



## ACCIDENT, SICKNESS & UNEMPLOYMENT POLICIES FOR ADVISERS

It is all about money... and taking out an Accident, Sickness & Unemployment (ASU) policy is all about protecting your cash flow when the unexpected happens. Research after research has shown that the three major things that happen to most people which immediately hamper their potential to earn a living are: Accident, Sickness and Unemployment.

The fact that you have downloaded this brochure means that you may be anxious about loss of income from one or combination - **Accident, Sickness or Unemployment (ASU)**. With appropriate protection, and a good **income protection policy**, you can relax as you have replaced your risk with an income protection policy. This brochure is all about straight talking. After reading this document, chances are that you may choose not to buy the Accident, Sickness and Unemployment policy at all. We want our customers to have a **full understanding** of what they are buying and what they are covered for. The last thing we want is for you to buy these policies hoping you are covered and get disappointed if their claim is rightfully disallowed. So the real question is...



## What is income protection insurance all about?

Most full time employment contracts provide "Statutory Sick Pay". Some employment contracts are more generous than what the government stipulates as basic minimum statutory sick pay. However, do not be surprised when you check how much you would be paid by your employer if you are sick or out of action due to an accident. In many instances it would be a small proportion of what you would be normally earning. It will be a small safety net but not sufficient to pay your mortgage, rent or loan re-payments or other essential expenses.

When **unemployed**, the cash flow inevitably stops. Given a choice, most people would like to continue their life as normal and do not end up in situations where they have to dip into their savings to pay their mortgage, loans, rent, school fees, council tax, club memberships, sky TV etc. This is where the thought about protecting your income i.e. income protection protection starts.

If you have a lot of savings or a job that you will never lose or a lifestyle that guarantees you will never have an accident or sickness or happy to take the risk... Good news, this isn't the policy you. However, if you are like most people and would like to protect yourself, please continue to read carefully. The next few paragraphs are all about protecting yourself, and your loved ones.



## What should you be looking for?

First of all, you need to determine how much protection you need. **Best Insurance** protection calculator is a good way to find this out as it lists the most common monthly expenses and out-goings and will allow you to calculate how much cash you need if your income stops. You may know from your

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instinct as to how much money you would need every month to sustain. In insurance speak, it is called the "**Benefit Amount**". This is the amount the insurer will pay you when you make a claim. Secondly, you have to decide...



## How long will you be paid for, and how long are you are prepared to wait for the benefit amount?

Most insurers allow benefit amounts to be paid up to a maximum of **12 months** to **18 months** for unemployment, and much longer for accident or sickness. You can choose policies for accident and sickness that will pay you until you reach the **age of 70** years. More the benefit amount, more will be the price. Hence it depends on how much you are willing to keep aside.



## Excess Period

Based on your savings, financial support you can get from your spouse and friends, you have to decide how many months you can pull along with out the insurer paying your claim. In insurance speak; this is called as "**excess period**". After your claim is allowed, the insurer will not pay your claim for the excess days. Let us say, your policy has an excess 60 days, no claim will be paid to you for the first 60 days. Policies that pay from day 1 of your claim are called "**back to day 1**" cover.

The small print would say "your claim will be paid one thirtieth of the Monthly Benefit, monthly in arrears" which basically means on your 60 days excess, it will be 90 days before you see any benefit money coming to your bank account. So please check with your insurer the number of excess days and do your cash flow analysis carefully. Don't be under a false sense of assurance that the insurance will pay you as soon as you are unemployed.



## Existing conditions and symptoms

If you have had any sickness in the last few years or taking medication, please do not buy these policies unless you are completely sure the insurer would accept you with your existing conditions. In insurance speak; this is called as "Pre-existing conditions". Most insurers cover this in their policy wordings. Ask your advisors on how the insurer will treat your existing condition and do not be in a hurry to buy your insurance unless you understand this clause fully.

If you happen to make a claim and if you have a pre-existing condition that is not covered by the policy, you will be left fully exposed. Frankly you would have wasted your money in buying this insurance. You are probably now beginning to appreciate why some policies cost more... continue reading, just a few more things to know.



## Don't leave it too late...

Some people unfortunately only wake up after it's too late. If you have been told or made aware that you will be made redundant, you will no longer be eligible for any policy. Even if you want to take a chance and buy this policy, you absolutely will be found during the claims process and your claim will be eventually disqualified. So how long after you buy your policy you have to wait for your claim to be allowed? This is called as "Initial exclusion period" or "Qualifying Period". This ranges from 60 days to 180 days, so please check this before making your final decision.



## Know your policy

Unfortunately it is a common adage that people only read their policy wording only when they have to make a claim, please do not treat your ASU policy the same as your home insurance. It is worth bearing in mind that Income Protection Insurance is a specialist policy. It is about your cash flow, ability

to pay bills, and ensuring that if all income stops you will be able to maintain your life with one huge less problem to worry about. Due to the high importance of this, you should not take chances with it. Knowing your policy inside out can not only help with ensuring your eligibility for a claim, but it can help smooth out any hiccups in advance.



## The Claims Process

Your advisor or insurer will be able to inform you as to how the claim process works, what evidence you have to provide and how long you will have to provide them for. For example...

- If you are signed off sick and need to make a claim, does it have to be a sign off from your General Practitioner or does it have to be a Specialist Consultant?
- In terms of unemployment, what evidence do you have to provide?
- Do you have to be in receipt of your job seekers allowance?
- How many jobs will have to apply each month, and do you have to take any job that is offered to you etc?

Don't be afraid to ask questions, as the insurers will not pay your claim, unless they are fully convinced about your claim and you have furnished all the supporting documents.



## Mortgage and Loan Repayments

If you are buying payment protection insurance to cover your mortgage or loan or rent, depending on the type of loan, the monthly instalment amount may vary. It is important to determine what will happen to your policy if your mortgage or loan or rent amount go up or go down, do you have to inform the insurer each time to get the policy amended and if you do so, will you be charged for the changes... It is all about good housekeeping.

## THE 7 GOLDEN RULES

### For Buying Accident, Sickness & Unemployment Insurance!

You should gather information on at least the 7 golden rules of buying ASU income protection insurance. As you probably guessed, it's a lot more than just the price, and there is more to it than meets the eye!



**Rule No. 1** Know what your employer will pay you if you fall sick or are unable to work due to accident or made redundant.

**Rule No. 2** Know what savings you have and make up your mind on how much you want to dip into them.



**Rule No. 3** Based on your benefit amount you need, excess period you prefer, compare prices and exclusions of various policies.

**Rule No. 4** If you have any pre-existing medical conditions, get to know what exclusions will apply to you.



**Rule No. 5** If you are a contractor, self employed, agency worker, have shares in your business or on zero hour contract, check for the special terms that will be applicable to you.

**Rule No. 6** Identify what support the insurer will offer you such as cover your legal costs, help in finding alternate employment, access to specialist medical consultants etc.



**Rule No. 7** Find out the claims process and make sure you will be able to produce the supporting documentation in case you have to make a claim!



## ACCIDENT, SICKNESS & UNEMPLOYMENT POLICIES

### FOR ADVISERS

Hopefully you are now better informed than what you were and when you speak to your insurer - ask them these questions, they will know one thing for sure – you are giving the right advice to your customers.

Although every effort has been made to keep the above information accurate and up to date, no warranty either expressed or implied is given to this effect. This report is intended to be used as only a general guide only to accident, sickness and unemployment, income protection and payment protection insurance policies. Please speak to your insurer/ broker before making your final decision. Best Insurance and its partners shall not be liable directly or indirectly for use of information contained in this document.

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