

WHAT DOES PAYMENT PROTECTION INSURANCE DO IF YOU BECOME UNEMPLOYED?

Losing your job can be a difficult situation, especially if you have a loan, mortgage or credit card to pay every month.

Payment protection insurance is designed to help you pay these debts.

Let us explain how:

If you lose your job through no fault of your own, the insurance pays the monthly instalments on your loan, mortgage or credit card for a period of time.

The goal is to help you pay your debts so that they do not get bigger while you look for a new job.

How does insurance work?

Here's how it works, step by step.

1. YOU LOSE YOUR JOB THROUGH NO FAULT OF YOUR OWN

Payment protection insurance only works
if you lose your job through no fault of your own.

For example:

- The company closes.
- They are downsizing.
- They restructure the company.

Insurance does not cover you if:

- You resign from your job.
- You are sacked for serious misconduct.

2. YOU MEET THE INSURANCE CONDITIONS

To use the insurance,
you have to meet the conditions
that appear in the contract:

- Have worked for a minimum period of time
before taking out insurance.
- The qualifying period has elapsed,
i.e. the time during which the insurance does not cover
you even though you are already paying for it.

As a general rule, the qualifying period
is between 30 and 90 days.

- Be looking for a job
through the public employment service.

3. YOU LET THE INSURER KNOW

If you lose your job,
you have to tell the insurance company
within the time limit stated in the contract.

You will also have to submit some documents,
for example:

- The letter of dismissal.
- The certificate of registration
with the public employment service.
- Sometimes they also ask for your employment history.

4. YOU WAIT FOR THE REVIEW

With some insurance,
it takes some time from the time you lose your job
until the insurance starts to pay.

This time is usually 30 days.

After this time,
the insurer reviews the documentation
and confirms whether the insurance will pay your monthly premiums.

5. PAYMENT

The insurance pays your monthly loan or mortgage repayments
up to the agreed maximum limit
and for the time specified in the contract.

This time is usually between 3 and 12 months.

6. END OF PAYMENTS

The insurance company stops paying the amounts when:

- You find a new job.
- The contract period ends.
- The insurance money limit is reached.

If you find a new job
and lose it again later on,
check whether you can use your insurance again
and under what conditions.



Final advice

This insurance does not eliminate the debt.
But it gives you time and peace of mind to organise yourself
at a difficult time, such as losing your job.

Before taking out insurance, you should:

- Review the conditions.
- Check the maximum amount covered.
- Know which situations are not covered.

If you consider all this,
you can choose an insurance policy that suits your situation.