



Accident, Sickness & Unemployment (ASU)

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Document Introduction

This month's Wisdom Wednesday Academy focuses on Accident, Sickness & Unemployment (ASU) insurance.

This guide explores the role of ASU within the wider protection landscape and how advisers can use it to support clients who may need short-term income protection solutions. Drawing on insights from the IPTF's adviser resources and industry expertise, it examines how ASU policies work, who they may be suitable for, and how they complement more traditional income protection strategies.

ASU can play an important role in supporting financial resilience. While it is not designed to replace long-term income protection, it provides a valuable safety net for individuals who need short-term support if they are unable to work due to accident, illness, or involuntary redundancy.

This Academy guide brings together the key considerations advisers should understand when discussing ASU with clients, from coverage and underwriting through to claims processes and financial considerations, helping advisers integrate this option into broader protection conversations.

Reading Time (unstructured CPD credits) – 30 minutes

Disclaimer – please read

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Understanding ASU

Accident, Sickness & Unemployment (ASU) insurance is a type of short-term income protection designed to provide financial support when someone cannot work due to illness, injury, or involuntary redundancy.

At its core, ASU helps replace a portion of income so individuals can continue meeting essential financial commitments such as rent or mortgage payments, household bills, and everyday living costs during periods when they are unable to earn.

Unlike traditional long-term income protection policies that may provide benefits until retirement age, ASU policies are designed to offer short-term financial support, typically covering a defined period such as 6, 12, or 24 months.

This shorter duration often makes ASU more accessible and affordable, allowing it to act as a practical solution for clients who:

- May not qualify for full income protection.
- Require protection for a shorter period.
- Want a lower-cost option alongside other protection products.

For advisers, ASU can form part of a broader protection strategy, particularly when working with clients whose circumstances or budget mean traditional income protection may not be the most suitable option.

Coverage & Benefits

The primary purpose of ASU insurance is to protect individuals against financial disruption when they are unable to work because of accident, sickness, or involuntary unemployment.

Most policies provide a monthly income replacement, typically covering up to around 50–65% of a client's gross income, with a common maximum benefit of approximately £2,500 per month.

These payments are generally tax-free and are designed to help policyholders maintain essential financial commitments during periods of income disruption. Benefit payments are normally limited to a specific claim duration, often six or twelve months per claim, although some policies may extend the duration or offer additional features such as "back-to-day-one" cover after a waiting period.

Some insurers also offer flexible options that allow customers to choose the type of cover most relevant to their needs. For example, clients may select:

- Accident and sickness cover only
- Accident, sickness and unemployment cover
- Unemployment-only cover

This flexibility allows advisers to tailor protection to the client's employment status, financial situation, and risk priorities.

Eligibility & Policy Terms

Eligibility for ASU policies generally depends on a combination of employment status, age, and residency.

Most policies are available to individuals who:

- Are UK residents
- Are aged 18 or over
- Work at least 16 hours per week in employment or self-employment.

Full-time employees, fixed-term contract workers, and many self-employed individuals may be eligible, although unemployment cover for self-employed clients may be restricted depending on the provider.

Policies also include age limits. Entry ages typically extend into the early 60s, with cover usually running until around age 65, although some products may allow claims to continue beyond this age depending on policy structure. Occupation also plays an important role in eligibility. Some high-risk occupations may face restrictions or exclusions depending on insurer underwriting criteria.

For advisers, understanding these eligibility parameters ensures that ASU recommendations remain appropriate and aligned with each client's circumstances.

Underwriting & Medical Considerations

One of the distinguishing features of ASU insurance is its simplified underwriting process.

Unlike traditional income protection, which often requires detailed medical underwriting, ASU policies typically rely on shorter application journeys with fewer medical questions.

Instead of full medical underwriting, many policies operate using pre-existing condition exclusions. These clauses mean that conditions the client already had before taking out the policy are not covered for a defined period. Some providers may also apply standard exclusions for certain conditions, such as back or stress-related claims, unless specific medical evidence is provided.

This simplified approach can make the application process faster and easier, enabling advisers to place cover quickly while still providing meaningful financial protection for clients.

Claims Process & Payouts

When a client needs to make a claim under an ASU policy, the process generally involves confirming that the conditions of the policy have been met.

For accident or sickness claims, insurers will typically require:

- Evidence of inability to work from a medical professional.
- Confirmation that the condition occurred after the policy started.

For unemployment claims, insurers normally require proof that redundancy was involuntary and that the client was actively employed at the time the policy began.

Once approved, claims are paid as monthly benefits, helping the policyholder maintain their financial commitments during the claim period.

ASU policies often allow multiple claims during the lifetime of the policy, provided the client returns to work for the required requalification period between claims.

Financial Aspects

One of the reasons ASU remains an important option in protection planning is its affordability.

Because claims are limited to shorter benefit periods, premiums are typically lower than those associated with long-term income protection policies.

This lower cost can make ASU accessible for clients who:

- Are early in their careers.
- Have limited budgets.
- Require protection for a shorter period.

For some clients, ASU may act as a stepping-stone to more comprehensive protection later in life, while for others it may complement other forms of insurance to create a balanced protection strategy.

Policy Flexibility & Restrictions

ASU policies can provide flexibility in how cover is structured, allowing advisers to tailor protection according to a client's employment status, risk profile, and financial priorities.

Clients may choose different combinations of cover, such as accident and sickness only, or the full accident, sickness, and unemployment package, depending on their circumstances.

However, as with all protection products, ASU policies also include limitations and exclusions. For example:

- Pre-existing conditions may not be covered immediately.
- Voluntary unemployment is typically excluded.
- Certain occupations may face restrictions.

Understanding these parameters is essential when positioning ASU alongside other protection products, ensuring clients have realistic expectations about how the policy will respond if a claim arises.

ASU Matrix

To support advisers in understanding the ASU market, the IPTF provides a dedicated ASU Matrix.

The ASU Matrix is a practical comparison tool that displays key product features from multiple providers in a clear, side-by-side format. It allows advisers to quickly identify differences in areas such as benefit terms, cover types, underwriting approaches, and eligibility criteria.

By bringing these details together in one place, the matrix helps advisers save time, improve product understanding, and make more informed recommendations for their clients.

It also highlights where ASU may provide a suitable alternative when traditional income protection is not appropriate.

 Available via the [IPTF Adviser Tools](#).

Conclusion

Accident, Sickness & Unemployment insurance plays a valuable role within the wider protection landscape.

While it is not intended to replace traditional income protection, it provides a practical solution for clients who require short-term income security or who may not qualify for long-term cover.

For advisers, understanding the structure, eligibility criteria, and limitations of ASU ensures it can be positioned effectively as part of a holistic protection strategy.

By combining education, appropriate product selection, and clear client conversations, advisers can help more individuals build financial resilience and ensure that protection solutions meet the diverse needs of today's workforce.

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