Buy now.... save later

Dino Charalambous advises to take action now and save money on your life insurance ladies (and gents)

No - this is not a special offer at your local supermarket, it is the reason why everybody needs to review their protection arrangements.

The European Union has issued a Gender Directive for all countries in the European Union not to discriminate against males or females when underwriting their insurance policies. This is not only for Life Insurance but all policies, including car insurance.

The deadline date is 21 December 2012; insurance applications have to be in and the policy on cover before this date - any applications still in progress after this date will be assessed with the new rules.

According to research by HMRC, premiums for women are expected to increase by 15 per cent* due to this new legislation.

As a simple illustration, if you get a quote for life cover and the premium is £50 now, after the 21st December 2012 it will be quoted at approximately £67.50 (15 per cent increase), if the policy is in force for say 50 years, this will mean that you will be paying an extra £2,700 over the term of the policy, so by taking action now you can potentially save lots of money in the future. (Imagine what you could do with that £2,700!)

You can also fix your premiums so that they would not change over the term of the policy, thereby saving additional money.

Equality does not always have an advantage – This new directive means that women will bear the brunt of the increase... although the new Gender Equality Directive will mean that women’s premiums are likely to increase, the men will also not escape premium increases due to the removal of so called ‘I-E’ taxation rules. This will increase the amount of tax life companies have to pay. Insurance companies will have to adjust to these new requirements and premiums are expected to increase across the board irrespective of gender. These new requirements come into effect from the end of the 2012, some are predicting premiums to increase between 10 and 15 per cent just on this legislation alone.

So taking into consideration the increases above for ladies and gents, you can see that the premiums are expected to increase substantially.

Where can I get appropriate cover?

Switch on your TV and you can see adverts from furry animals, tenors, men in lourousines and many more. They are all promoting credit cards to mortgages, life cover to pet insurance. You input your details into their webpage and Hey Presto, you have about 50 choices to choose from. HOWEVER there is a significant difference between the internet and a Specialist Dental IFA. Is the internet policy appropriate for you as a dentist? Do you know the critical differences in the policies to cover you as a dentist? Sometimes the cheapest quote is not the correct policy for your profession.

Some people are driven purely by price and think that the cheapest premium is the best, or that all policies are the same.

In addition, policies taken out over the Internet are EXECUTION ONLY – in other words they are Non Advised (you chose the policy), so in the event of problems with a policy claim you have no recourse to compensation, whereas with a Specialist Dental IFA you would have
a recourse to compensation by the Financial Services Compensation Scheme.

Walk into any bank and you are sold anything from an ISA, Pension to Life Cover - banks tend to normally only offer one insurer and these tend to be much more expensive than what you could get from a Specialist Dental Independent Financial Adviser (IFA).

A Specialist Dental IFA will source and recommend an appropriate policy and make sure that you have the correct cover in place. An IFA will also advise you on putting the policy in trust and tax planning advantages, an internet application will not provide any of this type of advice.

When selecting an IFA for protection you need to ensure that they have Whole of Market access for protection and not a Panel of Insurers. The difference between the two is that a Whole of Market Adviser can access the Whole of the Market for products, whereas an Adviser who has a Panel of Insurers may only be able to access four or five insurers. A Whole of Market access IFA will ensure that all the insurers have been researched and you have been presented with the best options for your individual situation.

Next steps....
The clock is ticking now... Why put off till tomorrow what you can do today?

It would be prudent to get the process moving now to arrange cover. Applying for Life Insurance, Critical Illness Cover and Income Protection is not normally a straightforward process. You have to meet up with the IFA, complete the applications forms, submit them to the insurer, a doctor’s report or Nurse Examination may be required. The Doctor may hold on to the report for a month before returning it to the insurer. If the policy is put into Trust, you would need the Trustees to complete the Trust forms and return them to the insurer.

Market conditions will also affect the application process, the summer holidays and the expected rush of applications before the December 2012 deadline will slow down the processing of applications by insurers.

‘Forewarned is forearmed’ - Buy now.... Save Later

*HMRC Consultation Document, Dec 2011: UK response to the 1 March European Court of Justice ruling that insurance benefits and premiums after 21 December 2012 should be gender-neutral

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About the author

Dino Charalambous works for Frank Taylor and Associates and is a Specialist Dental IFA with access to the Whole of the Market for protection and provides a personalised service for his clients. Where possible, he likes to provide face to face interviews so as to get a full understanding of his client’s requirements. Dino will take charge of your application and chase it to the end so that there is less hassle for the client. The Dental sector is his main focus as he has worked with many Dentists over the past eight years and has an insight into the sector as most of his friends are Dentists! Dino’s contact details are 08456 123 424 or 07939 457 589 or email: dino.charalambous@ftassociates.com

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It pays to check the benefits

Richard Lishman discusses insurance policies

I t is at times like these, when everybody is watching their pennies that it can really pay dividends to look at familiar things in a new and more objective light.

For instance, in the modern world we all tend to pay for lots of different kinds of insurance. Some is compulsory, such as car insurance or professional indemnity cover. But other policies will be voluntary, and despite our assumptions these don’t necessarily offer good value for money.

Many of us will have private medical insurance policies, for example. These often cost between £150 and £200 per month, not an insignificant amount. But we comfort ourselves that we will be covered should we suddenly need, say, a major operation. But is that cover all it is cracked up to be?

A colleague is about to undergo a relatively major operation to cure a painful problem with his back. He has opted to pay privately to avoid the long delays in getting the problem sorted on the NHS, and is paying for the operation from his own funds rather than through an insurance policy.

There were sharp intakes of breath around the office as we began to calculate the cost of surgeons, nurses, a general anaesthetic, the operating theatre and the various other expenses that would be involved. We were all surprised to find that the procedure will cost around £2,000.

While this is not spare change, it does on the surface appear to represent pretty good value for money, and it is a sum that could be easily made available from a self-insurance route.

If the monthly insurance premiums that would go to a medical insurance policy were simply paid into a bank account instead, sufficient funds would be available for a significant operation every year – and the savings would be earning interest too.

Looking into this, the most expensive operations, such as having a particular organ removed, seem to come in at less than £10,000. This might account for around four years of self-insurance savings – but would hopefully be a very rare and infrequent procedure.

This isn’t a call to tear up insurance policies. But it is important that anybody considering a private medical insurance policy be more aware of the costs involved in taking an alternative route, and the possible attractions of a ‘pay as you go’ alternative. Sometimes moving against the herd can provide a more efficient means of travel.

Richard Lishman

Richard T Lishman is the founder of Money4Dentists, which are a specialist firm of Independent Financial Advisers who help dentists across the UK manage their money and achieve their financial and lifestyle goals. For more information please call 0845 345 5060 or email info@money4dentists.com www.money4dentists.com

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