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Better off dead

The case for critical illness cover

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Learning objectives

By the end of this session, you should be able to:

- Explain the role of critical illness cover within a holistic protection plan.
- Use consumer research, claims data and real-life examples to make critical illness cover more relevant.
- Identify practical opportunities to position and recommend critical illness cover.

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An uncomfortable truth

Better off dead?

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Kieran (34) and Joy (31) have two young children.

Joy is a civil servant; Kieran runs his own catering company.

They have a joint life insurance plan which they took out when they bought their house several years ago.

Sadly, Kieran suffers a severe, but not fatal, heart attack.

Would the family have been better off if Kieran didn’t survive?

Which risk worries clients most?

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What's the chance of Kieran **dying** before he stops work at 68?	?
What's the chance of Kieran **developing a serious illness** before he stop work at 68?	?
What's the chance of Kieran being **off work for two or more months** before he stop work at 68?	?
What's the chance of **any of these life events happening** to Kieran before he stops work at 68?	?

Source: Royal London Marketing Studio (August 2026), example used is a male life (age 34 at next birthday), non-smoker, retirement age 68

Britain’s resilience issue

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Financial fragility is widespread

30% of our sample fall into the Financially Fragile group with low savings, little disposable income and limited ability to absorb financial shocks.

Only a minority of UK adults are Robust and Resilient

This group has sufficient day-to-day money, short- and long-term savings, and the financial headroom to cope with life’s ups and downs.

Life events have lasting consequences

As you would expect, people’s financial vulnerability rises sharply after life shocks such as bereavement, divorce or job loss.

Employment does not insulate from financial pressures

More than a third of employees are Financially Fragile.

Cash savings are a critical factor in financial resilience

Financially Fragile adults have average cash savings of just £1,136, versus £19,984 for all UK adults.

Homeownership is closely linked to financial resilience

Social housing and local authority renters have a resilience score of just 19%, compared with 45% for outright homeowners, who are mostly in the Cautiously Coping category.

Disposable income increases sharply with financial resilience

Financially Fragile adults have just £77 in monthly discretionary income, compared with £436 across all UK adults and £1,061 for the Robust and Resilient.

The pension gap is wide

Financially Fragile adults have average pension savings of £15,075[1], compared with £93,221 across the UK and £230,361 for the Robust and Resilient.

Cost of living pressures disproportionately affect the most vulnerable

Those in the Financially Fragile group struggle to meet day-to-day living expenses, leaving little money or resources to build long-term financial security.

Source: Royal London, 2026 Financial Resilience Report, page 3 (July 2026)

The cost of a critical illness

Almost **£700 extra**[1] a month spent by young cancer patients and their families following a cancer diagnosis.

83%[2] of people with cancer experience a financial impact from their diagnosis. For those affected, the financial impact reached an average of **£891 per month**[2] on top of normal spending.

Across a grab rail, stairlift and wet-room adaptation, someone in an older or less adaptable home could be almost **£27,000 worse off**[3] than someone occupying a home designed to be accessible and adaptable.

Sources: [1]Young Lives vs Cancer, Cancer Costs (September 2023)
[2]Macmillan Cancer Support (2022). Hundreds of thousands of cancer patients simply ‘can’t afford life’
[3]Habinteg Housing Association (2024), Adaptations to older homes could cost households thousands

