Your guide to **protection and insurance**

MORTGAGE WINNERS

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What is protection?

Take steps to protect your loved ones in the event of a "worst case situation." Here's what you need to know.

Choosing the right insurance for your needs will depend on several factors, including:

- Age
- Lifestyle
- Health
- Financial status

A protection plan can include various policies, which we'll discuss shortly. These can include life insurance, income protection, and critical illness cover, to name but a few. They're designed to safeguard you and your family in the case of illness or death.

Consider this, if you were unable to work, would you be able to care for yourself and your family? Would you be able to meet all of your financial obligations? If not, then you need protection.

Remember, as life unfolds, your protection needs will evolve. Our expert advisers are on-hand and well-equipped to help you navigate your changing needs. Our goal is to safeguard what matters most to you and offer peace of mind for unforeseen circumstances. We can help you choose policies that will best suit your unique circumstances and we'll help you review them when the time comes.

Keep reading to learn more about protection or get in touch with us today to schedule an informal chat.

Why should I get insurance?

Financial security is worth its weight in gold.

A protection policy is a crucial consideration, especially when you have a mortgage. It can provide financial security for even the most unforeseen circumstances. At the end of the day, none of us are immune to illness or injury, as much as we'd like to be, and with over a million people unable to work each year due to serious health issues, it's essential that you plan and prepare for the unexpected.

Could you manage your mortgage payments and other financial commitments if you couldn't work? With statutory sick pay sitting at just £109.40 a week for up to 28 weeks, a protection policy can be the lifeline you need to maintain your financial stability.

Additionally, failing to pay your mortgage can negatively impact your credit rating, which could make it challenging to secure future financing. In the worst-case scenario, mortgage arrears can lead to property repossession.

How much would I pay?

The cost of protection depends on a few different factors. These include:

- Age
- Occupation
- Health
- Coverage level

We offer specialised protection through a team that assesses your specific needs, explains the products available to you, and helps you choose the right plan for your circumstances.

By investing in a protection plan, you are not only securing your home, but also fostering peace of mind for you and your family.`

Types of protection

Now that you're aware of why you should take out insurance and what can be gained from taking out a protection plan, your next step is deciding which type of coverage is right for you. Here are some of your options:

Life insurance

A life insurance policy safeguards the financial security of your loved ones in the case of your passing. People don't like to worry about the possibility of passing away, therefore life insurance is something that frequently goes unnoticed. In a Direct Line study, it was revealed that of all the respondents, only 35% of them had a life insurance policy, despite the fact that 60% of respondents believed it would assist their family in the worst-case scenario.[1]

With life insurance, you decide the length of the policy and the payout amount in the event of a claim. Your coverage may pay out in a single one-time payment or through recurring monthly instalments, depending on the specifics of your plan.

Income protection

Income protection insurance acts as a safeguard for your finances, giving you comfort and financial stability in the case of a situation that impairs your capacity to work and support yourself.

It is a specific kind of insurance plan intended to protect you from the possibility of losing your income due to illness, accident, or disability. If you are unable to work or make a livelihood owing to these conditions, you'll get a monthly income from the policy, guaranteeing you can pay your bills and maintain your lifestyle.

There is normally a fixed length of time before your provider begins paying, otherwise known as the deferment period. This means you won't start getting paid as soon as you can't work, though you have some say in the waiting time when you take out the policy.

[1] *Direct Line Group, 2022.*

Critical illness cover

A critical illness policy is a form of insurance policy that pays a one-time payout to a person who has been diagnosed with a critical illness. The insurance is intended to assist individuals in covering the costs connected with their condition, such as lost wages and medical bills. It is most often used to cover expenditures not covered by other insurance plans, such as bills, daycare for children, and property retrofitting for modifications such as wheelchair accessibility or hospital beds.
What is a 'critical illness'?
A critical illness is a severe, life-threatening medical condition that significantly impairs a person's health and daily functioning. Examples include cancer, heart attacks, and strokes. Treatment often requires intensive medical intervention.

Buildings and contents insurance

If you own your own house, you should think about getting buildings and contents insurance to cover it and your possessions against worst case scenarios. Whether you own a two-bedroom flat or a four-bedroom detached house, buildings insurance guarantees that you could afford the necessary repairs if your house were to sustain damage.

Buildings insurance is often a requirement to get a mortgage. It covers structural damage to your house, including damage to the walls, flooring, roofs, and usually fixtures and fittings also.

Furniture, TVs, personal items, and several types of flooring, including carpets, are covered by contents insurance. Different plans offer various amounts of coverage, but generally speaking, you'll be protected from fire, flooding, and theft.

Mortgage payment protection

If you have recently lost your job by being made redundant, or you are currently out-of-work due to ill health, how can you keep up on your monthly mortgage repayments?

Mortgage payment protection insurance (MPPI) protects you in case you become unable to work due to injury, illness, or loss of employment. By doing this, you can avoid falling behind on your mortgage payments and having your house repossessed as a result.

Depending on what you want covered, there are several levels of mortgage payment protection insurance available. The levels include: "unemployment only," "accident and sickness only," and "accident, sickness, and unemployment." The degree of coverage you pick will influence the cost of the premiums, so it's critical to select the coverage that best fits your needs.

How we'll protect you through your home journey

Everyone's journey is unique, and we want to ensure you have the right coverage for your needs. How do we do this?

