

Homeowners ripped off to the tune of billions of pounds a year on life cover

Submitted by: Homecall +
Tuesday, 17 January 2006

HIGH Street lenders and brokers are exploiting homeowners taking out term cover to help protect their mortgage by charging up to three times over the odds.

The life insurance website carried out their own research*. "We calculate that the Big Four High Street banks which dominate the market for this kind of cover are pulling in some £30 billion a year in additional revenue on the back of this cover," said Lifeinsurancecover.co.uk boss John Williams.

The biggest player in the High Street market for term cover is Abbey – which is also the biggest culprit in loading up premiums, said Williams.

"Abbey came out worst by far in our research: the bank quotes a premium of £80.41 a month for joint term cover to protect a £300,000 mortgage, based on a non-smoking male and female aged 33 and 30 respectively over a 35 year period.

"But Lifeinsurancecover.co.uk could offer a premium just £34.42 a month for identical cover through Legal & General – a saving of £45.99 a month and a staggering total saving of £19,316 over the term of the policy. Abbey is not working any harder for its money – it is simply loading up charges that translate into pure profit.

"It is a scandalous exploitation of homeowners already hard pressed by rising costs: of course we want to sell our product, but we can do it at a third of the premiums charged by a major lender. A bank like Abbey is driven by profit and greed and does not have the interests of its customers at heart before its shareholders."

Lifeinsurancecover.co.uk says its radical approach to the market has forced competitors to bring prices into line with its stunningly low cost policies for term cover.

The company's unique system – whereby it rebates commission paid by life giants back to the consumer – means its standard policies are well over 50 per cent cheaper than major High Street players such as Abbey: Lifeinsurancecover.co.uk also significantly undercuts other premier league providers like Tesco, Virgin and Direct Line.

"Consumers needing term and other essential protection cover have been paying too much for too long," said Williams.

"Our aim is simple: to turn the pricing mechanism of this industry upside down. Our competitors will not like it. But we know we can offer excellent cover at a fraction of the price of other providers.

"Supermarkets such as Tesco may not know it yet, but they are about to lose significant market share as consumers wake up to the fact that the life industry has been coining it in at the expense of the ordinary householder. We are about to change all that," he added.

“Many brokers will tell you they can undercut the big market players: but none of them can even approximate to the savings we are now making available to consumers.

“Our model will undoubtedly set the cat among the pigeons, but the reality is that the big banks such as Abbey cannot compete with their obsolete pricing structures. We are here to stay – but our competitors will not survive.”

Visit www.lifeinsurancecover.co.uk or call the Consumer hotline on 01282 877160

Ends

Media enquiries: Brent Hartley, CEO, 07940 543218

Editor's notes :

* Research carried out by Lifeinsurancecover.co.uk:

£300,000 of Life Insurance Cover	Monthly Premium
Cavendish Online	£18.26
Moneyworld IFA	£18.96
the aa	£20.98
Sainsbury's	£22.20
Tesco	£22.70
Direct Line	£23.93
Virgin	£24.23
abbey	£30.43
life can arrange this for	£16.52

Prices based on a monthly cost, with a leading insurer, for 25 year level term life cover for a non-smoking man aged 33 next birthday in normal health. Figures correct at October 2005.

About Lifeinsurancecover.co.uk

Managing director John Williams is a life industry veteran with 25 years' experience at senior management levels. John was responsible for many innovative products with companies like Pearl, Royal London and Britannic – now he intends to deliver outstanding consumer value via the most dynamic player ever to enter the life market.

Brent Hartley has also had many years experience at top management levels within the consumer life industry. The two have pooled their expertise to develop a dynamic, cost effective online business which will effectively reshape the term and other protection cover landscape.

Instant online quotes are available at www.lifeinsurancecover.co.uk