

Fluctuating income = no access to Income Protection? This and more myths debunked

For many years Income Protection was seen as a closed door to self-employed people or anyone with a fluctuating income.

Luckily that's not the case anymore, but sadly old myths die hard, for both intermediaries and clients. There are a few options available, with products out there specifically designed for clients with fluctuating incomes. But even with a range of solutions available, sadly Income Protection is still undersold especially amongst self-employed people.

Here's a few ways we can help you overcome these myths and show your clients that Income Protection is a great option for them, even if they are self-employed or have fluctuating incomes.

Myth 1 - Your clients must prove a regular Income when applying

Some products are not linked to how much a client earns and cover can be selected based on how much they need and can afford. These products also typically require minimal financial evidence at point of claim, for example, a bank statement to prove your client did earn an income immediately before claiming.

Myth 2 - It's too complicated to explain to clients

With any protection sale it's important that your clients understand the risks involved with going unprotected.

This is particularly important for clients who may struggle to prove their level of earnings in the event of a claim such newly self-employed, casual, part time or gig economy workers or those with irregular income.

Here's a few questions we think can prove useful for this:

Questions to ask:

- How long could you live off of your savings?
- What or who would you rely on financially to cover your earnings?
- Could you live on the state benefits you are eligible for and will it be enough to support you?
- How long could you keep your business running?
- Would your business have to cease trading?

Myth 3 – It’ll never pay out

According to YouGov 68% of people believe that insurers will do “whatever they can” to avoid paying out in the event of a legitimate claim.¹

But with consistently high claims stats from Income Protection providers, even throughout the pandemic, this objection is one that all advisers should feel confident in combatting. According to the ABI 98% of all protection claims were paid in 2020.²

Or for clients who are still sceptical, why not share a real-life case study video with them?

Many providers offer case studies to bring the experience to help bring the need for protection to life for your clients. So be sure to show them one to help overcome this myth!

Myth 4 - It’s too small a demographic to cater for

As of May 2021 there are 4.2 million self employed people in the UK³ and with the vast majority of them lacking in Income Protection, there’s such a big opportunity to start conversations about Income Protection and get help these people protected.

Myth 5 – It’s too expensive

Another common misconception about Income Protection centres on price, with many clients believing that it is too expensive.

But with the flexibility offered by many providers on deferred periods and claim benefit lengths you can tailor the price of their cover based on your clients’ needs and budget.

From Day One or Week One deferred periods helping support clients with limited sick pay to deferred periods of 52 weeks or more you can flex cover according to price and sick pay provision.

Providers also offer a range of added-value benefits which give your clients even better value for money, such benefits have really proved their worth for clients especially through the pandemic.

About Us

At British Friendly we offer a range of Income Protection cover including Breathing Space, which is great for any clients with fluctuating income.

So for more information about how we can help bring the need for protection to life or provide great cover for your clients feel free to take a look at our sales tools and case studies on our [online Adviser Toolkit here](#).

¹ <https://yougov.co.uk/topics/finance/articles-reports/2019/09/12/most-brits-believe-insurance-companies-do-whatever>

² <https://www.abi.org.uk/news/news-articles/2021/05/record-amount-paid-out-to-help-families-cope-with-bereavement-ill-health-and-injury/>

³ <https://www.statista.com/statistics/318234/united-kingdom-self-employed/#:~:text=As%20of%20June%202021%2C%20there,at%20the%20start%20of%202020.>