

1 in 10 considering stopping or reducing their protection premiums as the cost of living bites

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In recent months, the ongoing Covid pandemic and the Russian invasion of Ukraine have caused price rises. Issues with supply chains, Russian sanctions, and a surge in demand have seen prices accelerate sharply, with the cost of living now rising at its fastest level for 30 years.

The latest [Office for National Statistics](#) (ONS) data shows UK inflation was 7% in the year to March 2022, driven by increases in energy and fuel prices.

What this effectively means is that something that cost you £10 a year ago will cost you £10.70 today.

The Actuarial Post reports that this increase in inflation means UK households must collectively find an extra £54.4 billion a year to maintain their standard of living compared to 12 months ago.

Your household will typically need to spend an extra £1,957 a year to maintain your standard of living compared to this time last year.

When prices rise, you might have to make tough decisions about where to make savings. You may already be more conscious of saving energy at home, or perhaps you're shopping around for groceries more carefully than before?

One way you might be thinking about reducing your outgoings is by reconsidering your protection. However, making a short-term change to your cover now could leave you underinsured or in financial difficulty later on. Keep reading to find out why, and for three tips to cut the cost of your life insurance and other protection.

1 in 10 people are reviewing their protection premiums

If you're thinking about where to make efficiencies in your household budget, you're not alone.

And, protection is one area where many people seem to be considering making savings. New research from insurer [Royal London](#) has found that 1 in 10 people with a protection policy are reviewing their premiums as a result of the current cost of living crisis.

Their research revealed that 11% of UK adults are thinking about reducing or stopping their premiums to cut back on expenses.

Nearly 2 in 3 people (63%) are planning to realign their finances, with almost 1 in 3 (31%) paying less into savings.

While making changes to your protection may enable you to make savings in the short term, reducing the amount of cover, or stopping your payments entirely, could mean you won't have the essential protection you need in the future.

Gregor Sked, protection development and technical manager at Royal London, says that as household expenditure rises thanks to spiralling fuel and energy bills, and recent National Insurance increases, many people are faced with difficult choices about their finances.

He adds that many people are at risk of compromising their financial resilience by making "a decision about their protection insurance that they may regret further down the line."

Insurance is designed to provide financial support when you need it the most. So, it's worth reminding yourself of the valuable peace of mind this cover gives you before you think about reducing or stopping your payments.

- Life insurance will provide your loved ones with a tax-free lump sum if you pass away. It means they could pay off the mortgage, meet their monthly commitments, replace your income, and maintain their standard of living.
- Income protection provides the safety net that you will continue to receive an income if you're

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unable to work due to sickness, injury, or accident. It can be a really important benefit as it will enable you to maintain your regular commitments until you're fit enough to return to work. It's particularly important if you're self-employed or you run your own business.

- Critical Illness cover will provide you with a tax-free lump sum if you're diagnosed with a life-changing illness such as serious cancers or multiple sclerosis. It is designed to allow you to focus on your recovery, safe in the knowledge that you have financial support that can help you pay your rent or mortgage, and bills.

If you prioritise other expenses ahead of your protection, it could mean that you damage your longer-term financial security just to make some short-term cost savings.

So, it's important to think very carefully about the reasons you took out your insurance, and why it's so important.

3 ways to cut the cost of your life insurance

If you are seeking to reduce your outgoings during the cost of living crisis, there are three ways you could cut the cost of your life insurance and other protection.

1. Shop around

As with lots of other financial products, it can really pay to shop around when you're searching for life insurance, income protection, or Critical Illness cover.

If you're looking to compare life insurance quotes for family protection, mortgage insurance or term life insurance, our [online quotes system](#) is a great place to start. Simply enter your details and we'll scour the prices from dozens of insurers to help you find the cover you need at the right price.

We even take a lower than standard commission from insurers so we can pass these savings onto you in the form of lower premiums.

Even saving a few pounds a month will help you balance your budget in these tricky times and could save you a significant sum over the term of your policy.

2. Review your existing cover

If you have any existing life insurance or other protection, it's possible that you're paying more than you need to for your cover.

For example, you may have taken out your life insurance alongside your mortgage, perhaps through your bank or building society, or through an estate agency adviser.

Many of these advisers are either tied to one or a limited number of insurers – and can't scour the market for deals – or charge something called "loaded premiums" where they receive an additional commission for selling the insurance.

Consequently, you may find that it's cheaper to take out brand-new cover and reduce your monthly premium. [Speak to one of our experts](#) to see if this is possible.

Always remember never to cancel any existing protection until any new policy you take out is in force.

3. Consider different types of cover

When it comes to protection, you have lots of different choices – some of which could save you money.

For example, if you're looking to ensure that your family continue to receive an income if you were to die, family income benefit can be a cost-effective way of arranging the cover you need.

It pays a regular income to your beneficiaries for a fixed term – typically to support your children until they become financially independent. It could be a cheaper way for you to arrange the protection you need.

Similarly, choosing a longer deferred period for your income protection could help to bring down the cost of cover.

For example, if you receive full sick pay for three months from your employer, you might choose an income protection plan with a three-month deferred period to ensure continuity in your income while keeping your premiums as low as possible.

Get in touch

In a world where some of your other bills may be rising sharply, your protection might seem like a good area in which to make savings.

However, your cover is there to provide you with the reassurance that you and your loved ones will receive financial support in the event of illness, accident, injury, or death.

Cancelling your protection might save you a few pounds now but leave you with significant financial problems further down the line.

To find out how we can help you to save money on your cover, [get in touch](#) or [get a life insurance quote online](#).

Company Contact: