

# Are you unprotected?

Recent research carried out by Opinium Research during April 2018 and figures gained from the ONS (Office for National Statistics) showed that people in Britain are under-protected should serious illness occur. More than a fifth of people admitting their household wouldn't financially be able to survive if they lost their income due to long-term illness, with it being estimated that fewer than one in ten have any kind of critical illness policy.

Taking out life insurance in the UK seems to be falling down the list of priorities for many people, with just 27% having a life policy, equivalent to 14 million people. Apparently, this has dropped by 7% when compared with 2017.

## KNIFE-EDGE POSITION

There is believed to be around 40% of UK households being reliant on just one income. This shows that families are on an ill health knife-edge of being reliant on a single income, it's clear that many don't have sufficient savings, even though they believe they could use them to help in the shorter term if they or their partner were ill and unable to work, a third admit their savings would last no more than three months if unable to work, and more than half say they'd last no longer than a year. Thirty percent say they are not saving any money at all.

Two people in every ten say they would rely on state benefits if they or their partner were unable to work for six months, but recent welfare reforms are resulting in significant changes to benefits

such as child and working tax credits, income-based job seeker's allowance, income support, housing benefits, and bereavement benefits.

## FAMILIES AT RISK

Delving deeper, some people are leaving themselves and their families unprepared for other aspects of illness or bereavement. One in five people have no idea who would look after them if they fell ill, and almost half don't have a Will for protection or the power of attorney, guardianship or trust arrangement in place for their families. When asked why they haven't taken out life or critical illness insurance, almost a third of the UK's primary wage/salary earners say they don't feel the need for this kind of cover.

## UK'S PROTECTION SHORTFALL

So why are people not insuring themselves adequately? The research revealed that a lack of trust and understanding could be contributing to the UK's protection gap. On average, people think that only a third of individual protection claims are paid out by insurance providers each year, based on the misconception that insurers wriggle and don't pay out. In reality, however, virtually all protection insurance claims 97.8% were paid in 2017, according to the Association of British Insurers (ABI).

In addition, almost 78% of people are unaware that cover often comes with practical advice and emotional care, as well as financial support, without having to make a claim.

The hard truth is that today's society are more likely to insure their mobile phones than their own health. On a societal level, we increasingly think in the short-term, caring more about tangible assets in our busy day-to-day lives. As humans in a hurry we are fundamentally programmed not to think about the worst that could happen. Together, these are dangerous inclinations, as people aren't thinking about insuring their health or life until the accident has happened or ill health has struck.

***“The hard truth is that today's society are more likely to insure their mobile phones than their own health”***

Source data:

[1] 2017 ONS data shows there are 51,767,000 adults in the UK. 27% of people have a life insurance policy in 2018, amounting to 13,977,090 people. 34% of people had life insurance in 2017, totalling 17,600,780 people.

[2] This amounts for a difference of 3,623,690.

[3] 2017 ONS data shows there are 51,767,000 adults in the UK. 30% of people say they aren't saving at all – amounting to 15,530,100 people.

[4] Association of British Insurers (ABI) and Group Risk Development (GRiD), April 2018

All figures, unless otherwise stated, are from Opinium Research. The survey was conducted online between 5th and 12th April, 2018, with a sample of 5,022 nationally representative UK adults.