

# 4 Arguments Against Protection and How to Tackle Them

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Protection policies lie at the centre of good financial planning.

Having said that it is still by far and away the hardest sell for any financial adviser.

Four reasons why customers don't want to consider life assurance generally fall into the following brackets:

- **Waste of money**
- **Insurance companies never pay out**
- **The customer gets cover via their work**
- **Difficult to understand all the options available**

## **Waste of Money**

Most customers' finances are already stretched.

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Taking into account the mortgage/rent, loans, and credit cards then putting food on the table can feel like there is very little money left at the end of the month.

These are all valid points but protection policies can be built around the customer's budget.

If the customer's circumstances change in time the cover can be increased to match their new requirements.

This is particularly relevant if the customer gets married or starts a family.

## **Insurance companies never pay out**

All insurers are obliged to publish their claims stats so customers can see exactly what the payout percentages are.

In figures published by the Association of British Insurers (ABI), 97.3% of life claims and 91.3% of critical illnesses were paid out in 2021.

The full breakdown of payouts can be found here:

<https://www.abi.org.uk/news/news-articles/2022/05/payouts-for-bereavement-illness-and-injury-claims/>

The main reason why insurance companies don't pay out is non-disclosure.

Filling out an application for insurance can feel very invasive but the insurer needs to establish the background of the customer before offering cover to them.

If the customer decides to be 'economic with the truth' this could have severe consequences at the point of claim.

## **The customer gets cover via their work**

There is no doubt that some companies will offer very good benefits to their employees. These can come as death in service benefits and health insurance coverage.

But there is something the customer needs to understand.

These benefits are only available for the duration that the respective company employs them.

Looking at protection cover, it doesn't matter what company the customer works for or how long they are with them, the cover stays in place regardless.

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Death benefits and Permanent Health Insurance (PHI) cover can be built into protection policies along with critical illness cover.

So in reality, the customer can have something more comprehensive than what their employer offers.

## **Difficult to understand all the options available**

Most customers will get the concept of life cover - a lump sum gets paid out in the event of death.

But then there is:

- critical illness cover
- total permanent disability (TPD) cover
- income protection
- unemployment benefit
- PHI cover - as mentioned above.

This is where a good financial adviser can explain how all these benefits can be useful for the customer and what each one does.

All these benefits - including the basic life cover can be optimised to suit the customer's personal requirements and budget.

## **Protection is a very important fundamental in holistic financial planning.**

Its benefit is not only to assist the customer in areas like critical illness, income protection, unemployment benefit and PHI but can help make their family financially secure in the event of death.

Customers have the option to go online and build their own protection policies but these types of products are more premium focused and not value-focused.

Customers also still have to answer medical questions and understand any terms they might not be familiar with which they could misinterpret.

To really get the most out of protection and understand how it can be tailored to the customer's requirements consulting with an independent financial adviser would be most beneficial.

Protection policies also have the added effect of not impacting the customer's savings or investments if something should happen to them.

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The benefit of this is that whatever plans are earmarked for those savings and investments will not be altered.

**SEO Keywords Used:**

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