

# An Advisers Guide to Accident, Sickness & Unemployment (ASU) Insurance

*This guide is split into 7 sections and outlines the key features, eligibility criteria, underwriting process, claims procedures, financial aspects, policy flexibility, and adviser considerations for ASU insurance.*

*This document was created with thanks, with the help of the IPTF Advisers and IPTF ASU members. The Advisers each contributed questions that they, as Advisers would like to know the answer to, which were then kindly answered by the IPTF ASU members*

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## Coverage & Benefits

### What It Covers

- **Primary Protection:**  
ASU insurance protects customers against financial loss when they are unable to work because of an accident, sickness, or involuntary unemployment. Some policies even extend to cover situations such as needing to take time off to care for someone.
- **Income Replacement:**  
Policies generally replace up to 65% of gross monthly income, with a typical cap of around £2,500 per month. Payments are made tax-free.
- **Claim Duration:**  
Benefit payments are usually provided for a period of either 6 or 12 months per individual claim. Some policies may offer additional options such as “Back to Day 1” cover (subject to a waiting period).

### Tailored Options & Hybrid Products

- **Customisable Coverage:**  
You can often choose cover that includes both accident/sickness and unemployment or opt for accident and sickness only. The latter is commonly recommended for self-employed individuals or those primarily concerned with health-related work absence.
- **Hybrid Products:**  
Most providers offer standard ASU or income protection (IP) policies separately, however, some insurers provide a 2-year hybrid AS policy. This hybrid product offers up to £2,000 monthly benefits on a 2-year moratorium basis, with more inclusive criteria—such as not excluding applicants based on BMI or blood sugar levels.

## Key Benefits

- **Simple Application:**  
Applications typically involve minimal underwriting with accurate question sets and are not means-tested at the point of claim.
  - **Financial Security:**  
Assurance of regular monthly payments helps keep up with financial commitments during periods of hardship.
  - **Additional Support:**  
Some policies may include career advice or back-to-work support to help customers re-enter employment quickly.
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## Eligibility & Policy Terms

### Who Can Take Out Cover

- **General Eligibility:**  
ASU insurance is available to UK residents aged 18 and over who work full time or part time (usually more than 16 hours per week).
- **Worker Categories:**
  - **Full-Time Employees & Fixed-Term Contract Workers:** Generally eligible.
  - **Self-Employed:** Eligible subject to meeting certain criteria; may also have access to unemployment cover depending on the policy.
  - **Contract Workers:** Can take out cover; however, unemployment claims may only be valid if the contract ends unexpectedly.
  - **Seasonal Workers:** Often face restrictions due to the unstable nature of work hours.

### Age Limits

- **Standard Policies:**  
Many policies set a maximum entry age (commonly around 62 or 63 years) with cover continuing until a later age—typically up to 65.
- **Hybrid Policies:**  
Some hybrid AS products extend claims until the policyholder reaches 70 years old.

### Job Sector & Occupation Considerations

- **Risk Exclusions:**  
High-risk occupations (for example, professional sports or mining) may face restrictions or be excluded altogether. Some providers maintain specific watchlists for certain employer groups.

## Product Classification

- **General Insurance Product:**

ASU insurance is classified as a general insurance product, and with the appropriate FCA permissions and training, all advisers can sell these policies noting that if they are an AR with a Network, this would need to be a option (and not all insurers may be on eligible panels)

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## Underwriting & Medical Considerations

### Underwriting Process

- **Simplicity:**

For most applicants who meet the eligibility criteria (such as being in UK employment for a minimum period), the underwriting process is relatively minimal. Standard questions typically cover:

- Employment status (e.g., full time or at least 16 hours per week).
- Continuous employment history (often a minimum of 6 months with the same employer).
- Residency in the UK.
- For some schemes, additional criteria such as mortgage commitments may be assessed.

### Pre-Existing Medical Conditions

- **Exclusions:**

Pre-existing conditions are generally excluded if there has been any treatment, symptoms, or consultation related to the condition within 12 months before policy inception.

- **Moratorium Periods:**

If the policyholder remains symptom-free and without treatment or medication for the condition for a continuous period—typically 12 to 24 months—then claims related to that condition may be considered.

