

Market update on the impact of Coronavirus (Covid-19)

With the impact of Coronavirus affecting everyone in every industry, having protection in place, such as life insurance, critical illness insurance or income protection policies can be a valued means of support.

If you already have any form of protection insurance, this guidance document aims to provide additional information on the current situation with insurance providers, and what this might mean for you and your family, as well as highlighting some key considerations if you are in the process or considering applying for, some form of protection policy.

Although the severity of Coronavirus has impacted everyone differently, existing protection policies can be used to support you at this time, or future policies can still be implemented to safeguard you for the future.

Life Insurance and Critical Illness Cover

If you've been affected by Coronavirus and have existing protection policies in place, it is worth checking what you're insured for. Life insurance is designed to pay out a lump sum only in the absolute worst case scenario that the insured person passes away. Although sadly we have seen an increasing death toll from deaths relating to Coronavirus, many people who have contracted the virus have thankfully subsequently recovered, and would have no need to claim on any life insurance policy they hold.

Critical illness policies offer a broader scope for claims, as they insure you in the event you are diagnosed with a critical illness. The definition of a critical illness can be a grey area, and usually requires an illness to be of specified severity. This does not mean that insurers are looking for a 'way out' of paying a claim - it means that conditions are assessed differently by different providers.

A current critical illness policy does not cover viruses such as COVID-19, so being diagnosed with COVID-19 will not in itself warrant a claim against a critical illness policy. However, if the effects of the virus then

cause the individual to suffer a critical illness, an individual may be able to claim. Examples of this may include kidney failure, liver failure, heart failure or respiratory failure.

Income Protection

Income protection is a different form of insurance that does not pay out a large lump sum in the event of illness, but will pay out a monthly amount to support you in the event you are diagnosed with an illness or condition, which means you are no longer able to work (even temporarily). There is normally a deferral period in place, where you will have to wait a number of weeks before a claim will be paid, and this will be detailed in your terms and conditions. If you think you have a policy in place, and have been unable to work owing to symptoms of Coronavirus, it is worth contacting your provider to see if they are able to assist you. *Please note, if you have been advised to self-isolate from work owing to symptoms displayed by another member of your household, i.e. not yourself, then you will not be eligible to claim.*

Unemployment Cover

Unemployment cover is slightly different to life insurance or income protection cover, as a claim is not based upon health condition or illness. Instead, a claim can be made if you lose your job through redundancy. Coronavirus is impacting firms and businesses worldwide, and although financial support has been widely offered from the Government, unemployment insurance offers another layer of financial protection if you have lost your job through redundancy.

Owing to present uncertainty, almost all unemployment insurers have withdrawn their unemployment policies from sale. If you have unemployment cover, please be aware that if you were to cancel this policy at any point, it is highly unlikely that any policy could be reinstated in the future. As such, it is wise to keep your policy in place, to be there when needed, as you may find it cannot be repurchased again in the future.

Keeping Cover in Place at a Difficult Time

If your finances have been affected during this time, and you already have existing insurance policies in place, it may be tempting to cancel your monthly insurance premium to eliminate one more direct debit.

What is key to understand is that once an insurance policy is cancelled without discussing with your provider, your cover will end, and if you wish to restart the cover, owing to the length of time that may have passed since you first took it out, any new terms of cover could be drastically different in terms of level of cover, price, and in some instances, cover may not be available at all.

Many insurance providers have recognised the stress on household finances at this time and are offering payment holidays or alternative solutions to support you throughout this period. Sometimes this can be via a payment holiday, or by pausing cover temporarily but allowing your policy to be reinstated on the exact same terms you had before. If you are currently in financial difficulty, it is strongly advisable that you contact your insurance provider to see if they can help support you at this time.

