



The importance of financial protection

Millions battling with financial hardship, relationship stress and sleepless nights

Fear, worry and stress are normal responses to perceived or real threats, and at times when we are faced with uncertainty or the unknown. So it is normal and understandable that people are experiencing fear in the context of the COVID-19 pandemic.

The pandemic and the resulting economic impact have negatively affected many people's mental health. Nearly half of UK adults (47%) have experienced mental health challenges during the pandemic, with millions battling with financial hardship, relationship stress and sleepless nights.

LIFE INSURANCE OR CRITICAL ILLNESS COVER

New research reveals that only a small proportion of people notify their insurer of a mental health condition in the mistaken belief that it will affect their ability to take out life insurance or critical illness cover. This means they might not have adequate cover or access to support provided by their insurer.

Three in ten (30%) people report that they currently have a mental health condition or have experienced this previously. However, only four in ten 44% have informed their insurer. There remains confusion around what can, or should, be said to an insurer when it comes to physical and mental health.

INELIGIBLE FOR PROTECTION COVER

Of those who did not disclose a mental health condition, nearly two-fifths (37%) thought their provider would only be interested in physical illness. Over a quarter (26%) felt it was personal and so would rather not share their condition with their provider. Almost one in five (18%) worried they would not qualify for a policy or would be charged more.

Contrary to these misconceptions, declaring a mental health condition does not necessarily mean higher premiums and it is unlikely to mean someone is ineligible for protection cover. Being open with an insurer means those with mental health conditions are more likely to receive the right support.

GETTING THE RIGHT SUPPORT

Some people are confused about how mental health conditions affect their critical illness cover or life insurance, which prevents them from getting the right support. Insurers aren't trying to catch people out – they are there to help.

The challenges of the last 20 months have highlighted the value of protection policies for families and individuals in difficult times. ■

COULD YOU AND YOUR FAMILY FACE SIGNIFICANT FINANCIAL HARDSHIP?

Personal protection is a key part of any successful financial plan. Without adequate protection, you and your family could face significant financial hardship if you or your partner died unexpectedly or you couldn't work due to an accident or illness. Having personal protection means that you do not have to worry about money during a difficult time. To find out more, please contact us.

Source data:

[1] Research carried out online by Opinium Research across a total of 2,002 UK adults (Booster sample of 502 self-employed workers and 1,015 Renters. Fieldwork was carried out between 21 and 27 October).

