



A simple guide to protection insurance products

F I R C O
M O R T G A G E S

1 A simple guide to protection insurance products

Protection insurance policies provide both peace of mind and a financial safety net in the event of illness, injury or death. Regardless of whether you're single or in a relationship, have dependent children or don't have children, chances are you will benefit from some form of protection insurance.

You might already have some cover in place. That's great, but does it still meet your needs? It's helpful to make sure you review your cover every few years or whenever you have a change in circumstances such as marriage, civil partnership, having children, moving home, a relationship breakdown, a new job... all these events could have an impact on what cover you should have in place.

Your adviser is best placed to help you find the most appropriate cover for your circumstances.

To help you understand the options available to you, take a look at this short guide to protection insurance.



2 Income protection

How would you pay the bills if your income stopped because of illness or injury?

Income protection insurance can help. It is effectively your own personal sick pay insurance. It pays you a regular weekly or monthly benefit if you become too ill to work due to illness or injury, so you can continue to meet financial commitments and living expenses.

This type of insurance covers both physical and mental illnesses, and injuries that prevent you from working and earning. You choose how soon after being unable to work you want the benefit to start paying, and this benefit will be paid until you can return to work, or until the end of your chosen claim period. It can provide cover for the employed, self-employed, contract workers, freelancers and business owners. There are lots of options to help tailor cover to you.

Some policies also provide cover to homemakers, as whilst they might not be earning an income, they do 'unpaid work' which has a monetary value should you need to pay someone to undertake those responsibilities (such as childcare) in the event of illness or injury.

In addition to financial support, income protection policies can include practical support to help claimants with their recovery such as physiotherapy and counselling.

People are statistically more likely to be off work for two months or more through illness or injury, than being diagnosed with a critical illness or dying before retirement. Income protection should therefore be the first insurance option for most people to consider, and your adviser will be able to discuss the options available to you.

Is income protection for me?

You should consider income protection if:

- You don't have any sick pay through work and don't have sufficient savings or other financial support to fall back on.
- Your work sick pay is limited, and you'd like to ensure you are covered should you be ill or injured for longer than your sick pay would pay for.
- You don't want to have to rely on state benefits such as Universal Credit in the event of you becoming ill or injured.
- You have a mortgage, rent or other living expenses that you would still have to cover if you were too ill or injured to work.
- You are a full time homemaker and want to ensure there is money to pay for the responsibilities you undertake should you become too ill or injured to do them yourself.

3 Critical illness cover

Critical illness cover will pay out if you are diagnosed with a specified serious illness. Cancer, heart attack and stroke are the three main conditions, though there can be many more. With some policies there are over 50 named conditions. Each condition will have a specific explanation as to what will result in a paid claim, for example some less advanced cancers might not be covered as they aren't deemed 'critical'.

Critical illness cover is designed to provide financial support and remove money worries at a time when the focus needs to be on your health. The money can cover everyday expenses but could also be used for private treatment, adapting the home to meet medical needs and/or enabling loved ones to take time out of work to care for you.

Do be aware that not every illness is covered by critical illness insurance, nor does it have any relation on whether you are able to work or not – for that type of cover, please see income protection.

Many policies also offer children's cover meaning if your child is diagnosed with a serious illness, a lump sum would be paid out to help with treatment or to support the family during this difficult time.

Coverage differs considerably between insurance companies so when choosing cover, bear in mind that the cheapest isn't necessarily the best value. Your adviser will be able to help you find the best cover for your circumstances.

Is critical illness cover for me?

You should consider critical illness cover if:

- You have no other cover to provide you with financial support if you're seriously ill, such as income protection.
- You have a mortgage or other personal debts that you would still have to repay if you were seriously ill.
- You have dependants who rely on your income, and/or unpaid work, such as caring duties and other responsibilities within the home.
- You have dependent children and want financial support should they be seriously ill.



4 Life cover

The most well-known type of insurance. This will pay out either a lump sum or a regular income should you pass away, to provide financial support to your dependants.

The cheapest form of cover is known as a 'term assurance' policy. You choose how long you want cover to last for, which could be until your children are no longer financially dependent on you, or you could align it with your mortgage term to ensure your mortgage is paid off.

The other main type is known as 'whole of life'. This policy has no specified end date - it simply provides cover until you pass away so is useful to cover funeral costs for example.

Your adviser will be able to help you choose the most suitable option for you and your family.

Is life cover for me?

You should consider life cover if:

- You have a partner or dependants and want to ensure they are financially secure should you pass away.
- You want to ensure the mortgage is paid off should you die before the end of the mortgage term.
- You want to ensure your partner or dependants' rent can still be paid should you pass away.
- You want to ensure your funeral costs are covered.

Additional benefits

Protection insurance policies now typically offer many added features and benefits to increase the level of cover offered. Some of these are contractual and boost the coverage offered, others are offered in addition to the core product and can be used irrespective of whether there is a claim made. They can include things like:

- Health MOTs
- Access to remote GPs 24/7
- Retail discounts
- Gym and fitness device discounts
- Physiotherapy
- Counselling and bereavement support
- Legal helplines
- Second medical opinion services





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