

# Income protection insurance

Income Protection Insurance helps support you financially if you have time off work and suffer a loss of earnings because of injury or illness. This type of insurance covers most illnesses that leave you unable to work. For example, it may cover you if you're unable to work due to a stress-related illness, mental health or a physical health condition. Income Protection Insurance only covers you if you're unable to work due to illness or injury – it does not pay out if you are made redundant.

## How it works

There are different types of income protection insurance, but most are either Individual Income Protection Insurance (often called IP) and are taken out by a person seeking to independently protect their income in the event of being unable to work due to illness or injury. This insurance can be bought personally through an insurance broker or independent financial adviser (IFA), or in some cases, direct from an insurance provider.

If you buy an income protection policy, you will be paid a monthly income if you find yourself unable to work. You will pay a monthly premium to your insurer for your chosen policy which will pay out after a pre-agreed waiting period.

Most policies have a pre-agreed waiting period. This is also known as the 'deferred' period. The waiting period is the time between being unable to work and the time at which you will begin receiving payments.

Having an income protection policy will mean that you can continue to pay your bills, rent or mortgage if you are unable to work.

## Individual income protection



### You can apply for income protection if:

- You work in full time employment
- You work in part time employment
- You are self employed

You can also apply if you have a pre-existing medical condition, however depending on how serious your condition is, insurers may charge you more, or they may apply a specific exclusion to your policy.

How to know if Individual Income Protection Insurance is for you? Here are some of the things you might want to consider:

- What would happen if you became ill and couldn't afford to pay the bills?
- If you're employed, do you have sick pay to fall back on and how long is this paid for?
- If you're self-employed, what would you do if you couldn't work for any reason?
- Do you have enough savings to cover any personal loan or debt repayments?
- Do you have any dependents, and will you have enough savings to cover you and your dependants if you are unable to work?

The cost of an Individual Income Protection Insurance product will be determined by the type of policy you want to buy, and your individual circumstances.



#### **Factors that affect the amount you pay are:**

- Type of job
- Your age
- The percentage of income you want covered
- Your health, including any pre-existing conditions
- When you want your policy to end

#### **Income protection support services**

While the financial benefits are usually the main reason why people choose to protect their income, income protection products frequently come with a wide range of added value support. This type of support - for both the employee and self-employed - usually comes as part of the policy and doesn't cost anything extra.

#### **Some of these support services can include:**

##### Preventative measures

Many insurers provide specialist support services to policy holders, which enables individual policy holders to receive rapid access to assessment for a range of health issues including muscular problems and mental health conditions. Policy holders will often have a dedicated case manager assigned to them to take them through the whole process. This can include a tailored treatment plan and access to a wide range of specialists including psychologists, physiotherapist and other qualified professionals.

##### Accessing support services

Some insurers have dedicated team which provide access to support services 24 hours a day. These can offer support on a range of topics such as finances matter, relationships and legal issues, as well as dedicated mental health counsellors. These services can be accessed through dedicated helplines as well as through interactive online services..

#### Rehabilitation services

Rehabilitation services are at the heart of most protection insurance products. Many insurers offer access to rehabilitation teams who help manage individual policy holder's sickness absence. They often offer access to counselling and a wide range of other services, including assistance with HR issues and legal assistance. Many income protection policies have specific mental health pathways for people to get the tailored assistance they need.