

Introducing Temporary Disability

Many people are worried about suffering from an illness or injury that means they can't work or look after their family. A health crisis can become a financial crisis if someone's condition isn't one that their Critical Illness insurance covers. These products often include Total Permanent Disability (TPD) to provide some protection from just this eventuality.

For a TPD benefit to be paid, a person's disability has to be total and permanent. That means it will last throughout life without prospect of improvement. What people don't always realise is that many causes of total disability that stop them working aren't permanent, or that determining whether they are can take some time. Two of the most common causes of disability are musculoskeletal and mental problems. Whilst people suffering from these conditions may be totally disabled, for many the disability isn't permanent. If this is the case, even with TPD, someone's Critical Illness cover won't help them.

A recent survey found 56% of TPD claims where a decision was made were declined – three quarters of them because the person covered did not meet the definition of Total Permanent Disability. In the same year, only 16% of claims for other critical illness conditions were declined*.

Income Protection might help protect someone from a temporary disability, but many people can't afford to take out Income Protection on top of Critical Illness cover. And four times as many people take Critical Illness cover as take Income Protection.

That's why our Critical Illness cover includes the option, Total Permanent Disability with Temporary Disability. It provides some income protection for people who become incapacitated but don't have stand-alone Income Protection. It costs about 25% of the price of a stand-alone Income Protection policy**, and pays a monthly benefit if the person covered has a condition that doesn't meet our definition of critical illness, but:

- The Total Permanent Disability with Temporary Disability option is included in their cover
- They meet the definition of incapacitated that applies to them
- They have met this criteria for a continuous period of at least 26 weeks.

Caroline's story

Caroline takes out Critical Illness with Term Assurance	Caroline is injured in a car accident which leaves her unable to work. She is incapacitated, but expected to recover	12 months later, Caroline is still incapacitated and unable to work. Her incapacity is diagnosed as permanent
She includes Total Permanent Disability with Temporary Disability	After 26 weeks, she starts to receive 1% of the sum assured each month	She receives the sum assured, less any benefit payments we have already made for Temporary Disability. If her incapacity was not permanent, she would continue to receive monthly benefit payments
She includes Total Permanent Disability	She receives nothing	She receives the sum assured
She doesn't include any optional disability cover	She receives nothing	She receives nothing

The monthly payment for Temporary Disability is equal to 1% of the sum assured. However, the total monthly income of anyone making a claim can't be more than 50% of what it was before they became incapacitated. So when we're working out how much we will pay, any income they are receiving from their occupation, from other insurers and from their pension is taken into account. We don't take into account any State Benefits or State Pensions they're entitled to.

How we define incapacitated is the same as it would be for an Income Protection claim. We explain this, and how the Total Permanent Disability with Temporary Disability option works, in the YourLife Plan Cover Details.

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