



INSURANCE AND PROTECTION: THINGS TO CONSIDER

Few things in life can provide more peace of mind than having a secure financial future. Whether it's your family, home or lifestyle, knowing that the things that are most important to you are protected if the worst should happen means you can enjoy the here and now without worrying about what the future may hold.



Borrowing

Many people use multiple credit cards in their daily lives, and it's not uncommon to take out a loan to cover home improvements, purchase a vehicle, or to consolidate debt. Mortgages are likely to be the most significant credit people will ever have. The cost of repaying multiple creditors may not pose a problem when you can rely on your monthly income, but what if that should change? It's easy to see how debt can pile up quickly.

There are different types of insurance which could help to ensure you don't encounter serious debt problems in the short-term if your circumstances should change suddenly. Short Term Income Protection Insurance (STIP) is a solution that can provide you with an income to cover the cost of your credit repayments and essential outgoings for up to a year.



Redundancy

Whether you see it coming or it comes as a shock, being made redundant can bring numerous challenges, the most pressing of which is usually the loss of your earnings. It's important to note that most insurance policies won't cover you for the first three months of your redundancy, so it's wise to have savings to cover this period.

STIP can provide short-term financial relief, but you should keep in mind that if you were aware redundancy was a probability within 6 months of taking out your policy then it's unlikely you'll be able to make a claim. So thinking ahead and preparing for the unexpected is particularly important.



Short-Term Illness

Many people assume they'll be adequately protected by sick pay should they suffer from an illness which is temporary in nature. However, the Statutory Sick Pay employers are legally obliged to provide is only £95.85 per week³, so unless your employer runs a so-called 'occupational scheme' to supplement this you could be seriously out of pocket.

Income protection insurance is designed to cover situations where you are no longer able to work due to illness or injury. Self-employed people can find income protection insurance particularly relevant, as their business may depend on them alone.



98%

of protection insurance claims presented in 2019 were paid out upon claiming.¹



£14.5m

UK insurers pay out £14.5m every day for protection policies.²



£95.85

Statutory Sick Pay is only £95.85 per week for a period of up to 28 weeks.

¹ https://www.abi.org.uk/globalassets/files/publications/public/key-facts/key_facts_2019_spread.pdf

² https://www.abi.org.uk/globalassets/files/publications/public/key-facts/key_facts_2019_spread.pdf

³ <https://www.gov.uk/statutory-sick-pay>



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141m

working days were lost due to sickness or injury in the UK during 2018.⁴



50%

of UK citizens born after 1960 will be diagnosed with a form of cancer at some point in their lifetime according to Cancer Research UK.⁵

For more information or to discuss any of the issues surrounding protection insurance, contact your adviser.

⁴<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/articles/sicknessabsenceinthelabourmarket/2018>

⁵<http://www.cancerresearchuk.org/health-professional/cancer-statistics-for-the-uk#heading-Three>