

**Press release
19 September 2017**

As State Pension Age increases, employers are in danger of having non-compliant group risk protection, says GRiD

As the State Pension Age increases, both now and into the future, employers are in danger of having group risk protection policies that are not legislatively compliant. Group Risk Development (GRiD) is urging employers to check this out.

The issue

Following the removal of the default retirement age (DRA), group risk insurance benefits (group life assurance, group income protection and group critical illness) can legally cease at age 65 or State Pension Age (SPA) as this increases beyond age 65, whichever is later.

Although SPA has already increased to 66, 67 or 68 for many people (and could go beyond that into the future) GRiD members are still seeing policies where employers have kept a fixed cease age of 65 (or worse still, 60) rather than re-defining the cease date under the insurance as 65 or SPA, if later. This exposes them to uninsured liability for benefits that arise after that fixed age for people who reach 65 or SPA beyond that.

Put simply, where no insurance is in place and a promised benefit becomes payable, the employer will have to find another way to pay the benefit, which can be a substantial amount.

This oversight can also be reflected in contracts of employment, which should also be reviewed and amended to reflect the correct legal position, the actual intentions of the business and the insurance in place.

The options for employers

Many employers who want to continue providing group risk benefits beyond age 65/SPA may have assumed that this has been put in place automatically, but this is not the case. GRiD is urging employers to check their arrangements, or risk having to find another way of funding any payments that may become due for older employees.

Some employers may believe it isn't possible to offer group risk benefits to staff beyond 65/SPA, but this isn't the case either. As **Katharine Moxham, spokesperson for GRiD says**, Group risk providers are flexible in accommodating a range of upper ages, or providing other solutions - such as arranging a limited payment period under a group income protection policy, and it doesn't have to be

prohibitively expensive either. The first port of call for all employers is to talk to their adviser and their provider: they are on hand to help.

GRiD is encouraging employers to think ahead too. **Katharine Moxham continues:** We would strongly encourage employers to plan ahead on this issue. It is far easier to negotiate terms in advance than at the time when the first employee reaches 65.

Developments are being made all the time to group risk benefits to ensure they are appropriate for the modern, post-welfare reform world, and it is important that employers regularly review their benefit design to ensure it is fit for purpose, reflects current legislation and meets the changing needs of their business and their workforce.

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For further information please contact:

Sharon Mason
SMUK Marketing and PR
smason@smuk.org.uk
Mob: 07747 611773
Land: 01252 843350

Katharine Moxham
Spokesperson for GRiD
Katharine.moxham@grouprisk.org.uk
Mob: 07887 512508

Notes for editors

About GRiD

Group Risk Development (GRiD) is the industry body for the group risk protection sector, promoting the value to UK businesses of providing financial protection for their staff, enhancing their wellbeing and improving employee engagement. Our membership includes insurers, reinsurers and intermediaries who have a collective wealth of experience built over years of operating in the group risk protection market. Under the chairmanship of Lee Lovett, CEO of Ellipse, GRiD aims to promote group risk through a collective voice to Government, policymakers, stakeholders and employers.

GRiD works with government departments and regulators involved in legislation and regulation affecting group risk benefits, and with other organisations involved in the benefits and financial protection arenas. GRiD also seeks to enhance the industry's standing by encouraging best practice and by participating in industry-wide initiatives such as the professional qualification in group risk managed jointly with the Chartered Insurance Institute.

GRiD's media activity aims to generate a wider awareness and understanding of group risk products and their benefits for employers and employees.



GRiD's dedicated spokesperson, Katharine Moxham, provides expert media comment on a full range of group risk issues.

www.grouprisk.org.uk

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