



---

June 7, 2009

## Men ignore financial fall-out of ill health

*If you get sick, you can lose your income. Chiara Cavaglieri and Julian Knight wonder why so few insure against illness*

The numbers are sobering at best and scary at worst.

Roughly one in three men contract cancer during their life, and a substantial proportion suffer stroke or a heart attack. Yet men are generally more reluctant than women to seek the advice of their GP and they are more likely to engage in activity which puts them at a higher risk of having a catastrophic health event – including drinking alcohol to excess, smoking and maintaining a poor diet. Men's Health Week, which starts on 15 June, is all about getting them to check their health more regularly for early signs of cancer or other illness.

However, it's not just in the health monitoring stakes that men are laggards. According to insurer Friends Provident, the vast majority of men fail to take out appropriate cover and so risk financial hardship should the worst happen. The study shows that 90 per cent of men questioned do not have critical illness cover, which pays out if policyholders are struck with a serious illness and are unable to work.

For anyone with dependents, man or woman, protection against the financial implications of such a serious illness could prove invaluable. "If you have people who are financially dependent on you and your income, then you should be doing something," says Kevin Carr, director of protection development for PruProtect.

Critical illness cover is commonly taken out with life insurance as it is usually relatively cheap to add on. It pays out a tax-free lump sum for life-threatening conditions, which are specified in the policy. Cover can be set for a specified number of years or for life and will either remain level throughout the term of the policy, or decrease over the course of the policy – typically to reflect the fact that a mortgage is being paid off.

As with life insurance, family medical history, lifestyle habits (such as smoking and drinking), age and gender will affect the premium level. Some people may not be covered for certain conditions or will have to pay considerably more. Smokers, for example, can expect to pay around double what a non-smoker would pay.

The two most common reasons for a critical illness policy not paying out are non-disclosure of medical information and failure to meet pre-agreed terms and conditions. When a claim is made, the insurer will look into the medical history of the policyholder and any failure to disclose relevant details could result in less money being paid out or even a complete refusal of the claim. Honesty is always the best policy.

While all critical illness insurance policies should cover the most common conditions, including cancer, heart attacks and strokes, one major drawback is that there can be sneaky exclusions and certain conditions will not be covered if they are not considered severe enough. "A common example is early-stage cancer – only more advanced and invasive cancers are likely to be covered," says Mr Carr. Prostate cancer, for example, is unlikely to be covered by a traditional policy if it is caught early enough and has been removed before it

spreads. Most policies are also invalidated if an injury is self-inflicted or related to drugs or alcohol abuse. The range of conditions covered will vary from one provider to another. PruProtect for example, boasts 154 conditions covered, while the average policy covers 30 or so.

There are even policies targeted towards a specific condition, such as Virgin Cancer Cover, which pays out for cancer alone and is cheaper than standard critical illness policies. Payouts are scaled by severity, with payouts at early, intermediate and advanced stages. At diagnosis of early-stage cancer, 10 per cent of total cover is paid out, then 25 per cent for intermediate cancer through to the entire sum paid out at advanced cancer stage. However, some advisers argue that the savings made from this type of policy are not justifiable. "It's a bit gimmicky – for a similar premium, or a slightly higher one, you could be covered for 30 or 40 illnesses," says Peter Chadborn, from financial advisers CBK in Colchester.

The most common alternative to critical illness cover is income protection insurance, but again, Friends Provident found that 87 per cent of males have not taken out a policy. Income protection insurance may be preferable because it does not pay out for a specific illness but rather for the inability to work. Instead of a lump sum, policies will pay monthly instalments to replace part of the income of anyone incapable of working due to illness or disability, until they have either recovered or retired. The policyholder sets a deferment period which determines how long after a potential illness or disability they would want the plan to start providing an income – this can be as soon as a few weeks or even as long as a year. Generally, the longer the deferment period, the lower the premiums.

As with critical illness cover, income protection comes with some hefty health warnings. First, the definition of an inability to work will vary – some policies will cover those unable to do their own job, others will cover those unable to do either their own job or a similar job, and others will only cover an inability to do any paid work. Additionally, sex and occupation will impact the premium. "Income protection tends to be more expensive for women because there is a higher history of claims from females," explains Mr Carr. Teachers, too, have a higher history of claiming for stress and depression than other occupations and so can expect elevated premiums.

Employees should always check with their employer to see if they offer access to free or discounted critical illness or income protection policies.

Trawling through policies and complicated terms and conditions can be painstaking, so it is worth seeking independent financial advice. An adviser can do all the leg work and recommend cover to suit each client's needs.



© 2009 Independent News and Media. Permission granted for up to 5 copies. All rights reserved.

You may forward this article or get additional permissions by typing <http://license.icopyright.net/3.7463?>

[icx\\_id=money/insurance/men-ignore-financial-fallout-of-ill-health-1698521.html?](http://license.icopyright.net/3.7463?icx_id=money/insurance/men-ignore-financial-fallout-of-ill-health-1698521.html)

[service=PrintICopyright](http://license.icopyright.net/3.7463?icx_id=money/insurance/men-ignore-financial-fallout-of-ill-health-1698521.html) into any web browser. Independent News and Media Limited and The Independent logos are registered trademarks of Independent News and Media Limited. The iCopyright logo is a registered trademark of iCopyright, Inc.