

CashCalc Specification Sheets (Client Facing)

Life Insurance & Critical Illness Cover Calculator

Overview

The Life Insurance & Critical Illness Cover Calculator is used for showing the client what their estimated insurance requirements would be upon their death. This calculator takes any existing mortgage, the total value of any other loans against either life 1, life 2 or joint and what type of cover, childcare costs including the child's name, cover start and end age and annual cover for up to ten children, additional monthly income amount and duration against a specified life and any additional lump sums against a specified life.

Assumptions

Below is a list of all assumptions made in order to perform the calculation:

- Figures are rounded to the nearest pound
- If two lives are input, any child protection costs are considered to be joint, otherwise it is considered a life 1 expenditure
- All children have the same type of coverage
- The total of all other loans is required over inputting individual loans
- The client can either have just Life Insurance, or Life Insurance and Critical Illness Cover

Calculations Breakdown

The calculations require nine parameters in order to calculate the given output, these being:

- Existing Mortgage Value
- Existing Mortgage Life/Joint
- Existing Mortgage Cover Type
- Other Loans Value
- Other Loans Life/Joint
- Other Loans Cover Type
- Child Start Age
- Child End Age
- Child Cover per Annum

This calculator estimates the life insurance and critical illness cover needed by the client by calculating the total paid loans and family protection for each life listed and per type of cover. All values are assigned to a life; these being Life 1, Life 2 or Joint.

The total of paid loans for each life is calculated by taking a total of any mortgage and/or loans that are input for each life. Following is the calculation that is performed in this process, where 'L' denotes each life:

$$\text{Total Paid Loans}_L = \text{Existing Mortgage}_L + \text{Other Loans}_L$$

The total for the protection of the family is estimated by calculating the cover of each child in their term plus any additional monthly or lump sum income. Following are the calculations performed in this process, where 'L' denotes each life:

$$\text{Child Cover} = \text{Annual Cover} \times (\text{End Age} - \text{Start Age})$$

$$\text{Total Family Protection}_L = \text{Total Child Cover}_L + \text{Monthly Income}_L + \text{Lump Sums}_L$$

These calculations are run for each life and are separated for the type of cover that is chosen; these being Life Insurance and Critical Illness cover. A total for each life is taken, per type of cover, by calculating the total of the total paid loans plus total family protection.

A PDF report can be created from this calculator which contains detailed information about the relevant client's details and the outputs of the calculations performed.