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## Claims Process & Payouts

### Waiting Periods & Claim Duration

- **Waiting Period:**

A waiting period (or excess period) is applied before benefit payments begin. This period is usually a minimum of 30 days but may be extended (e.g., 60 or 90 days) depending on the policy's excess choice. In some cases, if the policy has a 30-day

excess, you might effectively wait 60 days (30 days standard waiting period plus 30 days excess) for the first payment.

- **Claim Duration:**  
Benefits are typically paid for 6 or 12 months per claim.

## Documentation & Validation

- **For Accident and Sickness Claims:**  
A claim often requires a GP's sign-off or other medical evidence such as hospital records or radiological scans.
- **For Unemployment Claims:**  
Documentation may include proof of employment termination, evidence from a customer's employer, or a job seekers' agreement (often in conjunction with a registration at your local Jobcentre).
- **Processing Time:**  
Claims are usually reviewed through a structured process (often a three-tier peer review) and processed within approximately 4 working days after approval.

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## Financial Aspects

### Income Replacement & Benefit Caps

- **Replacement Ratio:**  
ASU policies generally replace up to 65% of the policyholder's normal income.
- **Monthly Benefit:**  
Benefit payments are capped—typically at around £2,500 (or up to £2,750 in some cases) per month, whichever is lower.

### Premium Calculation

- **Factors Considered:**  
Premiums are calculated based on:
  - The selected benefit amount.
  - The type of cover chosen (accident & sickness, unemployment, or combined ASU).
  - The waiting/excess period.
  - The policy term.
  - The applicant's age.
- **Pricing Methodology:**  
Many providers use a "rate per hundred" approach (for example, a rate of £3.50 per £100 of cover) and premiums are typically fixed for one year, though they are subject to annual review.

### Reviewability

- **Policy Adjustments:**  
These policies are generally reviewable. Adjustments—such as changes in salary—can be made mid-term to ensure the cover remains aligned with your income.
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## Policy Flexibility & Restrictions

### Mid-Term Adjustments

- **Flexibility:**  
If your customers circumstances change (e.g., salary increases or a desire for a different excess period), they can usually make mid-term adjustments by contacting their insurer. Income for recalculating benefits is typically based on the average gross monthly income from payslips (for employees) or the monthly average from the previous year's self-assessment (for the self-employed).

### Restrictions

- **Hazardous Occupations:**  
Some policies may impose restrictions on high-risk or hazardous occupations. For example, working in a mine or other dangerous environment might limit or exclude coverage.
  - **Index-Linking:**  
Benefits are not index-linked; however, annual reviews allow for adjustments that reflect changes in income.
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## Adviser Commercials & Access to Quotes and Applications

### Commission Structures

- **Typical Rates:**  
Adviser commissions generally range between 25% to 30% of the premium (with many schemes around 27.5%).
- **Clawback Provisions:**  
Some products include clawback provisions on advance commissions, especially when commissions are paid on an indemnity basis, with pro-rata clawbacks applied.

### Referral Arrangements

- **Referral Opportunities:**  
Advisers and brokers may refer or write policies. In certain schemes, a referring adviser might receive 100% of the first year's commission (for instance, around £120 on a typical policy) or benefit from other clear, FCA-regulated commission models.

## **Access to Quotes and Applications**

If Advisers wish to access ASU quotes and applications for their clients, they can register with the IPTF ASU member Firms. Details below. Links to these firms can also be found on the IPTF website.

### **Best Insurance**

Advisers can register online - <https://adviser.bestinsurance.co.uk/registration-form>

### **MMS**

Advisers can register interest online - [www.mms-uk.com/RegisterInterest.aspx](http://www.mms-uk.com/RegisterInterest.aspx)

### **Realm**

Advisers can complete an online enquiry form at <https://www.realmprotection.co.uk/financial-advisers>

- As soon as Advisers register, mandatory checks will be conducted (companies house, directors, sanctions, FCA register etc) and send the TOBA on DocuSign.
- As soon as the TOBA is signed, access will be granted to the Adviser Portal for quotes, illustrations and application submissions