

## Study Shows Life Cover Levels Still Too Low

Research conducted by Caledonian Life on its Life Assurance business has revealed that the average Life Cover pay-out for recipients was €101,200 in both 2011 and 2012. A substantial sum one may think, but not nearly sufficient to look after a family for the years to come. The report reveals that as well as the average pay-out during each year being €101,200, the average age of claimants during this period was 61 years-old.

According to Greg Dyer, Head of Sales & Marketing at Caledonian Life, *"It's unsurprising that just under 2/3rds of claimants (63%) were over 55. However, what should be noted is that 37% were 54 and under. These statistics hold a poignant message – people in the earlier stages of life unfortunately do fall ill and their family and dependants are often left to cope for a significant period of time without them."*

Claims based on age:

25 - 34	2%
35 - 44	11%
45 - 54	24%
55 - 64	25%
65+	38%

The report also revealed that female average claim amounts fall short of their male counterparts by about €6,000 – this is most likely down to the fact that women traditionally insure themselves for less than men.

Greg went on to say *"What would most concern us is the fact that the average pay-out is actually quite low relative to the incomes of the people and would signal that most people have insufficient cover to meet the future financial needs of their dependants. At 58 years of age an increasing number of people in this country still have dependant children living at home, and a €101,000 lump sum is very little for a family to substitute loss of income of the primary breadwinner. Life assurance policies are intended to provide customers with peace of mind and financial security for their families should the worst happen – they pay out when people need it, but there needs to be a sufficient sum to provide the necessary security."*

Caledonian Life says that for a family with a monthly income requirement of €4,000, a lump sum payment of €100,000 would only last for just over 2 years. So in many instances, the life cover pay-out is exhausted after this short period of time but the bills will be still there.

Greg concluded, *"It is important for those people seeking Life Cover to give careful consideration to the amount of cover that would be sufficient given their life stage and financial requirements. In simple terms they need to look at the income shortfall that would occur in the event of their untimely death and multiply that by the number of years that their dependants will need to be supported. While Life Assurance can do little to compensate for the loss of a loved one, it can reduce the inevitable financial worry."*

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**Note to the Editor:**

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**Caledonian Life**

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