

What Is Critical Illness Insurance?

KW; Relevant Life Insurance

It's an insurance policy that helps protect you [if you become critically ill](#) during the policy term. It pays out a tax-free lump sum that you can use however you like – whether that's to help cover health-related costs, monthly expenses, or lost income while it helps you keep your budget on track and savings intact while you work toward recovery.

Do I Need Critical Illness Insurance?

If you become ill and are forced to stop working, critical illness cover can provide valuable financial support. For example, paying out a critical insurance policy for illness can be helpful for:

- Mortgage Payments
- Lost earnings
- Household Bills
- Private Medical Facilities

How Much Critical Illness Cover Do I Need?

The amount of cover you choose won't really depend on your personal circumstances and budget. However, here are some factors that you may want to consider when you work out how much insurance you need:

- How much of your mortgage is outstanding
- Any other Liabilities
- Daily Living cost
- Medical Treatment fees

How Does Critical Illness Cover Work?

Similar to relevant life insurance, when you are ill with a specified disease, critical illness cover pays off. You can set the Critical Illness cover value that matches you, providing extra protection just in case you need it. If you were to become seriously ill you could find that the cost of medical services, supplies, changes in lifestyle or even a career is growing. A lump sum payment would help to cover those additional costs

How Much Does CIC Cost?

The costs of taking out critical illness insurance vary from person to person and are affected by your:

- Age
- Smoker status
- Pre-existing and family medical conditions

- How much cover is required
- Style of living
- Term of policy

Types Of Covers?

Decreasing Term CIC

[Decreasing CIC](#) policy is a good way of ensuring your mortgage repayments are met in case of death. Any debt that is gradually reducing may be covered by a policy of a decreasing term. It keeps track of your repayment schedule, with payout levels falling in line with your debt's diminishing size.

Level Term CIC

[Level CIC](#) provides a cash lump sum if you die in the course of your lifetime, which can be used to repay debts or simply as a way to help life carry on without your help.

Increasing Term CIC

[Increasing CIC](#) has higher premiums that rise every year, but the payout also rises to mitigate the impact of inflation, making sure its value at the time of your death is the same as it would be now.

For more information on Critical Illness Insurance, [contact a member of our team](#) at WIS Business Protection.