

Insurance in a nutshell

Insurance FOR DUMMIES

A Reference for the Rest of Us!

Mortgage Insurances Available

- 1) Mortgage Payment Protection Insurance
- 2) Income Protection Insurance/ Permanent Health Insurance
- 3) Life Insurance
- 4) Critical Illness Insurance
- 5) Building Insurance
- 6) Contents Insurance
- 7) Landlord Insurance



1. Mortgage Payment Protection Insurance

Could you afford to pay your mortgage if you lost your job or were too ill or injured to work?

Most of us would struggle – especially because so many of us are now taking out super-size mortgages to cope with today's high house prices.

Worries about the future are one reason why mortgage insurance is suddenly back in fashion.

What does this insurance do?

Mortgage payment protection insurance will pay your monthly mortgage repayments for up to 12 months, if you are unable to work due to an accident, sickness or redundancy.

Why should I choose this insurance?

- excellent cover with few exclusions
- no excess period - claims can be paid back to day one
- 12 months tax free claims benefit
- a choice of cover options to suit your employment type and circumstances

2. Income Protection Insurance/ (PHI)

Permanent Health Insurance (PHI) should not be confused with Private Medical Insurance (PMI). You can protect against losing your income through disability, no matter how it is caused, with Income Protection Insurance (sometimes also referred to as Permanent Health Insurance).

What does this insurance do?

An Income Protection, or Permanent Health Insurance plan will provide an income if you are unable to work through disability, no matter how it is caused. The policy pays a monthly tax-free income for a set length of time - normally until retirement.

The payout can be level or set to rise with inflation. It pays as long as doctors agree that you are unable to work for health reasons.

Why should I choose this insurance?

- Everyone should have this cover, because the State simply does not provide adequate protection.
- Many employers do offer it, so check your contract as well.

3. Life Insurance

Death has always been a difficult concept to accept but we all know the importance of making sure our loved ones are secure when we have gone.

What does this insurance do?

Life insurance (also known as 'life assurance' or 'term assurance') is a policy that pays out a lump sum in the event of the policyholder's death, with the purpose of protecting loved ones and dependents against financial hardship.

Life insurance is usually available on a single or joint life basis with benefits including paying out on the diagnosis of a terminal illness. If the policyholder is alive when the policy expires no payment is made and, should the policyholder stops paying premiums at any stage, the policy has no value.

Why should I choose this insurance?

- Mortgage repayments – do you wish to arrange for your mortgage to be paid off?
- Replacing the primary earner's salary – ensuring the family does not fall on hard times after your death.
- Replacing childcare – the death of the primary childcare provider could lead to the need for childcare expenses.
- Education expenses – cover for school/university fees after the death of the primary earner.

4. Critical Illness Insurance

This cover is designed to help cover those critical illnesses which could have a severe impact on your lifestyle.

What does this insurance do?

This will only pay out if you are diagnosed with one of the specified critical illnesses or disabilities listed on the policy during the period of cover and are eligible to claim. All illnesses covered by this plan are consistent with the current view of critical illness held by the medical profession and the Association of British Insurer's list of critical illnesses.

Why should I choose this insurance?

- Just like making a will, thinking about Critical Illness Insurance is something that many people prefer to put off until later. But, do remember that we are all at risk and sooner or later, it could be you who is diagnosed.
- How grateful would you be to have a Critical Illness insurance policy to support you in those troubled times?
- Would a tax free lump sum payment be the answer? If so, Critical Illness insurance is the cover for you.

- No-one expects to become ill but ask yourself one question - do you know anyone that has recently contracted a serious illness that has changed their lifestyle? If so it could be you they talk about next time.

Important Critical Illness Statistic's from:
www.criticalillness.co.uk

- every two minutes a heart attack strikes someone somewhere in the UK. Yet despite these statistics, a surprising 93% of the working population don't have any form of serious illness protection.
- 1 in 3 men aged 30 will have a stroke, cancer or heart attack before the age of 65, and the same fate will happen to 1 in 5 women of the same age.
- The probability that you will suffer a serious illness that means you will be off work for six months or more during your working life is 1 in 16.

5. Building Insurance

This cover is designed to cover the cost of damage to the structure of your property, including roof, walls, ceilings, floors, doors, windows, outdoors structures such as garages and fences.

What does this insurance do?

Buildings Insurance normally protects the structure of your home from:

- Severe Weather - Storms, Lightening, Floods.
- Theft and Vandalism.
- Fire, Smoke, Explosions.
- Subsidence.
- Burst Pipes.
- Civil Commotion.
- Water or Oil Leakage.
- Impact from Vehicles, Falling Trees, Aircraft, Masts, Aerials.

Why should I choose this insurance?

- If you have a mortgage, your lender will insist that you have buildings insurance.
- If you don't, it is usually advisable to have buildings insurance anyway to protect yourself, as the unforeseeable can happen at any time.



6. Contents Insurance:

This policy is designed to protect your home contents from damage, loss & theft.

What does this insurance do?

Most house contents insurance in the UK provides for the loss or damage to the possessions in your home from fire, theft or flooding. Many policies also include accidental breakage.

The more obvious items covered by home contents insurance include furniture, household goods and electrical equipment but items such as jewellery, bicycles and even the contents of your freezer can also be included up to stated limits. This cover is also extended to cover floor coverings, carpets, wallpaper and curtains.

Why should I choose this insurance?

- Contents insurance pays out when an unpredictable event happens to you and you are not be able to afford the loss.

7. Landlord Insurance

Landlord Insurance is a term that applies to a policy covering buildings & contents for a property that is let.

What does this insurance do?

Landlords insurance caters for residential and commercially let properties, including students, DSS, holiday homes and unoccupied premises.

Most home insurance policies will not cover let properties, which is why there is dedicated landlords insurance. Changes in legislation now require landlords to be more aware of the risks, in particular in regards to public liability and appliance safety.

Why should I choose this insurance?

- If you own a buy-to-let property it's important to look after your investment by insuring its buildings and contents.
- While regular home insurance may still cover you, there are extra risks involved when tenants are involved, which means you may want to consider taking out insurance specifically designed for land lords.

