

## Critical illness cover, your questions answered

### Protecting against the financial impact that a serious illness can cause

People are increasingly becoming more concerned about the possibility of being affected by a critical illness such as cancer, stroke or heart attack, according to new research findings<sup>[1]</sup>. This is reflected in the fact that searches for 'critical illness insurance' have skyrocketed, with, on average, 6,800 people searching for 'critical illness cover' every month, mostly asked on Google.

**W**ith rising rates of serious illnesses like cancer (one in two chance of getting it at some point in one's lifetime, according to NHS estimates), people are becoming more aware of their need to be covered and secure proper protection against critical illnesses.

In challenging times, the number one priority is to support those you love. The data is clearly highlighting that increasingly people want to find out more about how to protect their loved ones, especially if they become ill or seriously injured.

Answers to some of the most frequently asked questions around critical illness cover:

#### Q: What is critical illness cover

**A:** Critical illness cover provides a tax-free lump sum of money – or income – if you become seriously ill from a specified condition or suffer from a life-altering injury. This type of insurance usually covers very serious and long-term conditions such as heart attack, Parkinson's disease or cancer. By investing in critical illness cover, you can take comfort in the knowledge that your family will be provided with financial support should they face a major health setback.

#### Q: How much critical illness cover do I need?

**A:** The cost and amount of critical illness insurance can vary depending on a number of factors,

including age, health, smoking status, policy length, coverage amount and the kinds of illnesses included in the policy. Generally speaking, the more expensive and comprehensive the cover is, the higher likelihood there is of making a claim on it. Therefore, purchasing a policy at an earlier age and maintaining a healthy lifestyle can result in lower premiums.

#### Q: Do I need critical illness cover?

**A:** Finding the right critical illness insurance policy is especially important for those with families to protect. Before deciding on any policy, it's important to ask yourself a few key questions such as:

- What would happen if my family lost my income due to an illness?
- What financial changes would need to be made if I could no longer work because of an illness?
- Do we have any savings or other assets that can support us financially? Are we comfortable using them?

By answering these questions, you will be able to better understand your family's current and future financial context and choose a policy accordingly.

#### Q: What does critical illness insurance cover?

**A:** Critical illness insurance can be a great way to help protect yourself and your family in the event of an unexpected illness. Insurers offer a variety of policies that cover different illnesses, with some even offering coverage for less serious or earlier stage illnesses. Additionally, many insurers offer multiple levels of payout depending on the severity of the illness, ensuring full coverage if you are faced with a really serious health condition.

Furthermore, almost all policies also provide cover for children against certain illnesses. This

protection can provide your family with financial support in difficult times, such as when extra costs may be required for private treatment or lost income during periods of caregiving.

#### Q: What illnesses are covered by critical illness insurance?

**A:** When it comes to critical illness insurance, most policies will cover cancers, heart attacks and strokes as a minimum. Depending on the insurer, you may be able to get coverage for more than 50 additional illnesses such as organ transplants, blindness and deafness. It is important to obtain professional advice to make sure you obtain the right policy that provides the best coverage for your and your family's specific needs.

#### Q: What cancers are covered by critical illness insurance?

**A:** There are over 100 different types of cancer, and some may be excluded from critical illness cover. Before recommending a policy, we'll explain the details of your cover to ensure you understand what illnesses you are covered for.

Even if you don't have dependents or family members who rely on you financially, critical illness insurance can still be beneficial. It can provide financial relief when you're unable to work due to an illness but still need to keep up with household bills.

#### Q: Do I need critical illness cover as a renter?

**A:** Even if you rent your home, critical illness insurance is essential for those who have dependents relying on them financially. A tax-free cash payout from a critical illness policy can provide much needed support in the event of an illness or injury during the policy period. ■

#### DO YOU NEED CRITICAL ILLNESS OR SERIOUS ILLNESS COVER?

Critical illness insurance provides a helping hand for you and your loved ones when it is needed.

For support when you need it most, for you and your loved ones, please contact us for more information. Don't leave it to chance.

Source data:

[1] Data Collection from Semrush and Google Trends in September 2022 – LifeSearch 02.10.22



# Protecting income

## 17% of self-employed workers would choose to carry on working through illness or injury

Many adults understand the need for financial resilience and taking out insurance to protect their incomes in case of sickness or accident. However, too many self-employed people do not have any cover to help them should they be unable to work and are increasingly likely to choose to carry on working despite illness or injury.

New research has identified that 17% of self-employed individuals stated they would need to continue working if they suffered from illness or injury<sup>[1]</sup>. Despite this admirable effort, it is important that those who are ill or injured take time off for recovery in order to ensure a safe and sustainable working environment.

### Health complications

Taking time off to rest and recover after an illness or injury can be beneficial in the long run, as it allows workers to return to work with renewed energy, improved concentration and productivity levels. It also helps to reduce the risk of further health complications or accidents due to fatigue or strain.

Millions of self-employed individuals would be forced to keep working in the event of an illness or injury, according to the research. The findings show 60% of self-employed workers would draw from their savings if they were unable to work for

two months, and only 6% of self-employed workers surveyed have purchased an income protection product themselves.

### Funds could dry up

The data shows that many self-employed individuals rely on their savings without considering how quickly these funds could dry up, potentially leaving them unable to pay their rent or mortgage after a couple of months. One in five self-employed workers said they would rely on their partner's income or savings if they were unable to work.

Worryingly, 19% would struggle to pay their mortgage or rent if unable to work for two months due to illness or injury, and 11% would resort to taking out a loan, using an overdraft or credit cards.

### Most suitable policies

Protection and financial resilience are an integral part of personal financial planning, so it's important

to obtain professional advice before selecting the most suitable policies. For many, this can be an overwhelming concept to tackle when establishing a personal financial plan.

Taking the time to understand the various components involved in building a resilient financial future is informative and essential for those looking to protect their assets and wealth. From understanding the basics of insurance policies to tax regulations and retirement planning. ■

### ARE YOU AND YOUR LOVED ONES PROTECTED AGAINST LIFE'S 'WHAT IFS'?

Protection is about more than simply buying an insurance policy, it's about ensuring you are supported financially if you are no longer able to work or become ill. If you have any concerns or would like to find out more, please contact us.

#### Source data:

[1] LV= surveyed 4,000 nationally representative UK adults via an online omnibus conducted by Opinium between 16 August and 1 September 2022.



To arrange a complimentary consultation or review, please contact our Independent Financial Advisers on 01803 224888.