

How to... help a customer have a good Income Protection claim experience

This short guide offers practical tips to support advisers to help ensure the claims process goes swiftly and smoothly. It promotes proactive engagement through the duration of the IP policy to resolve frequently seen issues across all insurers and advisers in the UK Income Protection market.

For more information on an insurer's approach to specific claims please always ask the insurer with which the policy or membership is held.

When a customer is taking out the policy:

1. Ensure they understand when the cover will pay out (and when it won't)

Why isn't a "sick note" from a GP enough to pay a claim?

Medical certificates are not always enough on their own to assess if someone is too ill or injured to work. They do not contain information on why this was issued, for what reason or with what evidence or whether the doctor took the duties of your specific job or your occupation into account when giving the certificate.

Advisers should not describe Income Protection as "paying you when you're signed off from work" or "covering you if you get a sick note". Income Protection pays if you can't work because of illness or injury sets expectations more accurately.

2. Ensure all application questions are answered honestly to remove any risk of a claim not being paid due to misrepresentation (see Example 1) and be clear of the impact of not telling the truth
3. Help them think about the questions and include all answers for the time period asked about even if they do not consider it significant
4. Encourage them to review the answers to questions given and check any dates or results they are unsure of

5. Apply for an appropriate level of cover allowing for indexation and realistic income growth
6. Encourage customers to provide financial evidence early, such as P60s, payslips and/or self assessment returns to ensure appropriate levels are being protected and benefit fixes considered
7. Emphasise the importance of notifying the insurer as soon as possible when time off work that may cause an IP claim occurs
8. Set expectations that regular review of their circumstances are important and agree when they will take place. Explain changes that should prompt them to contact you immediately e.g. change of occupation, salary increase/decrease

When a customer has the policy:

1. Conduct regular reviews. With these you can consider if there are any benefits the policy has that would benefit the customer and ensure the financial cover is appropriate (see Example 2)
2. Ensure they are aware of the financial requirements that would be required for any claim e.g. tax returns, pay slips, company accounts

When a customer has a claim under the policy:

1. Remind them to let the insurer know once they're off work for something that may result in an IP claim. Don't wait for the end of the deferred period!

There are lots of reasons to tell the insurer as soon as possible:

- There may be value add services that an insurer can recommend at this time to help the customer immediately
- The insurer may choose to proactively intervene to improve the long term outcome ahead of a deferred period ending
- The claim process can begin at the earliest appropriate

2. If the customer has copies of medical reports they can submit these directly to the insurer – this may reduce delays for the insurer to get evidence from a GP

What a difference it can make...

Example 1 – the importance of accurate disclosure

A 45 year old surgeon does not disclose any medical history on their application and claims 6 months later as they are unable to work due to back pain.

Medical evidence is obtained as part of the claims process and this shows that 18 months ago they had a car accident that caused minor whiplash lasting two weeks.

As per industry guidelines the insurer would then consider what decision would have been made if this disclosure been made at outset. If this would have resulted in a back exclusion being applied or cover not being offered then this claim would not be paid.

Even if the insurer would have allowed the application without a change in decision the time taken to perform the investigation at claims stage may result in a delay in payment.

Example 2 – the importance of regular reviews

A 40 year old accountant at a large company takes out a £6,000 per month benefit with annual indexation options. She claims under the policy 3 years later for time off work during breast cancer treatment and recovery.

She had left her corporate employer last year and set up her own firm.

If the adviser is aware of this change they will not only be confident the amount insured remains appropriate they will also be able to facilitate the provision of appropriate financial evidence swiftly.

If the adviser is not aware of the change the customer may be over or under insured, and the information required for the claim to be assessed may take longer to obtain.