

What is Critical Illness Cover?

This is an insurance policy that pays out a tax-free lump sum of money (normally a substantial one) in the event that you are diagnosed with a serious, life-threatening illness (and survive it for 30 days). Typically, payments are made for cancer, heart attacks and stroke. There are lots of conditions that would be covered, but insurers tend to vary what they cover, so attention needs to be paid to the terms and conditions.

Cover costs more the older you become (because the chance of you having a serious illness increases with age). You can determine how much cover you wish to have, more costs more. However, think about the immediate financial pressures that might result if you were to find yourself in this position. Removing your key financial stresses may well help clear the path for your physical and emotional recovery.

Perhaps you know someone who has had a serious condition; the impact on their life and family is significant. Some will recover with the right care and treatment, some will not. Most of us occasionally support friends raising money for a particular charity due to a personal experience. You might consider critical illness cover as “charity begins at home” making sure that if it happens to you (a much more likely thing than winning the lottery) that you have a lump sum in the bank to face the challenge.

It is my opinion that you can never really have too much cover, should you ever need to make a claim, but of course this needs to be a reasonable and affordable amount. If you are doing your financial planning properly, your liabilities (mortgage, debt etc) are reducing each year and your investments and savings are hopefully increasing. So as you get older you may need much less cover than you might if you were (for example) 30 years old with a mortgage and perhaps a young family.

Yes it is ‘expensive’, but then so is living with a serious illness without enough money. Life is not fair, illness doesn’t care about your job, gender, beliefs or responsibilities, neither does it care if you are rich or poor.

According to the ABI (Association of British Insurers), the total value of critical illness claims increased to £1.3 billion in 2024, reflecting a 5% rise compared to 2023 and bringing the average claim paid to £67,600.

Cancer was still the most common reason for a critical illness payout, representing 62% of all claims paid. Total payouts for the condition hit £812 million, up over 4% from 2023.

Unfortunately, the waiting time for diagnosis in the UK is ‘problematic’. The number of people waiting for a diagnosis (referred by their doctor) has doubled since 2008 to 1.6m. Scanning units are sadly scarce in the UK compared to other European countries.

(<https://www.bma.org.uk/advice-and-support/nhs-delivery-and-workforce/pressures/nhs-diagnostics-data-analysis>).

Here are links to data about various conditions including a wide variety of cancers. You are not a statistic, and a diagnosis is not necessarily life-ending. Thanks to wonderful advances in science and medicine, there are encouraging reasons to be hopeful about treatments and even possible cures.

Strokes in the UK: <https://cks.nice.org.uk/topics/stroke-tia/background-information/prevalence/>

Breast Cancer: <https://cks.nice.org.uk/topics/breast-cancer-managing-fh/background-information/prevalence/>

Blood Cancers: <https://cks.nice.org.uk/topics/haematological-cancers-recognition-referral/background-information/prevalence/>

Gastrointestinal tract (lower) cancers: <https://cks.nice.org.uk/topics/gastrointestinal-tract-lower-cancers-recognition-referral/background-information/prevalence/>

Gastrointestinal tract (upper) cancers: <https://cks.nice.org.uk/topics/gastrointestinal-tract-upper-cancers-recognition-referral/background-information/prevalence/>

Ovarian Cancer: <https://cks.nice.org.uk/topics/ovarian-cancer/background-information/prevalence/>

Prostate Cancer: <https://cks.nice.org.uk/topics/prostate-cancer/background-information/prevalence/>

Lung Cancers: <https://cks.nice.org.uk/topics/lung-pleural-cancers-recognition-referral/background-information/prevalence/>

Multiple Myeloma: <https://cks.nice.org.uk/topics/multiple-myeloma/background-information/prevalence/>

Melanoma: <https://cks.nice.org.uk/topics/melanoma/background-information/prevalence/>

Skin Cancers: <https://cks.nice.org.uk/topics/skin-cancers-recognition-referral/background-information/prevalence/>

Urological Cancers: <https://cks.nice.org.uk/topics/urological-cancers-recognition-referral/background-information/prevalence/>

Heart Attacks: <https://cks.nice.org.uk/topics/cardiac-arrest-out-of-hospital-care/>

Kidney disease: <https://cks.nice.org.uk/topics/chronic-kidney-disease/background-information/prevalence/>

Reference: <https://www.abi.org.uk/news/news-articles/2025/7/record-8bn-paid-out-in-vital-protection-claims-during-2024/>

ABI: <https://www.abi.org.uk/>