



Media Q&A

Consumer Question:

I'm self-employed and it's been on my mind to get insurance in case I get seriously ill and I can't earn an income. After hearing the Tánaiste, Leo Varadkar, mention the new sick pay scheme recently, I started researching the differences between sick pay, health insurance, specified serious illness cover and income protection. I'm a bit confused by the various options. Could you explain them in simple terms and help me understand if I need none, some or all of them?

Answer from Karen Gallagher, Interim Head of Proposition at Royal London

It's true there are various products and options available to meet different needs so it's understandable that you might feel confused. While I can outline the basics of the protection products you list, I'd recommend consulting with a Financial Broker to make sure you understand the right type and level of cover for your personal circumstances.

Currently, employees have no legal right to be paid while out sick from work - employers can decide their own policy on sick leave. However, this year, the sick pay scheme that you mentioned is being rolled out*. The new sick pay scheme will introduce paid sick leave for up to 3 sick days in 2022 (increasing to 10 days by 2025), up to a maximum rate of €110 per day. However, this is only for company employees and as you're self-employed you won't be entitled to receive this.

There are different products available which, for a regular premium, can provide you peace of mind that you have some financial protection in place if you get sick and can't work.

Health Insurance pays out for some or all of your medical expenses that may arise due to an illness, according to your plan. It typically pays for private medical care in hospitals, as well as a range of outpatient services, like GP and dental. In essence, it covers the day-to-day reality of being ill: hospitalisation fees, surgery, treatments, etc. Your insurance provider pays the medical facility directly or you can claim back expenses.

Specified Serious Illness Cover (also called Critical Illness Cover) pays out a tax-free, lump sum and can provide other benefits, if you're diagnosed with a serious illness that is covered by your policy. The lump sum payment is paid to you and can be spent as you wish to cover household or personal expenses, such as mortgage/rent, bills etc.

Income Protection can provide a regular cash payment replacing part of your lost income if you can't work due to illness or injury. It pays a guaranteed income when you are unable to work due to any medical reason and keeps paying until you can work again, retire or pass away.

This is a high-level explanation and there is more to consider when it comes to purchasing the best protection product for your individual needs and budget. That's why we recommend getting professional advice from a Financial Broker.

*www.citizensinformation.ie

ENDS

This question was submitted to The Sunday Times for publication.

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