Looking to Get Cover

If you don't have any protection insurance in place at the moment but are looking to do, insurance providers are still open for business, and have instigated special measures to ensure you can still get cover if you need it. Here are some key things to know:

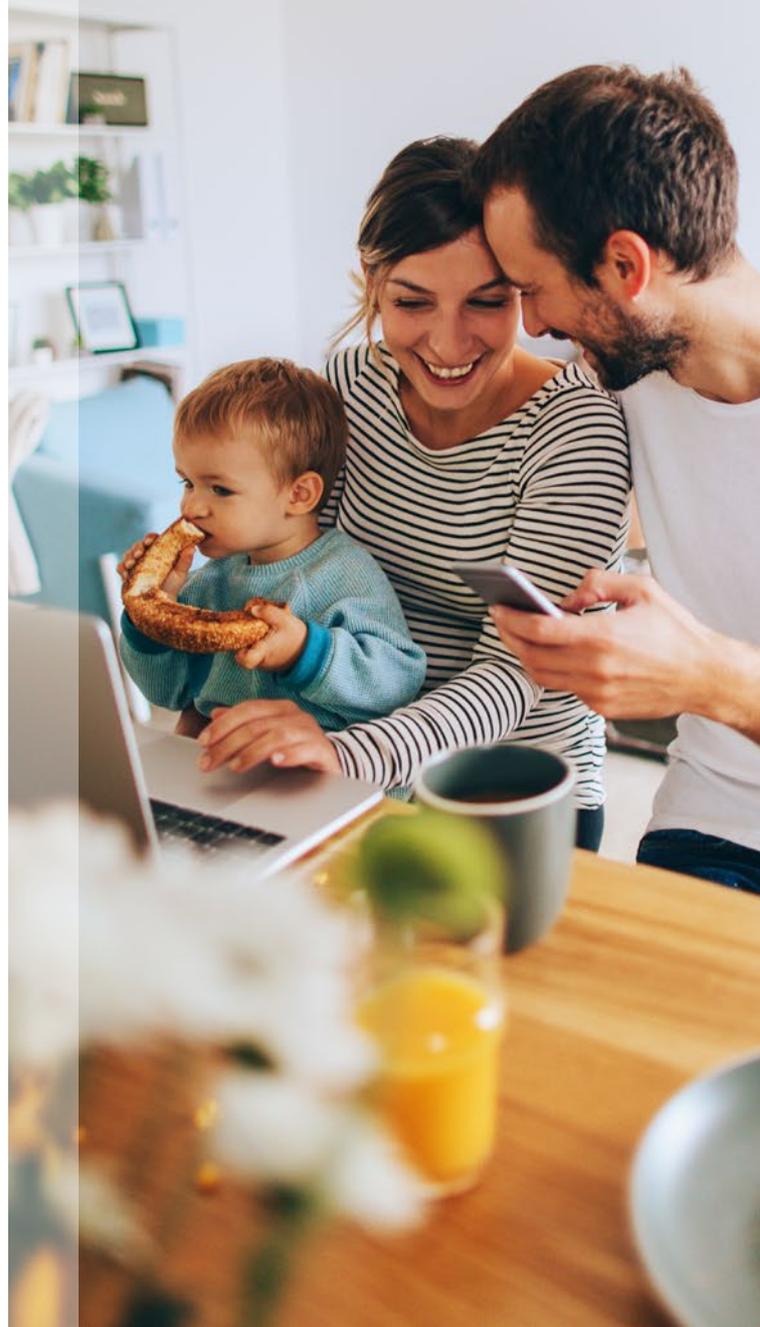
Medical Underwriting

Medical underwriting is an insurer's way to check your health status. Although it may seem a bit intrusive, it is an insurer's way of checking how much of a risk you might have to contracting an illness, and how likely it is you may have to make a claim in the future. Medical underwriting can be done by asking you a series of medical questions and using your answers to formulate an assessment on your overall health. In some instances, it can also require a more in depth medical assessment, such as writing to your GP for your medical records, or requesting blood tests via appointments with medical professionals.

Owing to the demand on medical services at this time, a lot of insurance providers do not wish to burden the NHS with further demands, and have therefore put in place special measures where you can interact with a medical professional via video conference, and even be sent a home blood testing kit to be returned in the post.

Coronavirus Specific Questions

Owing to the increased risk Coronavirus poses to everyone at the moment, insurers will likely ask additional questions to ascertain if you pose a high risk of contracting the virus. Questions can vary from insurer to insurer, but if it is deemed that you may be at high risk from Coronavirus, or are already displaying symptoms (however mild), then it is likely that your application will be paused, whereon your insurer will review your application after a set amount of time has passed.



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