of any of the differences we listed. For example, 88% were unaware that if you have two single policies then they require no change should a couple separate.

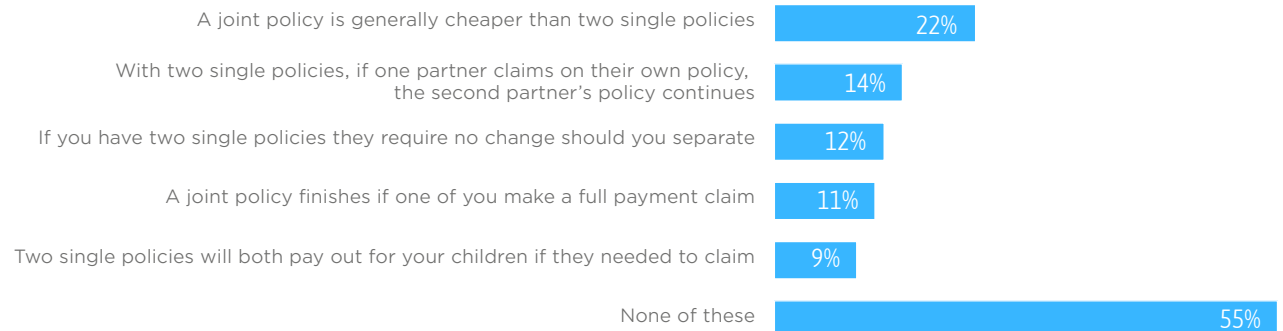
We could focus on educating consumers on the many benefits that single policies have over joint policies but maybe the time has come for the industry to question the merits of joint policies at all. Is there really a place for them?

**43% assume a joint policy is the best option for them**

### If you were to consider a CIC policy, which of the following options would you pick?



### Before taking this survey, which, if any, of the following were you aware of?



## Recommending joint policies

There is clearly a correlation between focusing on repaying a mortgage as a driver for taking CIC and selling a joint policy versus a single policy for each partner. When we look at the benefits of individual policies compared to a joint policy then it would seem obvious that a “Consumer Duty” fair value assessment would question the merit of selling a joint policy.

However, data from Iress shows that 25% of quotes in their process are for joint policies. Our survey showed that many advisers and compliance teams seem to be focused on repaying the mortgage with 22% always recommending a joint policy and 39% frequently doing so.

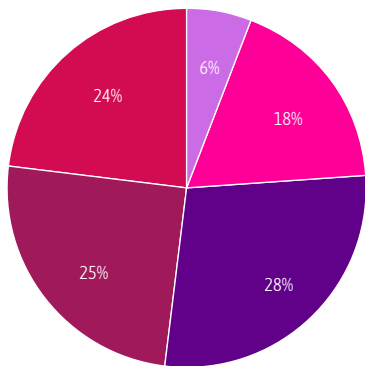
“One of the benefits of single life plans is they enable cover to be tailored to each individual; for example women wanting children may want a policy that includes pregnancy cover whereas that might not be the best value option for a male partner.

It can also be difficult to separate joint cover if relationships break down. Thinking beyond just a joint life policy to protect the mortgage will help improve consumer financial resilience.”

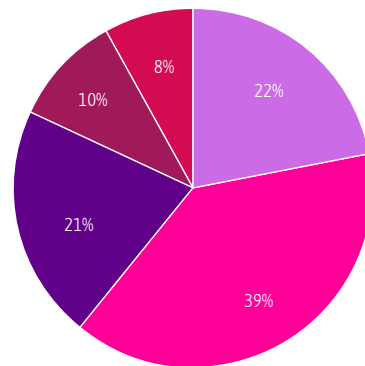
**Emma Thomson – Chair of the Women in Protection Network**

### In what circumstances do you recommend a client to purchase a joint CI policy?

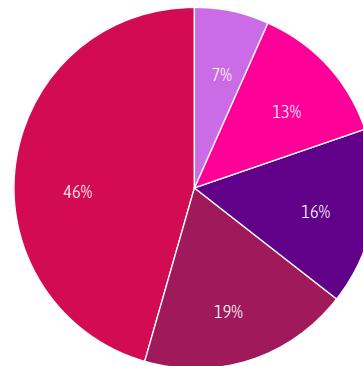
Always Frequently Occasionally Rarely Never



