



# CRITICAL ILLNESS PROTECTION

*Providing vital financial security when you're in need of it most*

The diagnosis of a serious illness can mean a very difficult time for your health and your wealth. But critical illness cover can provide vital financial security when you need it most. Most homebuyers purchase life assurance when they arrange a mortgage, but overlook critical illness cover – another form of financial protection that we are statistically more likely to need before reaching retirement.

## **SOMETHING CRITICAL**

You really need to find the right peace of mind when faced with the difficulty of dealing with a critical illness. Critical illness assurance pays a tax-free lump sum on diagnosis of any one of a list of specified serious illnesses, including cancer and heart attacks. The good news is that medical advances mean more people than ever are surviving life-threatening conditions that might have killed earlier generations. Critical illness cover can provide cash to allow you to pursue a less stressful lifestyle while you recover from illness, or use it for any other purpose.

It's almost impossible to predict certain events that may occur within our lives, so taking out critical illness cover for you and your family, or if you run a business or company, offers protection when you may need it more than anything else.

## **WHICHEVER HAPPENS FIRST**

The illnesses covered are specified in the policy along with any exclusions and limitations, which may differ between insurers. Critical illness policies usually only pay out once, so are not a replacement for income. Some policies offer combined life and critical illness cover. These pay out if you are diagnosed with a critical illness or you die, whichever happens first.

If you already have an existing critical illness policy, you might find that by replacing a policy you would lose some of the benefits if you have developed any illnesses since you took out the first policy. It is important to seek professional advice before considering replacing or switching your policy, as pre-existing conditions may not be covered under a new policy.

## **CORE SPECIFIED CONDITIONS**

All policies should cover seven core specified conditions. These are cancer, coronary artery bypass, heart attack,

kidney failure, major organ transplant, multiple sclerosis and stroke. They will also pay out if a policyholder becomes permanently disabled as a result of injury or illness.

But not all conditions are necessarily covered. The Association of British Insurers (ABI) introduced a set of best practice guidelines. In May 2003, the ABI introduced other measures. These included conditions such as non-invasive skin cancers and less advanced cases of prostate cancer. Tumours that have not yet invaded the organ or tissue, and lymphoma or Kaposi's sarcoma in the presence of HIV, are excluded.

There are also more restrictive conditions for heart attacks. There has to be evidence of typical chest pain, or changes in the electrocardiogram (ECG), for example, if a claim is to be successful. Cardiac conditions, such as angina, will not be covered.

## **LIFESTYLE CHANGES**

Some policies allow you to increase your cover, particularly after lifestyle changes such as marriage, moving home or having children. If you cannot increase the cover under your existing policy, you could consider taking out a new policy just to 'top up' your existing cover.

A policy will provide cover only for conditions defined in the policy document. For a condition to be covered, your condition must meet the policy definition exactly. This can mean that some conditions, such as some forms of cancer, won't be covered if deemed insufficiently severe.

Similarly, some conditions may not be covered if you suffer from them after reaching a certain age, for example, many policies will not cover Alzheimer's disease if diagnosed after the age of 60.





## SURVIVAL PERIOD

Very few policies will pay out as soon as you receive diagnosis of any of the conditions listed in the policy, and most pay out only after a 'survival period'. This means that if you die within the specified number of days of meeting the definition of the critical illness given in the policy, the cover would not pay out.

How much you pay for critical illness cover will depend on a range of factors including what sort of policy you have chosen, your age, the amount you want the policy to pay out and whether or not you smoke.

Permanent total disability is usually included in the policy. Some insurers define 'permanent total disability' as being unable to work as you normally would as a result of sickness, while others see it as being unable to independently perform three or more 'Activities of Daily Living' as a result of sickness or accident.

## GETTING IT COVERED

If you are single with no dependants, critical illness cover can be used to pay off your mortgage, which means that you would have fewer bills or a lump sum to use if you became very unwell. And if

you are part of a couple, it can provide much-needed financial support at a time of emotional stress.

While life assurance is often the priority of those with dependant family members, critical illness cover can be vital if you are the sole breadwinner, rely heavily on your income or are single. It provides a welcome financial boost at a time of emotional stress and financial hardship.

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## PROFESSIONAL FINANCIAL ADVICE YOU CAN TRUST

Before you apply for critical illness cover, you should obtain professional financial advice to ensure that it is right for you and offers sufficient cover for your specific requirements. To discuss the options available to you, please contact us. Don't leave it to chance.