



Statement on protection insurance and coronavirus

Income Protection for illness is insurance against losing earnings due to disability or “incapacity” for longer than the set time in your policy, often called the waiting period or deferred period. It only pays out to people who can’t work and aren’t getting paid by anyone because of the severity of the symptoms from illness (or accidental injury), causing “incapacity”. How bad that incapacity has to be differs depending on the specific definition the insurer states in your policy.

This type of Income Protection doesn’t cover you for other reasons stopping you working, like redundancy or having to self-isolate to protect others, nor usually even yourself.

This means that, even if you buy an income protection policy with no coronavirus / COVID-19 exclusion applying, it’s still very unlikely you would receive a pay-out related to the coronavirus, unless you were one of the rarer group under 70 who develops much more severe symptoms.

However, the position is less clear for people with medical conditions not in themselves preventing work, but because of which they are now receiving medical advice to self-isolate for at least 12 weeks for their own protection. This will very much depend on the terms and conditions of the particular policy and especially how ‘incapacity’ is defined.

Although your insurance may well not cover you for these unusual circumstances, fortunately, the Government is taking steps to achieve some replacement of income lost due to the enforced halt in work for many people.

Where you are entitled to such income replacement under a government scheme, this will generally mean you don’t need to claim under your policy anyway as you will not have suffered sufficient loss of income for your policy to be claimed upon. But if you still have a large shortfall compared to the ceiling amount you’re insured for, you should contact your income protection provider to find out if you can claim.

This statement is valid as of 31 March 2020