

THINK TWICE BEFORE CANCELLING YOUR PROTECTION POLICIES

Life Insurance: It's not for you, it's for them! Life insurance is for your loved ones to make sure there is a roof over their heads and food on their table. It's to ensure that they can continue to do the things in life you'd want them to, if the worst happened and you weren't around.

You would want to be covered in the unlikely event that you were to die from COVID-19.

The cost of life insurance rises as you get older, so retaining your existing policy will help ensure you benefit from, in most cases, a lower monthly premium than you would get if you started a new policy.

If you have developed a medical condition or your health has deteriorated since taking out your policy, you may find getting another policy could cost significantly more or you could even be denied cover.

Many policies include extra benefits, such as remote access to GPs, second medical opinion services and other expert support services to help with physical and mental wellbeing. These could be invaluable over the coming months.

Critical Illness: Whilst it's the impact of Coronavirus that the population is worrying about, every day people are still being diagnosed with cancer and suffering from strokes and heart attacks. These haven't gone away and the impacts on people's lives can be devastating healthwise and financially. Critical and serious illness policies are designed to help you and your loved ones cope if you were to be diagnosed with a critical illness.

Given that one in two of the population are expected to suffer from cancer during their lifetime, critical illness provides invaluable peace of mind.

All Critical Illness policies are medically underwritten and whilst in many cases this will be undertaken through online medical underwriting, it may require the insurer to access records from your GP or for you to undergo medical examinations. Taking out a new plan would involve going through medical underwriting again.

If you have developed a medical condition or your health has deteriorated since taking out your policy, you may find getting another policy could cost significantly more, you could have medical exclusions added to your policy or you could even be denied cover.

As with life insurance, the cost of Critical Illness rises with age, so you are likely to find the cost of a new policy higher than the one you have.

Income Protection: An income protection policy is put into place to provide an income if the policy holder is unable to work due to an accident or ill-health. Policies include a deferred period, before a claim can be made (usually 3 or 6 months), but some have shorter periods and can even pay-out from day one.

If the definition of disability is met as a consequence of the Coronavirus, or its impact on underlying or existing conditions, then we would expect the income protection claim to be paid.

While everyone is currently worried about the Coronavirus, it is not the only scenario that could stop you working. Being involved in an accident or suffering from a separate illness are just, if not more, likely to prohibit you from being able to work. Maintaining your Income Protection premiums will help ensure you and your family can cope financially.

Also, Insurers have withdrawn deferred periods of Day 1, Week 1 and 2 Weeks so if you currently have a policy like this, you may not be able to set up a new one on the same basis.

Accident, Sickness and Unemployment Cover/Mortgage Payment Protection Insurance

Insurance: These policies are designed to cover the costs of your mortgage and other key expenses in the event of you being unable to work due to accidents, sickness or in some cases unemployment.

If you have developed a medical condition, you may find the condition is excluded on any future policy you took out.

Insurers have withdrawn unemployment cover from the market, so if you cancel cover with this option you may well find that you can't purchase it again. And if you did cancel, there would be an initial exclusion period during which you would be unable to make a claim. The fact that the insurers have withdrawn cover is a good indication that they believe the risk of redundancy claims over the coming months is likely to rise significantly. You will know your individual circumstances, but in an uncertain economic environment unemployment cover could be invaluable.