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Critical Illness Cover

Critical Illness Cover (CIC) is an insurance policy that covers specific serious illnesses detailed within a policy. If you get one of the specific medical conditions or injuries listed in the policy it pays out a tax-free lump sum upon diagnosis to help pay for your mortgage, debts, home alterations such as wheelchair access.

Policies vary and so it is important to make sure you balance the most comprehensive policy for your budget against the most suitable policy for your requirements. **Statistically-speaking it is far more likely for someone to be diagnosed with a critical illness during their mortgage term than they are to die.**

A key consideration when choosing a critical illness policy is the quality of the cover being offered. A provider offering more definitions (more perceived opportunity to pay out) does not necessarily have the best policy – it is important to consider the definitions and the additional benefits of each policy.

The Association of British Insurers set the standards that all insurance providers must adhere to and they set out the standard definitions for each condition. When a condition is marked ABI+ this means the provider has enhanced the definition and therefore it should be easier for a customer to meet that definition and qualify for a payout – an example of this is Heart Attack. The standard ABI wording states the individual must have felt the typical chest pains when someone is having a heart attack. There is such a thing called a ‘silent’ heart attack where you may not have felt those typical chest pains however tests may have still shown you did in fact suffer a heart attack. Under an ABI+ policy this would normally still be covered.

Some providers also offer partial payments. Partial payments are fast becoming the new tool that insurers are using to promote the benefits of their critical illness plans. A partial payment is where a customer has not met the full definition as outlined in their policy schedule, but the provider deems it serious enough that a smaller payment should be made. This smaller payment does not normally affect the main sum assured, and as such is in addition to any subsequent full definition payment.

Be careful, however, not all illnesses are covered under a provider’s policy, which will also state how serious the condition must be. Conditions such as stress and backache (whilst often serious) are not



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considered to be 'critical' and as such will not be covered under your policy. In addition, you are unlikely to be covered for any existing health problems you knew about before you took out the insurance, and it will not pay out if you die.

Critical illness cover should be considered if you don't have savings to cover you

- if you become seriously ill or disabled
- you don't have an employee benefits package to cover a longer time off work due to sickness