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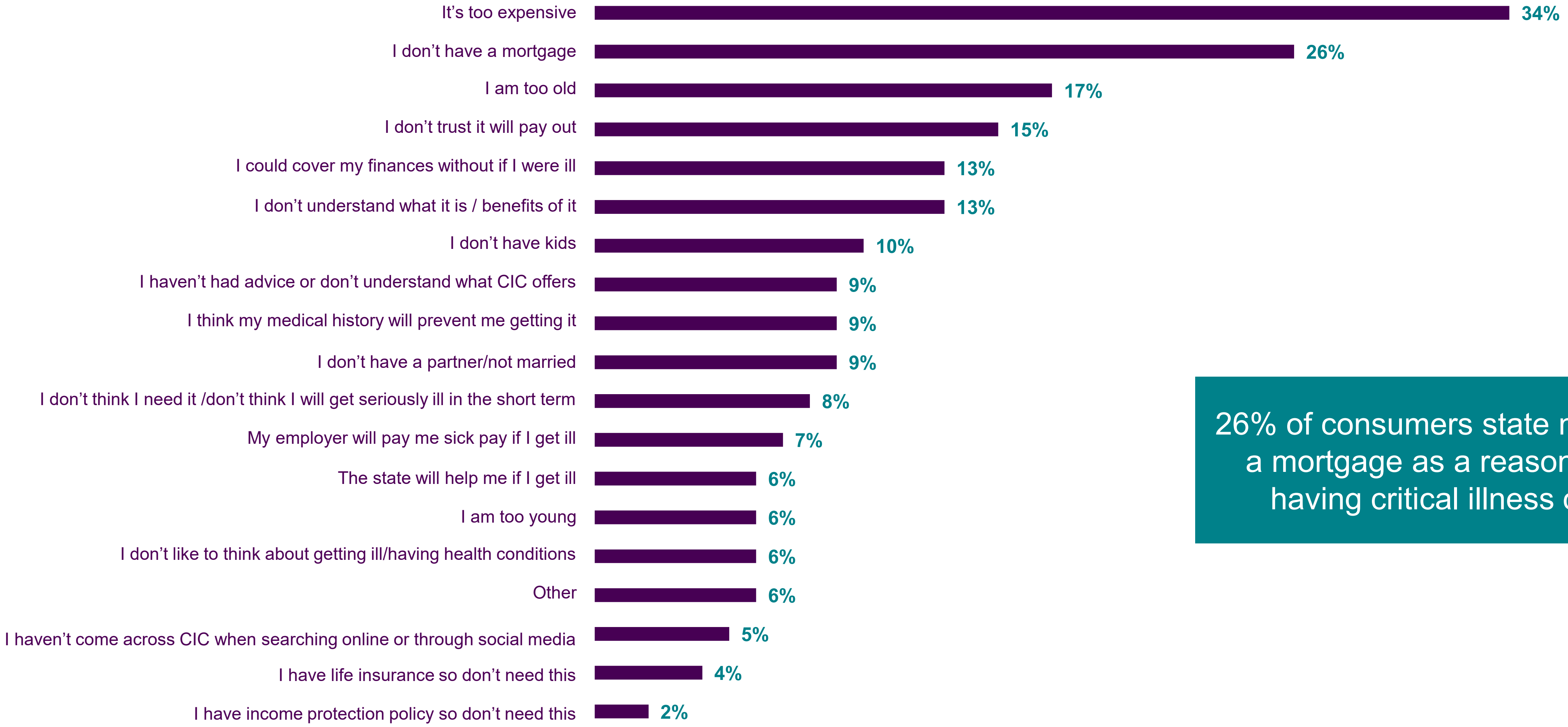
A framing problem?

Why don’t consumers have cover?



26% of consumers state not having a mortgage as a reason for not having critical illness cover.

Source: CIExpert, Critical Thinking Report 2026

What causes inaction?

Avoidance

People instinctively avoid uncomfortable conversations (illness, death, income loss).

Overwhelm

Too many options or too much complexity leads to doing nothing.

Present bias

People often prioritise today's cost over future risk or benefit.

Emotion vs logic

Decisions are driven by emotion first – logic is used to justify afterwards.

Understanding critical illness cover

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Underwriting
Based on the risk of a client suffering a covered condition, as well as their likelihood of survival and recovery.

Ownership
Cover can be arranged on a single life, joint life first event or dual life basis, depending on the insurer and client needs.

Condition definition
Cover is based on meeting specific plan definitions, and insurers may vary in the breadth and wording of conditions covered.

Survival period
Some plans require the client to survive for a specified period following diagnosis before a claim can be paid.

Child and pregnancy cover
Many insurers offer optional children's cover, providing protection against a range of childhood conditions and, in some cases, pregnancy-related complications.

Direction of benefits
A plan may be written into trust to help direct benefits to the intended recipients.

Partial payments
Some plans provide partial payments for less severe or early-stage conditions, with any remaining cover continuing after the claim.

