

Extra benefits to look for on your life insurance Video transcript

0:03 Preetinder Macmillan Financial Guide What extra benefits should I look out for on my life insurance policy? This is one of the questions that people often ask us on the Macmillan Support Line. I'm Preetinder, and I'm a Financial Guide at Macmillan.

A life insurance policy is usually taken out to provide money for your family after you die, but sometimes they can include extra benefits

0:20 Extra benefits on a life insurance policy you might be able to claim on right now.

I'm going to tell you about four benefits you may be able to claim.

Number one, critical illness cover.

Critical illness cover usually pays out a one-off tax-free lump sum if you get diagnosed with a serious illness that is covered by the policy.

You can use this money for anything. You should tell your insurer that you want to make a claim as soon as possible within the timescale of your policy.

If you are making a claim, check if the policy has an early days payment. This is where you get a lump sum of money while the claim goes through.

Many policies will also pay out if you become permanently disabled because of an injury or illness. This is the 'total permanent disability' clause, and the terms and conditions of the policy will explain more about this.

Sometimes policies include cover for children too. This means if your child has a diagnosis of one of the illnesses listed on the policy, you will receive a lump sum.

You can take out critical illness cover as a standalone policy or combined with life insurance.

This can be a joint policy, one that you and another person can benefit from, or a single policy, one that only you benefit from.

If you make a successful claim for critical illness cover under a joint policy, this can mean that the policy ends and you no longer have life insurance cover.

If this happens, check if you have a feature called buy back.

1:44 Number two, terminal illness clause.

A terminal illness clause means you can make an early claim on the policy if you are expected to live less than twelve months. The money is tax free and you can use it for anything. You can keep the money even if you live longer than twelve months.

Sometimes it is not possible to claim under the terminal illness clause in the last twelve to eighteen months of the policy, so it's important to check your policy, especially if you've had it a long time.

Before claiming these two benefits, consider how the money would affect any other state benefits you currently get.

Also, if the policy mentions being a 'decreasing term', this means that the longer you leave it to claim, the less money you'll get.

2:30 Number three, buy back.

If you have a buy back feature on your policy, you can buy back the life insurance part without needing to have any new medical screening. This option can be a cheaper way of getting life insurance which may be difficult to get elsewhere.

There is usually a time limit to do this after your initial claim, and if someone dies of the illness they already claimed for, they may not be able to get another payout.

2:54 Number four, waiver of premium benefit.

If you can't work because of an illness or disability, a waiver of premium benefit pays for your insurance policy each month. Usually, you'll have to be off work longer than six months before you can make a claim.

Your claim could pay out until you go back to work or for a set period of time. You may also find that your policy has other benefits such as a renewable option, a convertible option, or guaranteed insurability.

3:26 You can find out more information about these potential options by contacting our Financial Guidance Team.

We hope this video has answered your question today. If you would like any more information, support, or just someone to talk to, please call us free on 0808 808 00 00. Thank you.