INSURANCE & PROTECTION GUIDE

When buying a home or remortgaging, people often look at taking out protection or reviewing their current protection that they have in place so that they and their family can continue to live in their home if they suffer ill-health or die.

We have over 1,000* trained Mortgage Consultants who will be more than happy to fill in any gaps and answer any questions. We take great pride in finding our customers suitable protection. Our Mortgage Consultants are qualified to understand your requirements and recommend the best product/s to suit your protection needs.

What is Life Insurance?

Life insurance pays a lump sum if you die. This can help clear any debts you may have, such as your mortgage. Your mortgage consultant will make a recommendation of the amount your policy should provide - this is known as the cover amount.

The policy will provide cover for a set period of time - this is called the policy term. The cover amount is paid out if you die during your policy term. You can use life insurance to cover one person (single policy) or two people (joint policy). Again, your mortgage consultant will recommend the best type of policy to meet your mortgage protection needs.

Death in service

Your employer may offer you death in service benefits. Death in service benefit is a form of benefit that's provided by an employer, it means that they will pay out a tax free lump sum of cash if you die while you're employed by them.

Some people think that a death in service policy means that they do not need life insurance. However you need to consider whether the benefit will pay out enough money to pay off your mortgage and provide enough financial support for your loved ones. If it does not, you may need to look at additional life insurance as it still may be required.

Do you need to write your life insurance in trust?

When you die the proceeds from a life insurance policy will normally be paid into your estate free of tax. However, there could be inheritance tax to pay if your total assets exceed a certain limit. There may be a delay because the insurer cannot hand over the money until legal matters have been resolved, e.g. probate has been granted.

You can arrange for a policy to be written in trust for the benefit of the person you specify, this can avoid the possibility of having to pay inheritance tax and make sure that your dependants get the money as quickly as possible. If you are interested in placing your policy in trust, you should take independent legal advice before proceeding.

*Kevin Henry is part of the Connells Group. Collectively, the Connells Group has 1300 Mortgage Consultants (as of September 2022)

What is Critical Illness Cover?

Critical illness cover pays out a tax free lump sum of money if you are diagnosed with, or undergo surgery for, a critical illness that meets Aviva's policy definition during the policy term. Unless you select a combined Life & Critical Illness policy it will not pay out if you die and the policy has no cash in value at any time. You can use a critical illness policy to cover one person (single policy) or two people (joint policy).

Once you have decided that life cover and/or critical illness cover is right for you, you need to consider what type of cover you need;

Level cover

Level cover pays out the cover amount as a lump sum if you make a successful claim. The cover amount stays the same throughout the policy term.

Decreasing cover

Decreasing cover pays out a lump sum if you make a successful claim. The cover amount decreases each month broadly in line with the amount outstanding on a repayment mortgage. It uses a fixed interest rate selected at the start of the policy. This is cheaper than Level Term cover.

A reviewable product

A reviewable product means the premiums are fixed for a certain amount of time, after which the insurer has the option to review your premiums on a regular basis. This means that your premium could increase in the future.

A guaranteed product

A guaranteed product means the premium remains the same throughout the term of the policy. This means that you won't be hit by monthly/yearly premium increases.

What is Income Protection Cover?

Income protection is a long term policy that pays out a monthly tax free income, during the policy term, if you can't work and suffer a loss of earnings due to illness or injury. The policy starts to pay out after an agreed waiting period, called the deferred period. A proportion of your income is paid each month for a fixed period of time and you will continue to receive monthly payments until the earlier of your return to work, your death or the plan end date. The policy has no cash in value at any time. If you stop paying your premiums, the cover will stop and you won't receive any money back.

Increasing cover

Choosing increasing cover means your cover amount will increase each year in line with RPI or by a fixed percentage. If the cover increases usually this means so will the premiums. The increase would usually automatically happen on an annual basis.

What is Duty of Disclosure?

When you take out an insurance policy it is your responsibility to provide complete and accurate information to both your Mortgage Advisor and the Insurance provider. If you fail to disclose any material information to your insurance provider this could invalidate your insurance cover and could mean that part or all of a claim may not be paid.

What do the additional policy benefits mean?

Some of these benefits may already be included in a policy, others are optional extras;

Second medical opinion*	A second medical opinion could be lifesaving, with a review of both diagnosis and treatment.
24 hour healthline*	24-hour access to a private health line service where you and your family can speak to a qualified nurse and get one to one support for any health related query.
Worldwide medical treatment	In conjunction with expert second medical opinion, this can give you and your family access to worldwide medical experts and treatment, for certain specified conditions.
Fracture cover	Gives the reassurance of knowing you may receive a lump sum if you sustain one of a number of specified fractures in any 12-month period.
Counselling*	Designed to offer short-term face-to-face or telephone-based counselling.
Annual health check*	Optional health cheack provided annually.
Access to an online GP*	Available on payment of a fee.

*Non-contractual benefit which can be removed at any time.

You need to think about the options if you were to die – getting a Will in place.

No one likes to talk or think about death, especially their own. The thought of deciding what's going to happen to all your worldly goods can be an extremely daunting prospect. If you haven't made a Will, now is the time to do so or you could risk leaving your grieving loved ones with additional stress, unanticipated cost and a host of problems to sort out. If the unthinkable happens and you die without making a Will, the law decides who gets what. This is called intestacy.

What can a Will do for you?

- You can leave specific amounts of money to specific people.
- It ensures the proceeds of a life policy are paid to the right person.
- You can state who will become the guardians of your children.
- You can pass your estate to an unmarried partner.
- You can choose who you want to be executor of your Will to ensure your wishes are followed.
- You can ensure an item of sentimental value or even a family heirloom is passed to a named beneficiary.
- You can leave something to charity.

Now you are covered you need to think about your home and everything that's in it...
The options you need to think about are Buildings and Contents insurance. You can obtain these together or separately.

What is Buildings Insurance?

Buildings insurance provides protection for the physical property and its fixtures and fittings (e.g. fitted kitchen and bathroom) in the case of events such as storm, fire, flood, subsidence or theft. Depending on your level of cover, it could also cover other outbuildings, such as sheds and your garage.

Do I have to have buildings insurance in place?

If you are applying for a mortgage on a freehold property, your mortgage lender will require you to have buildings insurance in place as a condition of your loan.

How much cover should you have?

You should insure your property for its rebuild cost, not its market value. Your Mortgage Consultant will be able to help you with this.

What is Contents Insurance?

Contents insurance provides protection for your possessions that you keep within your property (e.g. furniture, carpets and curtains) in the case of storm, fire, flood, theft or other specified events. When you arrange cover, you will need to estimate the value of replacing your contents as new.

Do I have to have contents insurance in place?

Contents insurance is a policy that covers your home contents against incidents such as loss, damage or theft. It is not a legal requirement to have contents insurance.

A BROKER FEE MAY BE PAYABLE UPON MORTGAGE APPLICATION AS WELL AS AN ADMINSTRATION FEE. THE TOTAL FEE PAYABLE WILL DEPEND ON YOUR CIRCUMSTANCES. YOUR MORTGAGE CONSULTANT WILL EXPLAIN ANY FEES APPLICABLE IN YOUR INITIAL APPOINTMENT.

YOUR HOME OR PROPERTY MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE. YOU MAY HAVE TO PAY AN EARLY REPAYMENT CHARGE TO YOUR EXISTING LENDER IF YOU RE-MORTGAGE.