



Guide to accident, sickness and unemployment insurance

Accident, sickness and unemployment insurance (ASU) provides financial support if you are unable to work due to an accident, illness, or unemployment. This guide will help you understand how ASU works and why it might be a valuable addition to your financial safety net.

What is ASU?

Accident, sickness and unemployment insurance is a type of insurance that provides you with a monthly benefit if you are unable to work because of an accident, sickness or involuntary unemployment. Because it is typically designed to pay out for a short length of time, you may also hear it referred to as short-term income protection.

An ASU policy can help you cover your essential outgoings like mortgage payments and household bills until you get back on your feet. For example, if you are injured in an accident and cannot work, ASU will provide you with a monthly income designed to help you cover your living expenses.

How it works

Deferred period

ASU insurance usually includes a deferred period, which is a waiting period before the insurance starts paying out after a claim is made. Common deferred periods are 30, 60 or 90 days. The longer your deferred period, the cheaper your policy is likely to be.

However, you should choose a deferred period that will allow you to cover your expenses with the minimum financial stress. We can help you choose an appropriate deferred period based on your current savings levels and sick pay entitlement.

Level of cover

The level of cover is the amount of benefit you will receive if you make a successful claim and is often based on a percentage of your income – typically between 50% and 70%.¹ You can choose the level of cover that best suits your needs. For example, if your monthly income is £2,000 and your policy covers 60% of your income, you will receive £1,200 per month.

An ASU policy is designed to pay out on a short-term basis, typically 12 months.

Exclusions	ASU policies may have exclusions such as pre-existing conditions, self-inflicted injuries or voluntary redundancy. It's important to read the policy details carefully. We can help you with the small print.
Occupation categories	With an ASU policy, you can choose the extent to which you will be covered if you find yourself unable to work. For example, your insurer policy might cover you if you are unable to perform your specific job, but may not cover you if you are able to perform another job that matches your skillset and experience.
Own occupation	Own occupation policies cover you if you cannot perform your specific job. For example, if you are a surgeon and you injure your hand to the extent that you can no longer perform surgeries, you would be covered.
Suited occupation	This option will cover you if you are unable to perform a job suited to your skills and experience. For example, if you are a surgeon and can no longer perform surgeries, but can still work in a medical advisory role, you might not be covered unless you have taken out a suited occupation policy.
Any occupation	Any occupation policies cover you if you are unable to perform any job. This is the most comprehensive type of cover, providing benefits if you are unable to work in any capacity.



Who is ASU suitable for?

ASU may be particularly suitable for:

- **Employed individuals.** Especially those with financial commitments such as mortgages or loans. If you are the main breadwinner and your household relies heavily on your income, ASU can provide crucial support.
- **Anyone with limited savings.** If you do not have sufficient savings to cover your expenses in the event of sickness or unemployment, ASU can be a vital safety net.
- **Self-employed individuals and contractors.** Although ASU isn't designed to cover unemployment for self-employed individuals, it can still provide vital support to those in self-employed roles by helping them cover their expenses if they become sick or injured.

It is important to note, however, that self-employed individuals will only usually be covered if they have been forced to cease trading completely due to circumstances beyond their control. Therefore, there is normally a higher eligibility threshold for self-employed individuals compared to their employed counterparts.

Income protection vs ASU

ASU can be confused with income protection insurance. Whilst both provide financial support, income protection typically offers more comprehensive cover and will usually pay out for longer periods. ASU usually has shorter deferred periods and is often cheaper.

As an example, income protection might provide benefits until you either go back to work or reach retirement age, whereas ASU is usually limited to a shorter term. However, income protection won't usually cover redundancy or job loss.

Please note that both ASU and income protection insurance differ from payment protection insurance (PPI) and mortgage payment protection insurance (MPPI). These two types of insurance are specifically designed to cover loan payments and mortgage payments, respectively, making them less flexible than ASU or income insurance, both of which can be used to fund your wider living costs.

Our table offers a quick comparison between the two types of policy

	ASU	Income Protection
Type of cover	Covers for accidents, injuries and involuntary unemployment	Covers for accidents, illness and injuries
Length of cover	Typically 12 months	Until you return to work or reach retirement age
Deferred period	Typically shorter	Typically longer
% of income covered	50% - 70% ²	60% - 70%
Monthly premium	Tends to be lower, in exchange for a shorter term and less flexibility	Tends to be higher, but you get more comprehensive coverage
Cover for pre-existing conditions?	No	May be covered (perhaps at a higher premium) or exclusions may apply

Frequently Asked Questions (FAQs)

Q: How long does ASU cover me for?

A: The length of cover depends on your policy. Short-term policies typically cover up to 12 months, although some might stretch to 24 months.

Q: Can I claim ASU if I have a pre-existing condition?

A: Pre-existing conditions are often excluded from ASU policies. It's important to disclose all health information when taking out a policy to understand what is covered.

Q: How do I make a claim on my ASU policy?

A: Get in touch with your insurer as soon as you find yourself unable to work. We can guide you through the process and let you know what documentation is needed.

Q: Is ASU expensive?

A: The cost of ASU varies depending on factors like your age, occupation and the level of cover you choose. It's often more affordable than income protection insurance.

Q: Can I have both ASU and income protection insurance?

A: Yes, it's possible to have both types of insurance, providing you with more comprehensive cover.

Q: Can I get ASU insurance if I'm self-employed?

A: Yes. You'll need to make sure you tell your insurer you are self-employed and the terms of your policy may be a little different to those of a standard ASU policy, but you should still be able to access short-term cover for sickness and injury.

Get in touch to see if ASU is suitable for you

To explore if ASU is the right choice for you and to get personalised advice, please contact us. We can help you select the level of cover that best fits your circumstances and ensure you are fully protected against unexpected events that leave you unable to work. Visit our website or call us at [phone number].

The cost of this insurance depends on several factors, such as your age, where you live and your occupation. As a result, the cost you will pay is based on your own circumstances.

It is important to take professional advice before making any decision relating to your personal finances. Information within this document is based on our current understanding and can be subject to change without notice and the accuracy and completeness of the information cannot be guaranteed. It does not provide individual tailored investment advice and is for guidance only.

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