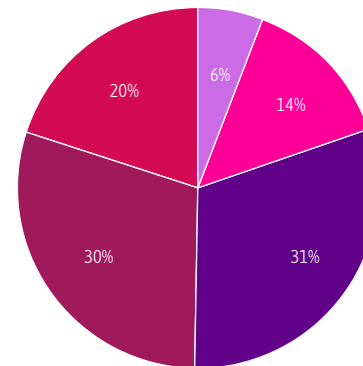
When it is cheaper than two single policies



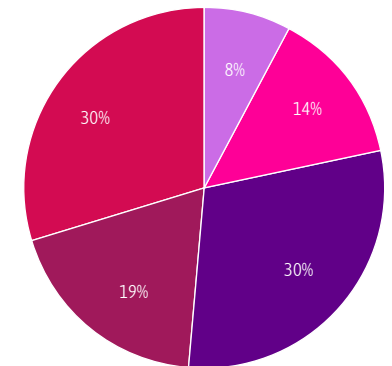
When the purpose of taking out a policy is to cover their mortgage



Because compliance requires me to justify why 2 separate policies would be better value for the client



If I explain the benefits of 2 single policies and the client would still prefer a joint policy



If it's a dual life policy



## Demand for flexibility

Flexibility in the product would motivate consumers to take CIC in the future. A fifth (22%) said they would buy CIC if the policy had the flexibility to decrease their cover and therefore monthly cost during a period of financial difficulty, without having to reassess their health status afterwards, rising to 28% among younger people.

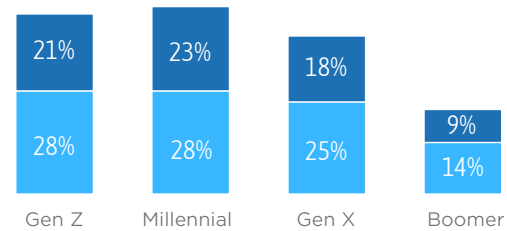
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*“Financial pressures are often highest when engaging in a first mortgage, creating barriers for advisers when recommending CIC. Seeking more creative ways to enable clients to take out their first policies should help create a lifetime habit of providing protection solutions for them and their families.”*

**Neil McCarthy —  
Chair of the Protection Distributors Group**

### Which, if any, of the following would make you more likely to buy CIC cover in the future?

- If the policy had the flexibility to increase the amount covered, without having to reassess my health status
- If the policy had the flexibility to decrease my cover and therefore my monthly cost during a period of financial difficulty, without having to reassess my health status afterwards



**28% of young consumers are motivated by product flexibility**

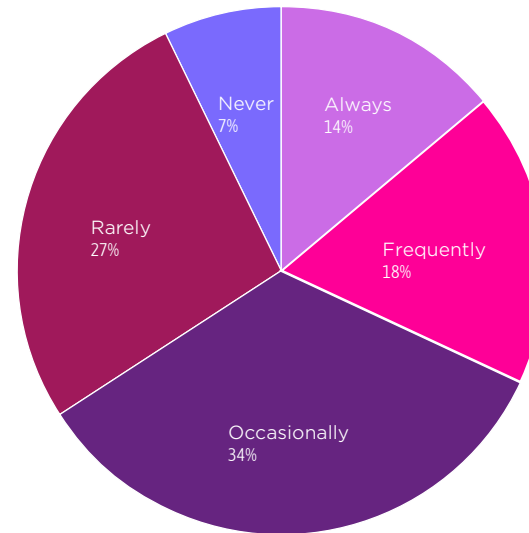
## Adviser view on flexibility

The main vehicle for flexibility available to advisers is the use of Guaranteed Insurability Options (GIO), providing the ability to change cover details without having to undertake a new health assessment. However, advisers' usage of them is relatively low, with many advisers saying they simply don't offer enough flexibility.

Earlier data (Perceptions) showed 46% of clients state their finances are stretched by their current house purchase as a reason for not having CIC, so clearly the flexibility within the policies available don't appear to match that need.

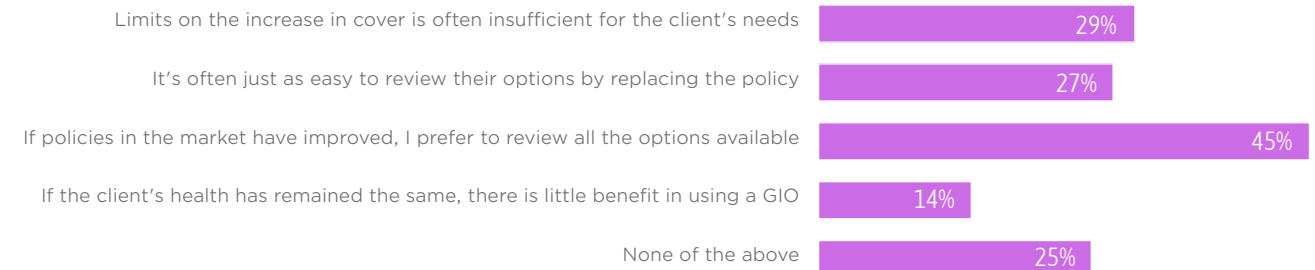
Many advisers individually commented that policies were too restrictive, explaining a need to improve the limit on how much the cover can be increased and the need to extend the length of the term at the same time. Many commented that it's rare that a client moving home will take the new mortgage over the same period. Given GIO don't support this it severely impedes their use. Perhaps this poses another challenge for product designers to innovate?

### How often do you feel you need to discuss/recommend the use of GIO to your clients?



**68% of advisers view GIO as a niche aspect that doesn't match their clients' needs**

### If you don't discuss/recommend the use of GIO with your clients, which are the most common reasons?



## Rachael Welsh

Head of Marketing, Guardian



*“The report highlights many areas that could benefit from further education with advisers and consumers – especially dual life and the future flexibility that comes with that.”*

The report tells us a lot about the changing nature of the CIC market, with the data showing more Gen Z and Millennials have more CIC than Gen X – which is positive and speaks to the work the industry’s done. However, the report also reminds us that there’s much more we need to do to get people the protection they need.

There’s a clear need to increase the level of public knowledge about the nature of the product. For example, 26% of Gen Z and 27% of Millennials mistakenly believe that a CIC payment must be used to pay off a mortgage. Or that 38% think the purpose of children’s cover is to fund treatment.

Although it’s not surprising to see that 70% of people say they’ve not seen CIC advertising recently, it’s really encouraging to see this drop to just 49% for

Gen Z. You can make a fair assumption that social media is playing a big role here, and correlates directly with the fact that Gen Z and Millennials are more likely to hold CIC than Gen X. This is an interesting finding and opens up a debate about how different the results of this report could be if consumer awareness advertising was more of a focus for our industry.

But of course, advertising alone isn’t going to change the dial on CIC. It’s still disappointing to see that ‘I don’t trust it’ll pay out’ is still one of the top reasons why consumers don’t have CIC. There’s still work to be done on perception with consumers, we know we pay most claims, but that message isn’t cutting through.

On a more positive note, it’s great to see that

added-value services are influencing adviser recommendations. It’s always been our view that protection should not just be about financial support.

The report highlights many areas that could benefit from further education with advisers and consumers - especially dual life and the future flexibility that comes with that. At Guardian we have a very strong view about joint life versus dual life but perhaps that’s a conversation for another day.

Finally, we want to thank CIExpert for this powerful research and report, and we’re really delighted to be part of it. There’s a lot to take away, and it’s prompted us to think about how we can work better with advisers to raise more awareness and understanding with consumers.

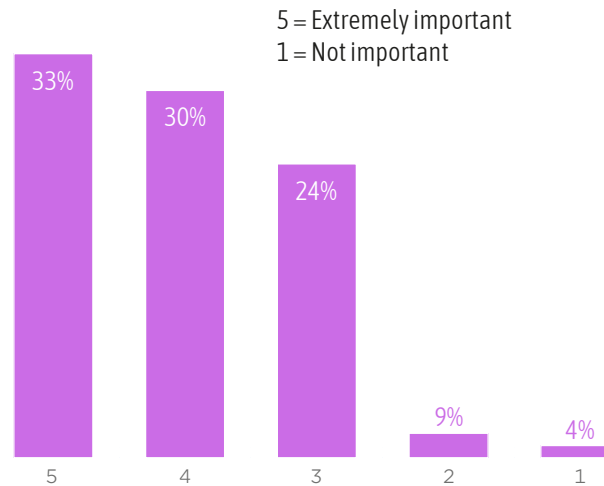
## Other key adviser concerns

The timescale to pay out on claims has become a key issue recently. Consumers' expectations are low with 41% expecting 2-3 months or longer; not a great expectation when many state they'd like to see rapid payments made to provide private treatment options.

