

Life Insurance, Critical Illness & Family Income Benefit

It is important for the protection product that you are being recommended to addresses your needs and requirements. We have listed some common terminology that is used when talking about Life Insurance and Critical Illness cover.

Life Insurance

This policy will pay out in the event of your death. Depending on the insurer, benefits such as GP cover (which enables you to consult a GP in the event that you are unable to get an appointment with your regular GP) may be included or offered at an additional cost.

Critical Illness Cover (Insurance)

This policy will pay out in the event of you incurring a critical illness that is specified in the list of critical illnesses set out by the insurer being recommended (subject to survival period - see below). You can also get children's critical illness cover.

Policy Term

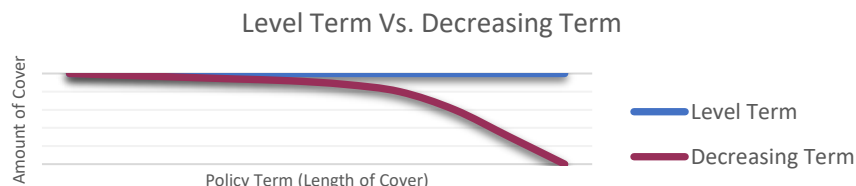
The length of time (Years/Months) that you would like the policy to remain in effect. Depending on your needs this could be as simple as matching it to the outstanding term on your mortgage or a duration that is specific to your circumstances or life events.

Level Term Policy

This can apply to both Life Insurance and Critical Illness Cover. A level term policy is one that sets out the cover amount at the start of the policy. The cover amount remains the same (Level) for the duration of the policy. Therefore, if at any point during the policy term you die (with a Life Policy in place) or were to incur a listed Critical Illness (with a Critical Illness Policy in place), the benefit will be the amount that the cover was originally taken out for.

Decreasing Term Policy

This can apply to both Life Insurance and Critical Illness Cover. A decreasing term policy is one where the cover amount decreases during the policy term. This type of policy is typically taken out to protect or run alongside a repayment mortgage where the balance of the mortgage is decreasing throughout the term of the mortgage. The idea of complementing a decreasing term policy with a repayment mortgage (where the mortgage term and policy term are kept the same) is that if at any point during the policy term you die (with a Life Policy in place) or were to incur a listed Critical Illness (with a Critical Illness Policy in place), the benefit paid out from the policy will be sufficient to cover the outstanding balance of the mortgage.



Joint Life Basis or Single Life

Usually a joint life or critical illness policy will work out to be cheaper than two single policies. However, a joint policy will only pay out once. This means that if the policy has already paid out then at some point one of the policyholders will cease to be covered by the policy.

Whole-of-life insurance

A policy that will last for the whole of your life, this will ensure that your loved ones are guaranteed to receive a benefit. However, as there is a guaranteed benefit the premiums are higher than for Term Insurance policies (above).

Waiver of Premium

If this benefit is purchased with the policy and you suffer an accident or sickness that prevents you from working, your premiums will be waived. As this is a feature whereby the qualification criteria with respect to your inability to work can vary from insurer to insurer, it is important when you purchase the policy that you understand from the outset what circumstances the waiver of premium for your specific policy will come into effect.

Survival Period

The period that you must survive after the diagnosis of a critical illness covered by your critical illness policy. Different providers may offer different survival periods. The shorter the survival period the higher the chances of receiving the benefit.

Family Income benefit

Upon death this policy is intended to provide a regular tax-free monthly income to the policy holders family- for the duration of the policy term. It is different to a level term life insurance policy where the pay-out would be in the form of a lump sum instead of a regular payment that the Family Income Benefit provides.