

Reviewable Protection Plan Changes - A Guide for Financial Advisers

What is a reviewable protection plan?

Reviewable protection plans were designed to take account of customers changing life insurance needs as they get older and their circumstances change.

The regular payment the customer makes into the plan covers the cost of providing the benefits they chose for their plan. In the early years the payments are higher than the cost of the customer's benefits. The extra money paid goes into the plan fund. Protection benefits get more expensive as customers get older. As time passes the payments will eventually begin to equal the cost of the benefits.

In the later years of reviewable protection plans, the cost of your benefits increases significantly. To keep the benefits at your current level of payments, the difference is made up from the plan fund. Once the plan fund has reduced the customer will have to increase their payments or reduce their benefits. In many cases the customer may have to significantly increase their payments/reduce their benefits.

What is changing?

We know that customers experience with these plans has not been ideal as customers did not anticipate the large increases or reduction in benefits that they would need to make. Customers have told us they want more certainty about their plan and so we are piloting a new product solution for some of these customers. Customers who are aged 65 or over can now choose to move up to €30,000 of life cover or the maximum amount of life cover they have if it is less than €30,000.

We will tell the customer about this new option in the review options letter. We're now presenting customers with four options in the letter. These are summarised below.

Continue with your existing plan

If you choose to continue with your existing plan you have three main choices below. There may be other options available to you

Option A - Keep the same level of cover and increase your payments until your next review date.

Option B – Reduce your level of cover and keep your payment the same until your next review date. We will also cancel the indexation cover on your plan.

Option C – Aim to keep the same level of cover for the rest of your life. The payment is not guaranteed and may change as we continue to review your plan.

Change to a Guaranteed Whole of Life Cover plan with no reviews

If you would like more certainty about the payments you will be making in the future, you have the option of moving up to €30,000 (or the maximum amount of life cover you have if it's less than €30,000) life cover to a Guaranteed Whole of Life cover plan. With this new plan you won't need to provide any medical details and your payments will be fixed for the rest of your life. If you would like to change to the Guaranteed Whole of Life cover plan you can contact your financial broker or adviser or call us on 01 704 1010 to discuss all your options and change to the new plan.

As well as offering the customer a new product option we have also made two other changes to the options we show the customer:

- For Option B we will automatically remove the customer's indexation to keep their payment the same.
- We will also be showing the customer how much it would cost to keep their cover the same for the rest of their life within the reviewable plan. This quote is just an estimate and their cover will continue to be reviewed. The quote is not guaranteed whereas the new product option is. This is just a way for the customer to compare the cost with the new option.

It is important if the customer wants to choose the new product option that you get the application to us as soon as possible. The plan will automatically move to its default option if the application isn't received before the review date. See the next section for more information on the timing of the review process.

The timing of a review

Below you can see the steps that happen for a plan review.

Timing	What happens
12 weeks before the review date	A letter is sent to the adviser showing the options going to the customer. The new option is only shown when the customer (or both if joint life) is over 65.
8 weeks before the review date	The options letter is sent to the customer.
4 weeks before the review date	A reminder letter is sent to the customer and adviser.
At the review date	A confirmation letter is sent to the customer confirming their chosen option or the default option that applies to their plan.
21 days after the review date	The customers chosen or default option will be processed.

If the customer does not choose an option the plan will either default to Option B or the plan will cancel. We will tell the customer in the letter what default option will apply if they do not choose an option.

Costs & Associated Issues

Our overriding concern was to one of fairness to your customers. We have listened to your feedback on this issue and have tried to construct a product option that provides certainty and fairness. Based on the customer feedback we feel that the New Guaranteed Whole of Life option provides just that – certainty and transparency.

There is a not inconsiderable cost to the business in providing such a guaranteed solution. You have also told us that you are anxious to engage in this process. With that in mind, should your customers opt for the Guaranteed Whole of Life option then we will pay a flat fee of €200 for your time and effort involved in the process.

Where can I get more information?

If you would like more information on the changes we have made please contact your account manager or sales support team. You can also contact our dedicated protection reviews team on 01 7041010

If you require further information on this process then please contact your Irish Life Account Manager