

Income Protection Insurance: A Welcome Safety Net In Times Of Need

Losing our main source of income, even for a short time, is unthinkable to most people. This is an especially frightening thought for the main income earners in any household and can lead to extreme stress and anxiety. Luckily, a solution is at hand in the shape of income protection insurance. This article explores the subject and provides some practical thoughts and tips to apply when sourcing and researching income protection quotes.

The Basics of Income Protection

[Income protection](#) is a form of financial protection that replaces a significant portion of regular employment/self-employment income when you are unable to work for reasons covered by the policy. Most claims involve injuries or sickness when official medical reports must be provided to confirm the applicant's status.

Income Protection Insurance: Factors to Consider

Some common features of income protection insurance include:

- The policyholder must be employed/self-employed for 20-30 hours per week, although some variations exist for specific occupations
- Income protection insurance is generally only available to applicants aged between 18 and 59
- Applicant must be a permanent resident/citizen

- Income protection policies typically do not cover your full standard income, and you will usually receive no more than 70% of the total amount
- Short and long-term policies are available, depending on your requirements
- The period between stopping work and receiving your first payment (deferred/deferment period) can be adjusted to lower your premiums if desired



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Income protection insurance: Standard Exemptions

Although terms and conditions vary between policies and providers, you should expect the following exemptions to apply. In most cases, an income protection policy will not cover:

- Temporary or permanent suspension from duties, irrespective of reason or subsequent returns to work
- Pregnancy or related health issues
- Self-harm
- Absences due to participation in criminal activity, whether through injury or incarceration
- Acts of war

Making a Successful Income Protection Claim

Making an income protection insurance claim requires evidence of your inability to work. This is most commonly an official medical report, although other forms may be accepted or required, depending on the circumstances.

How to Source and Research Income Protection Insurance Quotes

If you've made the astute decision to protect yourself and your loved ones with income protection insurance, the following steps are highly recommended:

- Set aside enough time to complete the task without rushing
- Use online comparison sites to access lots of quotes quickly and efficiently
- Scrutinise each quote and use the convenient 'side-by-side' feature to make direct comparisons

- Read the fine print, looking for terms, conditions, and exemptions that may affect you
- Make separate notes highlighting any positive and negative aspects of each policy
- Begin eliminating policies according to your personal criteria (typically price, deferred periods, exemptions, and other conditions) until three remain
- Contact each provider directly to ask questions, clarify uncertainties, and assess their professionalism, competence, communication, and accessibility. These interactions represent those you can expect in case of a claim, and if they are lacking, eliminate them and move on
- Keep organised, accurate documentation to simplify the process and facilitate any subsequent claim

Income Protection: A Cost-Effective, Powerful Financial Tool

Income protection insurance is an excellent way to protect ourselves against worst-case scenarios that prevent us from working. They offer a critical financial lifeline to those affected and provide ultimate peace of mind, knowing we are covered if disaster strikes.