What Does Critical Illness Cover Include?

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Critical illness cover sounds dramatic – and in truth, it is. It’s one of those things most people don’t want to think about until they really have to. Yet, if you’ve ever known someone who’s suffered a serious illness and seen how quickly life – and finances – can unravel, you’ll understand why it matters.

This type of protection isn’t about pessimism. It’s about realism. Because if you couldn’t work for months, or even years, how would you keep paying the mortgage?

Let’s break it down – simply, honestly, and with a few real-world examples along the way.

What Is Critical Illness Cover?

In plain terms, critical illness cover is an insurance policy that pays out a lump sum if you’re diagnosed with one of a list of serious medical conditions defined in your policy.

That payout is tax-free and yours to use however you see fit – paying off a mortgage, covering private treatment, replacing lost income, or simply easing financial pressure while you recover. There’s no rulebook. It’s designed to give you breathing room when life throws something major your way.

It’s not the same as **life insurance**, which pays out if you die. Critical illness pays while you’re still here – but facing something potentially life-changing.

What Does It Actually Cover?

Here’s where it gets interesting (and occasionally confusing). Every insurer has its own list of conditions, definitions, and payout criteria. But there are three big ones that most policies always include:

- **Cancer**
- **Heart attack**
- **Stroke**

These three account for the majority of claims in the UK. According to recent figures from the Association of British Insurers, around 90% of all successful critical illness claims come from one of these.

But beyond that, the list can run to 40 or 50 illnesses – everything from multiple sclerosis to major organ failure.

A few examples:

Category	Example Conditions	Typical Payout
Major Illnesses	Cancer, heart attack, stroke	Full (100%)
Progressive Conditions	Multiple sclerosis, Parkinson’s disease, motor neurone disease	Full (100%)
Organ Failure	Kidney failure, liver failure, need for major organ transplant	Full (100%)
Permanent Disabilities	Loss of limb, loss of sight or hearing, paralysis	Full (100%)
Partial Conditions	Early-stage cancers, less severe heart issues	Partial (25–50%)

Partial payouts are worth pausing on. They’re a relatively modern feature, designed for cases where an illness is caught early or less severe. For example, early-stage breast cancer might trigger a 25% payout instead of the full amount – recognising that treatment and recovery still have costs.

Full vs Partial Payouts: What’s the Difference?

A full payout usually means the condition meets the insurer’s strict definition of “critical”. For instance, a **heart attack** must cause permanent damage to the heart muscle as shown by specific medical tests.

Partial payouts are smaller lump sums for earlier or milder forms of illness. Once you receive a partial payout, your main cover stays in place – so if you later suffer a more serious event, you can still claim the remainder.

Here’s how that might look in real life:

> **Example:**
> Laura takes out £200,000 of critical illness cover alongside her mortgage. Two years later, she’s diagnosed with early-stage breast cancer. Her policy pays 25% (£50,000) to help with time off work and treatment costs. The rest (£150,000) remains active.
>
> A few years later, she suffers a heart attack and receives the remaining £150,000. The policy then ends.

That’s not a worst-case scenario – it’s a protection story that worked as intended.

Why It’s Often Tied to a Mortgage

Most people first hear about critical illness cover when taking out a mortgage. And for good reason.

A mortgage is likely your biggest financial commitment. If illness stops your income, repayments don’t stop with it. Critical illness cover can either clear the mortgage entirely or buy time to reassess your situation without losing your home.

Think of it as an invisible safety net – one you hope you’ll never need but would be grateful for if you did.

Some people combine **life insurance and critical illness** into a single policy that pays out once, whichever event happens first. Others keep them separate. There's no right answer; it depends on your goals, dependants, and budget.

The Fine Print: What's Not Covered

It's easy to assume "critical illness" means any serious health problem – but no. Insurers rely on precise medical definitions. A mild heart condition or a non-invasive cancer may not meet the full payout criteria.

Common exclusions include:

- Pre-existing conditions (something you had or were being investigated for before the policy started)
- Illnesses not on the official list
- Temporary or non-permanent conditions
- Injuries resulting from alcohol or drug misuse
- Some mental health-related issues

It's frustrating, but clarity is key. Always check the **policy summary** – it'll spell out exactly what counts as a "claimable" condition.

How Much Cover Do You Need?

There's no universal number. But many people match their critical illness cover to their **mortgage balance** or **annual income**.

