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ACCESS TO MILITARY ESTABLISHMENTS FOR PAX AND SERVICE LIFE INSURANCE

1. It is notable that many personnel purchase PAX cover when they depart for operations, only to cancel it on their return. AIG, the PAX insurers, has steadily been paying out more in claims than it receives in premium and losses over the past year exceed the cumulative profit of the previous 10 years. AIG are committed to continue to support the scheme, but this increased loss ratio is seen as unsustainable by AIG and Aon (the PAX brokers) and a premium revision, alongside adding new benefits of scheme membership, is their response.

2. As a result, the PAX Scheme intends to increase premiums by at least 30% to mitigate these substantial losses currently being incurred owing to the present level of combat injuries and deaths. The scheme also proposes to add some new benefits to better meet the needs of our wounded, which may include blast injury benefits and some form of Post Traumatic Stress Disorder cover. The additional benefits Aon propose to include under the PAX scheme will be especially welcome, and are a genuine attempt to better meet the needs of our wounded. PAX staff visit our injured in Selly Oak and Headley Court at least monthly, and have helped shape the new benefits. So not all is bad.

3. This increase would take the maximum monthly payment from £67.50 to £81.00 - this level of cover provides accident and life insurance up to a maximum payment of £750K for the serviceman and any immediate family dependant. The increases will be effective from 1 Jan 08. In order to encourage members to take a longer term view of their accident insurance needs, the scheme proposes to add a minimum contract period of 12 months for all new sales, and qualifying periods (of 12, 24 or 36 months) for the new benefits. Further details will be promulgated by DGMC once the PAX scheme providers have agreed the new terms of the scheme.

4. Despite the increases to PAX premiums, I would ask you to continue to support schemes such as PAX and Service Life Insurance (SLI) through your G1 study days conferences etc, and to remind all your training establishments and units to ensure access for the schemes' representatives. Greater access, greater support, and the sale of more policies, particularly amongst our less operationally exposed personnel, would help both schemes survive at a time when they have never been more relevant.

5. In addition to PAX and SLI, we need to remind our personnel of the various insurance products available to them and of the differences between these schemes and

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initiatives such as the Armed Forces Compensation Scheme (AFCS). It is noteworthy that on a recent visit to Op HERRICK, AG was surprised by the lack of knowledge of PAX, SLI and the AFCS amongst all ranks, at a time when we are sustaining significant operational casualties. The take up of SLI across Defence stands currently at 1040, which is woefully inadequate given the low cost of the cover on offer and the current operational climate.

6. Finally, it is a command responsibility to ensure that our officers and soldiers are made aware of the need to provide adequately for their dependants, and that they are informed of the types of cover available to them. Grateful for your help in this matter.

{signed on Cash}

J H GORDON
Brig
DPS(A)

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