

Parents protection plan

In countries and regions like India and Asia, it is often a cultural obligation that children help their parents financially when the parents reach a certain age, usually 50+. Children are allocating a certain portion of their monthly salary to their parents, who rely on these payments from their children. Hence, parents are exposed to a financial shortfall in the highly unfortunate case that they outlive their children.

In these regions so far, life insurers have designed products granting benefits to children or the spouse upon the policyholder's death; most commonly available were term life insurances. What was missing were products providing an affordable longevity coverage in case a child died before the parents. This protection gap is filled by the parents protection plan: an easy-to-understand and affordable longevity cover.



Offering lifelong income protection of parents

Concept

The parents protection plan covers the loss of payments in case children pass away before their parents. To cover the longevity risk of the outliving parents, benefits are paid as regular annuity incomes as long as at least one parent is alive.

The product can be combined with an indexation option to counter inflation. For the policyholder – the child – standardised underwriting practices apply. For the parents no underwriting is carried out but regular existence checking is made.

Value proposition

The parents protection plan pays an income to parents if they outlive their children. Furthermore, the plan takes into account the longevity risk, i.e. the parents living much longer than expected. Benefits are paid as a guaranteed lifelong annuity to the parents – as a substitute for the income paid by the child before.

Hannover Re acts as the reinsurer and is very experienced in assessing longevity risk. That allows the ceding company to enter new market segments, which might not yet be their core area of expertise.

Hannover Re's contribution

- **Product design**
Tailored to individual markets and client needs
- **Expertise**
Assessment and reinsurance of longevity risks
- **Underwriting & claims handling**
Simplified to minimum requirements

The parents protection plan is the first solution covering financial needs of parents in case of an early death of their child.