



Rated by Experts

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clarity and transparency



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## Overview

Our product ratings use a set of 'red line' criteria to calculate an underlying score for each product, which translates to a star rating.

Products can achieve between one and five stars. The more comprehensive the product, the more likely it is to be rated highly.

To achieve a five-star rating, products must meet all of our red line criteria. We focus on core product features, and don't give extra marks for unnecessary features or optional extras.

Our current red line criteria are contained in the following pages.

We do not consider price when calculating these ratings.

## Red line 1 – reducing monthly payments

To pass this red line a policy must allow customers the option to reduce their monthly payments in exchange for a reduction in the sum assured. A third of over 50s life insurance policies permit this choice.

This feature gives customers flexibility. If they experience financial difficulty, being able to reduce payments rather than cancelling the policy offers some reassurance.

## Red line requirement 2 – moratorium/waiting period

Over 50s policies must have a waiting period – also known as a moratorium period – of one year or less.

Nearly half (41%) of the policies we rate offer this. The remaining policies have waiting periods of two or three years.

## Red line 3 – cover for accidental death in the waiting period

Over 50s policies must pay the full sum assured if the customer dies due to accidental death during the waiting period. An accidental death is where a customer dies because of an event that they could not have predicted and wasn't self-inflicted.

The waiting period is the time in which the policy says you have to survive before you get the full benefits.

## Red line requirement 4 – cover for non-accidental death in the waiting period

Policies must return all payments a customer has made if they die due to a non-accidental death in the waiting period.

## Red line requirement 5 – missed payments allowance

Policies must allow customers at least 30 days' grace to pay a missed payments before the policy is cancelled.

Whilst most providers offer 30 days' grace or more, some offer much less than this.

## Red line requirement 6 – protection for customers past the crossover point

With most over 50s life insurance policies, cover lapses entirely if the plan is cancelled. To pass this requirement a policy must still cover a customer who chooses to cancel after paying more than half of the monthly payments they were scheduled to pay.

Let's say a customer took out a policy when they were 50 years old and were scheduled to pay until they were 80. Provided they paid into the policy for at least 15 years, the policy would still pay out an amount of money when the customer died.

## Red line requirement 7 – premium ending age (or cap on premiums paid)

Policies must stop collecting monthly payments from the anniversary of the policy on or after the customer's 90<sup>th</sup> birthday.

Policies will also pass this red line if they put a cap on the premiums paid. This means that the policy prevents customers paying in more than they could get out.

## Red line requirement 8 – funeral benefit option

Customers commonly intend the money from their over 50s life insurance policy to be used towards their funeral costs when they die.

To pass this red line a policy must offer a feature which delivers an additional amount of money that can be put towards a funeral. 37% of policies we rate offer this.

## Contact Fairer Finance

**James Daley**

Managing Director

**Kate Doran**

Head of Research

[research@fairerfinance.com](mailto:research@fairerfinance.com)