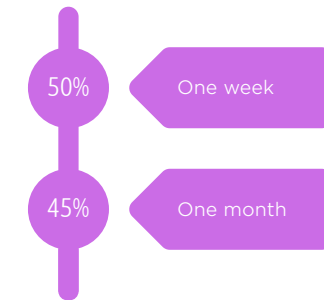
Advisers however see this as a key performance criteria, with a resounding 95% believing payments should be completed in a month or less.

Advisers also place high importance on the availability of annual statements for their clients; 63% of advisers rank importance as 4 or 5, with 5 being the highest level of importance.

### In your opinion, how important is it to supply annual statements to your clients?

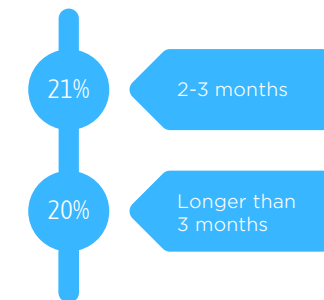


### How long ideally do you think it should take for a client to receive a claim pay-out?



Adviser opinion vs consumer opinion

### How long ideally do you think it should take before you receive a pay-out?



*“Annual statements should be provided to consumers. They should provide a simple summary of the cover the client has in place, and a reminder of the benefits provided to the policyholder and often their family. With richer policies providing added value services, clients need to know what they can claim on, and where to go for help.”*

*“When considering claims payments in the industry – the point of truth for the customer, paying claims in a timely manner is the least a client should expect.”*

**Neil McCarthy — Chair of the Protection Distributors Group**

# Challenges and opportunities



## Clive Mayne

Director and founder, CIExpert

*“Can we inspire a new vision amongst our product designers and marketers?”*

Could these findings be the foundation of a revolution in CIC that inspires a new vision amongst our product designers and marketers to respond to evolving consumer needs?

In the past 10 years we have seen tremendous improvements in the quality of CIC products being developed. Our motivation for this research was to build upon these advances and innovations and explore how we could encourage further evolution. The resulting data is thought-provoking with some particularly surprising aspects that emphasise the scale of the challenges that we face as an industry. Yet should we choose to “grasp the nettle” there are some tremendous opportunities for us to pursue that could evoke dramatic change.

The challenges are not insignificant. Trying to sell any product where the customer has no idea what it is, or why they need it, is no easy thing to fix but we need to start somewhere. Perhaps the time has

come to change the narrative around CIC and stop talking about it as a mortgage appendage. Paying off the mortgage clearly is no longer the prime driver for purchase, particularly amongst younger generations with a far higher proportion of renters.

Are the opportunities staring us in the face? Repositioning the product to address a younger generation, at the precipice of an NHS crisis, whose fear of being able to rely on the state for their health now and in the future is a real and profound need.

Equally embarking on a first home purchase or facing parental responsibilities will still be a key motivation to start many customer engagements. Yet both events cause financial pressures that can also prevent CIC take-up. Can we be more imaginative with the product's flexibility to help consumers on to their first stepping stone to what should be a lifetime of protection?

Once aspects such as additional payments, children's cover or added value services are explained consumer attitudes shift dramatically. Communication is clearly crucial and given that consumers have made a massive shift to online purchases, embracing this channel is key to both educate and funnel their interest into financial advice. In turn this too will help to ensure a “fair value” match to their personal needs.

I have always been inspired by the vision of Dr Marius Barnard in creating critical illness cover. As Jeff Prestridge so elegantly asks, could these findings be the foundation of a revolution in CIC? Can we inspire a new vision amongst our product designers and marketers to respond to evolving consumer needs and usher the perception of CIC as a niche product into a thing of the past? An exciting opportunity if we are ready for the challenge?