LV= Free Critical Illness Offer For New Income Protection Customers Extended Until Year End

- Adviser demand results in extension of free Critical Illness cover.
- Critical Illness lump sum of three times the monthly Income Protection cover.

Protection specialist LV= has extended its free critical illness (CI) cover offer to the end of 2009. All new customers taking out an income protection (IP) policy under the LV= Flexible Protection Plan by 31 December 2009 will receive free lump sum CI cover equivalent to three times their monthly income protection benefit.

Free CI cover was initially launched as a short term offer in February 2009 and feedback from financial advisers has been so positive that LV= has decided to extend it until the end of this year.

LV= Head of Protection Chris McFarlane comments: "Advisers have told us that our free critical illness offer has not only enabled them to revisit their existing clients to ensure their protection needs are being met, but also the offer is acting as a real differentiator between LV= and other providers in the market. Our extended offer will provide lump-sum financial relief following the diagnosis of a critical illness like cancer, coupled with a regular income in the case of a stress-related illness, for example."

Recent consumer research[1] published by the Financial Services Authority highlighted that many CI policyholders have a poor understanding of what their policy covers. Almost seven out of ten policyholders (68%) wrongly believe that they can claim for any illness if they are unable to work. The research also found that many policyholders confused CI cover with income protection – one quarter (23%) thought that they would receive a monthly income in the event of a claim on a CI policy.

McFarlane continues: "The extension of this special offer aims to promote the merits of income protection and encourage more people to get covered, and is particularly timely given the continuing economic downturn. It also highlights the benefits of lump-sum CI payments to help people to adjust financially in the face of a serious illness. One of our key priorities as a leading protection provider is to educate people around the importance of protecting their regular income."

Details of the LV= free critical illness cover offer are as follows:

- The offer is available to anyone applying for a new Flexible Protection Plan up to 31 December 2009.
- On diagnosis of a critical illness that meets our policy definition and survival for at least 14 days, LV= will pay the customer a lump sum of three times their monthly IP benefit. LV= only cover the critical illnesses defined in their policy, and no others.
- The free CI cover is as defined under the existing Flexible Protection Plan CI cover option (except for Total Permanent Disability). Free children's CI cover is included.
- The free CI cover applies for as long as the IP cover is in force.

1. Source: FSA's Consumer Research (Post Implementation review of ICOBS: Oral Disclosure Rule in sales of critical illness cover – baseline survey) April 2009

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