Standalone vs accelerated cover
Cover can be arranged independently or integrated with life cover, affecting how benefits are paid following a claim.

Pitching protection

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E	**Easy** Simplify the cover options, avoid jargon and reduce choice overload.
A	**Attractive** Link the conversation to family outcomes, use stories and case studies.
S	**Social** People are heavily influenced by what other people do, think and value.
T	**Timely** Tie this into present bias, why we need to have the conversation now rather than later.

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The claims reality

Claims expectations

Only 8% of consumers would use a critical illness payout to pay off their mortgage.

Source: CIExpert, Critical Thinking Report 2026

Most common conditions claimed

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Cancer, heart attack, stroke and multiple sclerosis accounted for **84%** of all critical illness claims paid in 2025.

Cancer alone accounted for **64.3%** of all Critical Illness claims, with more than **£125 million** paid to customers diagnosed
with cancer.

The oldest critical illness claimant was 81 years old the youngest was 21 years.

A critical illness diagnosis creates multiple financial problems.

Condition	% of Critical Illness claims	Total amount paid out in claims	Average age of claimant (years)
Cancer	64.3%	£125m	51
Heart attack	9.3%	£17m	54
Stroke	7.8%	£12.9m	51
Multiple sclerosis	2.6%	£4.4m	44
Heart valve replacement or repair	2.0%	£4m	53
Benign brain tumour	1.7%	£3m	47
Coronary artery bypass graft	1.6%	£2.9m	59
Parkinson's disease	1.2%	£2.3m	58
Pregnancy complications	1.2%	£0.2m	35
Carcinoma in situ of the breast	0.9%	£0.3m	48
Motor neurone disease	0.6%	£1.4m	48
Cardiomyopathy	0.6%	£0.8m	47
Major organ transplant	0.6%	£1m	51
Aorta graft surgery	0.5%	£0.7m	49

Source: Royal London Claims Statistics 2025

Children’s critical illness claims

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No parent expects to claim on Children's Critical Illness Cover, but **177** families needed that support in 2025.

One in three Children's CI claims we paid related to cancer, but many claims involved conditions clients may never have considered.

Condition	% of Critical Illness claims	Total amount paid out in claims
Cancer	33.9%	£1.2m
Death of a child	12.4%	£170,000
Diabetes mellitus type 1	9.6%	£317,000
Brain tumour	7.3%	£296,000
Stroke	7.3%	£183,000
Intensive care	4.5%	£195,000
Structural heart surgery	4.5%	£191,000
Deafness	2.3%	£110,000
Heart valve replacement or repair	2.3%	£67,000

Source: Royal London Claims Statistics 2025

Real client stories

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A customer took out Critical Illness cover in their early 20s, choosing to put protection in place early in their working life. Nearly ten years later, they began to feel unwell and were referred for neurological tests. They were diagnosed with multiple sclerosis — a life-changing condition that can bring significant personal and financial challenges.

They submitted a Critical Illness claim to Royal London and received a lump sum payment within the same month. This provided them with the additional support that they needed after receiving this life-changing diagnosis.

One of our customers took out a protection plan to support their growing family. Their partner's pregnancy progressed as expected, with no concerns and normal scan results.

Sadly, complications arose during the birth, and their child was admitted to intensive care, suffering a stroke at an incredibly young age. A devastating experience for any family.

The customer made a Critical Illness claim, and we paid out a sum assured. This financial support helped ease immediate pressures at a profoundly difficult time, allowing the customer to focus on what mattered most — caring for their child.

Source: Royal London Claims Statistics 2025

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Opportunities

Targeted opportunities

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First time buyers
For many clients, a mortgage is their first major financial commitment and the first time somebody else becomes financially reliant on their income.

Remortgage
Mortgage reviews can act as a trigger for wider protection conversations, helping identify gaps in life cover, critical illness cover and income protection.

Renters
Critical illness isn't just for homeowners. A serious illness can disrupt income, savings goals and financial independence whether a client rents or owns their home.

Young families
When children arrive, financial priorities change overnight. Protection can help families maintain stability when life doesn't go to plan.

Business owners
A serious illness can affect both personal finances and business continuity, creating conversations around loan, shareholder and key person protection.

