



## **Holistic cover: Blending Income Protection and Critical Illness**

As an industry, we're still advising on many more critical illness cover (CIC) policies than income protection (IP) plans. IP sales are on the up. But even so, Swiss Re reported that in 2023 almost 370,000 more CIC policies were sold than new IP. That's still a significant gap.

Despite these numbers, it's really not as straightforward as one usually being a better fit than the other. In many cases, the two can go hand in hand to provide more holistic coverage.

### **Weighing up the chances**

For a start, we just can't know which product a client will need without a crystal ball. But tools can give us a good idea of their chances.

Our ['What are the Chances' calculator](#) tells us a 35-year-old non-smoking male has a:

- 5.3% chance of dying before retirement age
- 16.6% chance of suffering a critical illness or dying before retirement age
- 35.7% chance of taking one month or longer off sick during this period of time.

### **Covering the short and long term**

The lump sum payment from CIC is attractive to many clients. Tens or even hundreds of thousands of pounds can be paid out. But if your client never works again, how long would this actually last?

It's worth noting that [only 19% of claimants actually use their CIC payouts to pay off some or all of their mortgage](#). Medical treatment, replacing income, health improvements and everyday expenses are more common areas these funds are spent.

Assuming our 35-year-old client earns £60,000 a year – our IP could provide a maximum annual benefit of £36,000. With a standard retirement age of 67, the policy has the potential to pay for 32 years. That's a staggering £1,152,000 worth of claims potential if needed.

### **Covering a wide variety of scenarios**

Regardless, there's no doubt that CIC can provide significant levels of coverage. But claims on common issues, like musculoskeletal or mental health conditions, often aren't available.

IP can cover this. And it's worth thinking about, as in 2024, 38.8% of our IP claims were for skeletal conditions. In fact, a significant number of claims that clients will see accepted on IP plans, CIC just won't cover.

### **Case-by-case considerations**

Importantly though, every client is different. And when making the choice, there might be other benefits from work to consider, like death in service or sick pay. But sick pay usually only lasts a fixed period and won't include bonus, commission or other benefits. Plus, there may also be previously purchased cover from a different adviser. No two clients are the same, so no two solutions should be either.

### **Finding the right blend**

Choosing the right combination of cover is about taking into account their personal circumstances, employee benefits and existing cover. From there, you should highlight gaps in their arrangements and find solutions that give the most financial resilience to keep their plans and lifestyle on track.

But in my experience, a blend of Critical Illness and Income Protection can be a very effective, holistic approach for many clients – covering the gaps to help protect them, whatever happens.

If you'd like to find out more, why not visit our [dedicated adviser hub](#).

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