

Critical Illness Cover for Barristers

Your Take-A-Minute Guide



More Than Insurance It's About Love

A majority of our clients are self-employed barristers and protecting their income and finances is hugely important.

Critical Illness Cover gives you and your loved ones financial support if you are diagnosed with a serious illness

This guide focusses on Critical Illness Cover, but Income Protection is also a very important membership to consider. Therefore, we have 2 additional guides that look at Barristers Income Protection and which explain the differences between Income Protection and Critical Illness Cover, and how they complement each other.

What Is Critical Illness Cover?

Critical Illness Cover is an insurance product in which the insurer will typically make a tax-free lump sum cash payment if the policyholder is diagnosed with one of the specific illnesses on their predetermined list as part of their insurance policy. Insurers will have common illnesses that they will pay out on, but it is true to say that lists do vary from one insurer to another and, therefore, some insurers will offer more comprehensive lists of illnesses than others. In turn, this will increase your chances of a pay-out.

Although most people choose a policy that pays out a one-off lump sum, it is possible to have a policy that pays out an ongoing monthly payment instead.

Essentially there are two types of Critical Illness Cover which are often referred to as Level Term Cover and Decreasing Term Cover.

Level Term Cover - the policy will pay the cover amount as a lump sum. The amount that the insurer will pay stays the same throughout the policy term, irrespective of when you die. That said, you can choose to index-link the policy so that the cover amount increases each year in line with any increase in the Retail Prices Index (RPI) up to a maximum of 10%. As a result, your premiums will increase each year. This type of cover is commonly known as 'Increasing Cover'.

Decreasing Term Cover - the policy will pay the cover amount as a lump sum. The amount the insurer will pay decreases each month broadly in line with a repayment loan, such as a mortgage, using a fixed interest rate which you choose when you apply.

You can include Life Cover with your Critical Illness Cover policy. Life Cover membership will pay out a one-off tax-free sum should you die, and we have produced 3 separate 'Take A Minute' guides for Life Cover. Please get in touch if you would to receive these particular guides.

Which illnesses are covered?

It's important to understand that critical illness policies don't cover all illnesses but most of them cover things such as Alzheimer's disease, Motor Neurone Disease, MS, Parkinson's Disease, Heart Attack, Stroke, and some types of Cancer.

Are my children covered?

Some insurers will also include critical illness cover for children within a parent's policy which means that you will get a lump sum pay out to help support your family if your child becomes ill with one of the serious conditions covered in the policy.

How much cover can I have and how long would the policy last?

The amount of cover can be what you want it to be and you will choose an amount of cover that you feel yourself or your partner/family would need if you were diagnosed with a critical illness.

You can set up the policy so it runs until you are a certain age (e.g. until age 65), or you can just choose a policy that runs for a specific number of years (e.g. 25 years). For example, you may want it to run until your expected retirement age, or until the time when your mortgage is paid off, or to a moment in time where your children are through full-time education. This is known as the TERM of the policy.

Ordinarily, the minimum term of a policy is 5 years, and the maximum term would be 40 years.

How much does it cost?

The premiums are based on a number of factors such as your age, occupation, smoker status, the amount of cover and the term of the policy. There are also occasions when your medical history, BMI reading or hobbies/lifestyle can affect the premium. For specific quotations, and accompanying information, contact us at either timfrancis@franciscole.co.uk or 07785 921234.