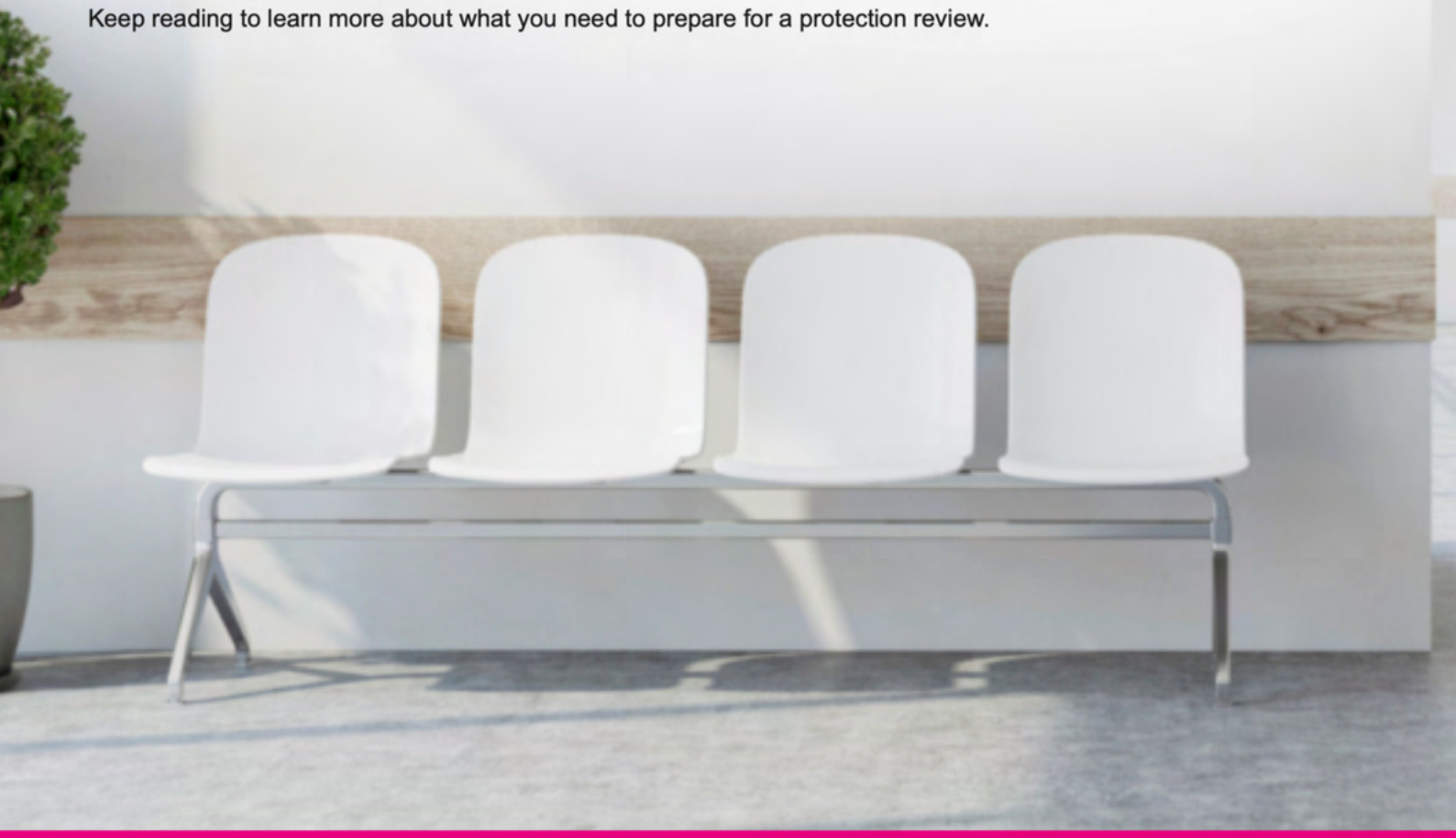
We'll assess your unique needs and circumstances and tailor a policy that will work to support you, no matter your stage of life. Whether it's income protection combined with a life insurance policy, mortgage payment protection, or critical illness cover, we'll ensure you're protected should the worst happen.

This will involve a deep dive into your personal situation, so our advisers will be asking you a few personal questions. These are all important and help us tailor a plan that's designed to fully cover your needs.

What will we ask you?

- Do you have any dependents?
- Do you have a history of critical illness?
- Do relatives have medical conditions?
- Do you intend to grow your family?
- How much is left on your mortgage?
- What is your current income?

These are just a few of the questions that could come up, so it's best to be prepared.
Keep reading to learn more about what you need to prepare for a protection review.



What you'll need for a protection review

As part of our service, your specialist protection adviser will need some key information from you:

- Sick pay entitlement and duration
- Any 'death in service' benefits from your employer
- Provider
- Type of coverage
- Policy start and end dates
- Coverage amount
- Premium cost

If you have no existing protection we can still help you! You will likely need to provide:

- Your GP's name and contact details
- Medical history
- Information regarding current or past medications
- The value of your mortgage and your lender's details

How often should you review your protection?

Life is full of twists and turns and these have the potential to reshape your identity and financial situation. To ensure your protection policy can keep up, make sure you're reviewing your policy at least once a year and if you experience any major life changes, including:

Marriage or divorce

Both events can alter your financial responsibilities. Update your policy to include or remove beneficiaries accordingly.

Children

The arrival of children inherently calls for extra coverage, as you'll want to secure their future if something happens to you.

Homeownership

Moving or buying a new home means you need to at least make some basic updates to your policy. The address, for starters, as well as updates to value and size if necessary.

Job changes

Changes in employment often mean new benefits and salary changes, and your provider will need to be made aware of this.

Medical conditions

New medical diagnoses may need extra coverage or specialised policies, so it's important to ensure you're still fully covered if something changes in your life.

At the end of the day, regular policy reviews are essential and professional advice from a specialist protection adviser is invaluable. They can assess your situation, provide tailored recommendations, and help you make informed insurance decisions.

Whether you're looking for a new policy or want a review, get in touch with us today for a chat!

Notes

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For insurance business we offer products from a choice of insurers.