Estate planning
Protection can help preserve wealth, provide liquidity and support family financial resilience when illness or death affects long-term plans.

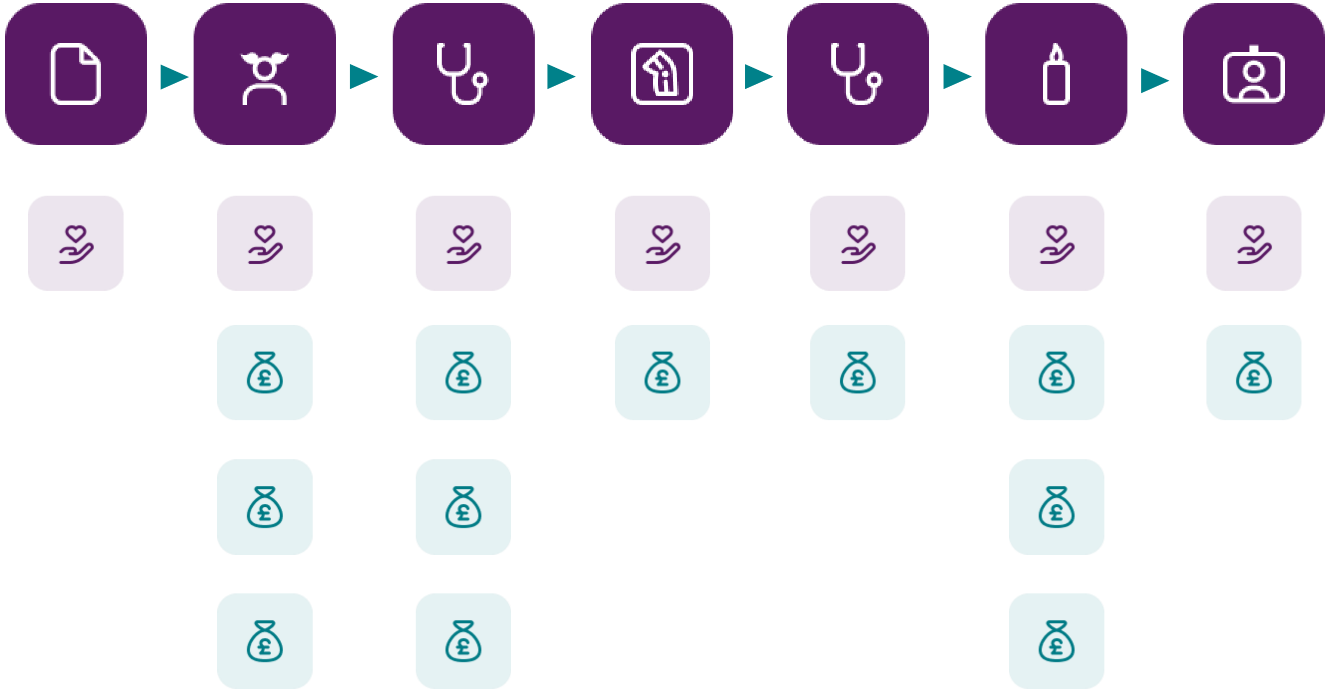
Building it into the portfolio

Every client faces multiple risks throughout their lifetime. A menu plan allows you to build a **tailored protection portfolio** around those specific risks.

Critical illness cover, income protection and life cover each address a different client need, helping create a more **comprehensive solution**.

Combining covers under one plan can help simplify administration while creating more **valuable client outcomes**.

Life cover Joint life (Kieran and Joy)	**Life or earlier critical illness** Single life (Joy) + child cover	**Life or earlier critical illness** Single life (Kieran) + child cover
Family income benefit Single life (Joy)	**Income protection** Single life (Joy)	**Income protection** Single life (Kieran)



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Still better off dead?

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Life cover protects against the financial consequences of dying...

... but critical illness cover protects against the financial consequences of surviving.

Learning outcomes

You should now be able to:

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- Use consumer research, claims data and real-life examples to make critical illness cover more relevant.
- Identify practical opportunities to position and recommend critical illness cover.

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Thank you for your patience.

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