

LIFE & INCOME INSURANCE

FOR PEOPLE WITH A CHEST, HEART, OR STROKE ILLNESS

Chest
Heart &
Stroke
Scotland



This factsheet contains information on **accessing life insurance and income protection insurance** when you have a **long-term health condition**.

It also lists some organisations which provide these services.

IMPORTANT

Read this section first

Life insurance and income insurance premiums will depend on your overall lifestyle, income, and health. What is covered by these insurance deals will also vary depending on the supplier - make sure you read all the terms and conditions carefully.

It is often worth shopping around for the best deals. Ask as many questions as you can about exactly what the insurance will cover.

Please note that while all details are correct at the time of printing, they can change quickly. If you find inaccuracies or think we've missed something, you can contact CHSS Health Information at health.information@chss.org.uk.

Disclaimer:

The companies listed are for your information only. CHSS is not able to make specific endorsements or recommendations.

CHSS cannot help individuals with insurance quotes, obtaining cover, or making claims.

CHSS takes no responsibility for error, loss, or damage suffered by people using any information published in this document.

What is life insurance?

Life insurance, also known as **life cover** or **death cover**, is a sort of insurance where you will pay a premium every month or a lump sum to the insurer. When you die, this will pay out as a lump sum to your estate.

This means that if you die without arrangements already in place, your friends and family will have support to deal with the financial consequences of your death. For example, the payout could be used to:

- » Pay for your funeral
- » Pay legal fees or administration fees that may come from your inheritance
- » Pay off debts (including mortgages or care debts)
- » Help surviving family members with living costs
- » Make up for the loss of income if you are a breadwinner for your family

Life insurance may be more expensive if you already have a life-limiting condition when you buy your policy. However, there are specific insurers who specialise in providing life insurance to people with long-term health problems.

When you buy life insurance, you will need to decide who the **beneficiary** will be. This is the person or groups who will receive the money from your insurance when you die. You can have multiple beneficiaries. You can also choose to have your insurance paid out directly to your debtors, or arrange for it to be used for specific purposes.

What is critical illness cover?

Critical illness cover is a form of insurance which you can buy, which will pay out a one-off payment **if you get one of the illnesses specified in the policy**.

This is most useful if:

- » You do not already have a long term condition, but are at high risk of one (for example, you have a family history of stroke or heart conditions)
- » You are a major earner in your household, but your job does not offer extended sick pay
- » You have ongoing financial commitments, like a mortgage or loan

If you **already have a long-term health condition**, you will probably be unable to get cover for that condition.

What is income protection insurance?

Income protection insurance is similar to critical illness cover, in that it pays out if you get an illness which prevents you from working. If you lose your job or are unable to work during the term of the policy, you can apply for a regular payout from the insurer. This will usually be between 50-65% of your regular income.

These payments should be provided until you can work again, until you retire or die, or until the end of your policy term, whichever is soonest.

There is usually a "**deferment period**" stated in the policy. This is a length of time after you lose your job during which no payout will be made. It might be 4 weeks, 13 weeks, 26 weeks, or a year. The longer the deferment period, the cheaper your premiums will usually be. However, a longer deferment period means that you will have to cope without regular income for more time.

Consider income protection insurance if:

- » You are at high risk of health issues that might prevent you from working
- » You have a mortgage, credit card debts, or other ongoing costs
- » You are the primary earner in your household
- » You do not have enough savings to see you through to retirement

If you work for a company, you should familiarise yourself with the company's long-term sick policy. Some companies may offer enough sick pay over a long enough time to make income protection less necessary.

You may also be able to bypass the need for income protection if you have a partner or other family member who will be able to support you, if you are confident of getting enough benefits to live on, or if you have a large amount of savings.

Income protection comes in three main levels of cover. From the most expensive to least expensive premiums, these are:

- » **Own occupation** - this will pay out if you are unable to work in the occupation you were already doing, even if you can do other jobs.
- » **Suited occupation** - this will pay out if you are unable to work in the occupation you already had and are unable to do other jobs that suit your qualifications and experience
- » **Any occupation** - this will only pay out if you are unable to work at all

When deciding on your level of cover, it is important to weigh the cost of your monthly premium against the likelihood of the policy paying out.

What's the difference?

Life insurance

- » Pays out after you die
- » Benefits your family or other inheritors
- » Money can be put towards funeral costs, debts, your family's living costs, etc.
- » Does not protect you against things that happen during your lifetime (although you may be able to buy critical illness cover as well)

Critical illness or income protection insurance

- » Pay out if you lose your job as a result of illness or injury
- » Benefits you directly
- » Money can be used to support yourself while unemployed
- » Does not protect you against non-work-related losses

Buying insurance

It is important that you **take your time** considering what insurance policies are best for your situation. You may find it useful to **discuss the details** with friends, family, and professional advisors like the Citizens Advice Bureau, moneyhelper.org.uk, or a solicitor or accountant.

Comparison websites such as comparethemarket.com or moneysupermarket.com can be a useful tool in deciding on a policy. These websites will take your details, including relevant medical history, and show you what policies are available and how much they cost.

Be careful to **read the small print!** Not all policies cover the same conditions, or have the same terms. Read all the paperwork for your insurance policy before buying, and if you are unsure about any part of it, remember you have the **right to ask questions** and have terms explained to you.

It is vital that you are honest when filling out insurance paperwork. If you misrepresent your situation, it may mean that the insurance will not pay out when you need it. Insurance fraud (knowingly lying about your situation in order to get cheaper insurance or a bigger payout) is a serious crime.

The following pages are a non-comprehensive list of companies who provide insurance to people with existing long-term health conditions.

Insurance brokers

LifeSEARCH

Telephone: 0203 764 0275

Website: www.lifesearch.com

An independent third-party organisation that compares life insurance policies and helps you to apply.

The Insurance Surgery

Telephone: 0800 083 2829

Email: enquiry@theinsurancesurgery.co.uk

Website: www.the-insurance-surgery.co.uk

An insurance broker who specialise in insurance for people with long-term conditions or dangerous jobs.

Online Money Advisor

Telephone: 0808 189 0463

Website: www.onlinemoneyadvisor.co.uk/protection-enquiry-form/

Has articles and individualised advice on finding life insurance with a long-term health condition.

money.co.uk

Telephone: 0800 049 9731

Email: customerservice@money.co.uk

Website: www.money.co.uk

Offers financial advice on a range of products, including life insurance, critical illness cover, and income protection.

Citizens Advice Scotland

Telephone: 0800 028 1456

Website: www.cas.org.uk

Offers financial and legal advice on all kinds of topics, including benefits and insurance options. You may also be able to visit a local in-person Citizens Advice Bureau.

D067