



## Protection: Why you should always be covered amid a cost-of-living crisis

Protection insurance is severely undervalued by thousands of people across the UK. Often seen as an unnecessary expense – there are a vast number of people living in this country who are yet to take out a protection plan and therefore remain unprepared should they lose their income or worse – their life. With a cost-of-living crisis currently causing panic for many, it's so important to stay covered even when you're looking to cut costs elsewhere. Despite common misconceptions surrounding how often providers pay out, tougher times make protecting your family should anything happen to you even more vital.

The necessity of protecting your income in particular has never been more apparent. The pandemic offered millions of people a scary insight into just how quickly circumstances can change for anyone by forcing a huge proportion of the population out of work. Now, imagine how dire that would have been without the safety net that the furlough scheme provided for so many households nationwide. Illness can stop you working at any time and without warning and being in the midst of a cost-of-living crisis, protecting yourself against such an outcome has never been more valuable. Well, that is the harsh reality

that faces those who are yet to take out a protection policy. Despite the evidence, there are still some common myths that dissuade people from turning to protection.

Do providers actually pay out? So, do providers actually pay out – or is it all too good to be true? Well, contrary to what some sceptics might say, 98.3% of all claims made in 2019 on protection policies were accepted. This figure is enough on its own to display just how common a successful claim is – and how unlikely it is that a claim is rejected. There are of course a few occasions when providers don't pay out – most commonly

due to underlying issues not being disclosed when the policy is initially taken out.

Can everyone get cover? Another common misconception surrounding the protection industry is that more complicated cases get turned down. There are plenty of insurance providers that specialise in the more complex of cases – and the figures suggest that the vast majority of those cases pay out too. The Exeter reported that 93% of claims were paid in 2021 with a total pay-out of over £10 million. Out of the 1,318 claims made throughout 2021, only 92 were turned down.



It's so important for everyone to protect their income, and if the past couple of years have taught us anything, it is that no one can predict what the future holds. Being protected against any eventuality is a safety net that could prove to be invaluable to any of us.

**If you'd like to discuss the options available to you, contact your adviser today.**