Rough guideline:

Type of Policy	Typical Cover Amount	Purpose
Mortgage-linked	Equal to remaining mortgage	Pay off the mortgage in full
Income-linked	1–2× annual income	Replace lost earnings and cover bills

Type of Policy	Typical Cover Amount	Purpose
Family protection	2–3× annual income	Maintain lifestyle and savings goals

Bear in mind: critical illness isn't a replacement for income protection (which pays monthly if you can't work). It's a lump sum to handle the big stuff – debt, treatment, home adjustments. The two can work brilliantly together.

How Long Does It Last?

You choose the term when you take out the policy. For mortgage protection, it often mirrors your mortgage term – say, 25 years. For family or personal cover, you might set an age limit (e.g. until 65).

Once it's paid out in full, the policy ends. If you never claim, there's no payout at the end – it's pure protection, not a savings plan.

Common Myths (And Why They're Wrong)

Let's clear up a few classic misconceptions.

"It's only for older people."
Not really. Critical illness can strike at any age. In fact, many claims come from people in their 30s and 40s – prime working years.

"The NHS will cover me."
Treatment, yes. Lost income, mortgage payments, or private therapies? No.

"I've already got life insurance, so I don't need this."
Life insurance pays when you die. Critical illness pays when you live – but can't work. Totally different outcomes.

"Insurers never pay out."
Not true. According to the latest ABI data, over **91%** of critical illness claims in the

UK are paid. The main reasons for declined claims are non-disclosure or the illness not meeting the policy definition – both avoidable with honesty and a good adviser.

How Claims Work (Step by Step)

1. **Diagnosis** – You're diagnosed with a covered condition.
2. **Notify the insurer** – Usually within 30 days.
3. **Submit evidence** – Medical reports and hospital letters.
4. **Assessment** – The insurer compares your condition against policy definitions.
5. **Decision** – If approved, the lump sum is transferred tax-free.

The process typically takes 4–6 weeks once paperwork is complete, though some straightforward cases are faster.

Real-World Scenarios

Let's make this tangible.

Heart Attack:
Raj, 42, had a £180,000 mortgage and £200,000 of critical illness cover. After a sudden heart attack, his policy paid in full. His mortgage was cleared, removing the financial stress while he recovered.

Stroke:
Emily, a 38-year-old teacher, suffered a mild stroke. Her policy's definition covered her case as "minor neurological damage" – a 50% payout. That money covered her reduced hours for six months.

Cancer:
Sam's early-stage prostate cancer triggered a partial payout. He used the funds to cover travel to a specialist clinic and private scans. The peace of mind was worth more than the money itself, he said.

How It Fits Within a Wider Protection Plan

Critical illness cover works best when combined with other protections:

Type	Purpose	Typical Payout
Life Insurance	Pays if you die	Lump sum
Critical Illness	Pays if you survive a serious illness	Lump sum
Income Protection	Pays if you can’t work due to illness/injury	Monthly income
Mortgage Protection	Pays the mortgage if you die or become seriously ill	Lump sum or monthly

Each one protects a different part of your financial foundation. Together, they create stability – not just for you, but for your family or dependants too.

If you’re self-employed or your income fluctuates, pairing critical illness with a more flexible mortgage protection plan makes even more sense. For anyone taking out a mortgage, it’s worth exploring **our page on critical illness cover** to see how it can safeguard your repayments if illness strikes.

Is It Worth the Cost?

Premiums vary by age, health, smoker status, and cover amount. A healthy 30-year-old non-smoker might pay around £25–£35 a month for £100,000 of cover. That’s the price of a takeaway or two.

If you’re older or have medical history, it’ll be more – but still far less than the cost of losing your home or life savings if illness struck.

Personally, I think of it as “peace-of-mind money”. You hope to waste it. Because if you never claim, it means you stayed healthy – and that’s the best outcome possible.

Final Thoughts

Critical illness cover isn’t glamorous. It doesn’t add excitement to life – it protects it. It’s the parachute you pack hoping you’ll never need to open.

If you’re taking on a mortgage, have dependants, or simply want the reassurance that one diagnosis won’t destroy your finances, it’s worth serious consideration.

There’s a tendency to postpone this kind of planning. “I’ll sort it later,” people say. Until “later” becomes “too late”.

So, check your existing cover, understand what’s included, and if there’s a gap, fill it. Because while you can’t control illness, you can control how well prepared you are for it.

Note: The information in this guide was correct at the time of publication but is subject to change.