



Staying protected during the economic downturn

In these times of economic downturn and financial uncertainty, your customers' best investment could be the flexibility and support Canada Life's Group Risk products provide.

With the understanding, that being a leading Group Risk Insurer provides, Canada Life appreciates that with the tough economic conditions employers often face moral dilemmas brought about by adapting to the difficult financial challenges.

Many employers are facing the harsh reality that restructuring and/or making redundancies is the only viable option if their business is to continue trading. At Canada Life we aim to support our customers by ensuring while their circumstances may change their policies will continue to provide the highest standard of service.

This article aims to highlight the benefits our existing policies provide and to reassure the employer they have done their best for their company and employees when they took out insurance with Canada Life. Employers responses to the economic conditions differ but **with prior discussion and agreement** Canada Life looks to remain flexible in the following scenarios:

Redundancy

Cover in redundancy is optional with our Group Life product for a period up to two years ensuring the member has the comfort of retaining their life cover while seeking new employment.

Income Protection benefits may also continue to be paid provided there is an agreement between us, the employer and the member. In this case the basic benefit will remain payable to the member while they remain in incapacity, subject to terms and conditions.

¹ See www.statistics.gov.uk.

² Canada Life newsletter *inTouch* December 2008, issue 6.

³ See www.statistics.gov.uk

⁴ Reported in *the Guardian*, 23 October 2008.

In brief...

- On 23 January 2009, the British Government officially announced the economy had entered a recession.

How does this affect your clients?

The figures

- Unemployment had reached over two million by January 09, the highest figure since 1997.¹
- Canada Life's research revealed three in four people believed they could not maintain their present lifestyle for over a year if they were unable to work.²
- Redundancy levels rose 86,000 in the last quarter, up 154,000 over the year, the highest since 1995.³
- Around 280 small companies are going out of business every week according to the Federation of Small Businesses.⁴



Reduced pay

When staff are requested to take a temporary pay cut for the good of the business it does not necessarily mean they are immediately also sacrificing some of their benefits. In some cases, any change in benefit could take up to a year, depending on the salary definition of the policy. Other agreements may be available with prior discussion with Canada Life.

Reduced hours

For staff faced with a reduction in their hours, all of Canada Life's policies will remain unaffected for a maximum of 12 months. Members can expect cover to remain at the level they would receive for working their normal contracted hours for the duration of this period provided they continue to work and Canada Life has received prior notification of these changes.

Temporary absence

Canada Life provides full cover on all its products for absence through ill health, disablement, maternity, adoption and paternity leave. In other instances where absence has been granted, for example a sabbatical, members are insured for up to three years with Life cover and three months with Income Protection as standard (with prior discussion Group Income cover may be extended). This applies subject to premiums continuing to be paid.

If you have concerns, questions or need further advice then please contact your usual Canada Life Account Manager or call 0845 223 8000.

The value of being Canada Life insured...

- Have the option to include redundancy cover for a period of up to two years with our Group Life insurance.
- All Canada Life products ensure those on-reduced hours retain their original level of benefit for up to 12 months.
- Employees asked to take a temporary reduction in pay will not immediately be sacrificing their benefits.
- For Group Life and Critical Illness policies, members may be insured for up to three years if granted leave of absence.
- For Income Protection schemes, members may be covered for three months or longer with our agreement.

Our forms are available to download from our website: www.canadalife.co.uk/group

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