

Why Life Insurance Is Not a Substitute for a Humane Bereavement System

By Caroline Booth

I was sixteen when I first learned how much time a workplace believes grief should take: three days. It was printed in the employee handbook on my first day as a trainee accountant – Yes, I read everything meticulously and don't forget! Three days felt minimal even then, but I didn't think I'd be needing it and certainly not with a husband in mind. I then met Steve my future husband, that same day, my first day at work in my first ever job. At 19 years old we got married. Twenty eight years later, on an ordinary Wednesday afternoon, my husband Steve died of a rare bowel cancer. I was 44. We had been together since I was 16, married since 19, and built a life on two careers and two salaries—like most families do. Within the hour I texted my boss: "I need to go on bereavement leave." I told our two sons their dad had died, stayed awake for two days and nights organising the unimaginable—and then went back to work on Monday because it was the only unbroken ground left, and the money has to come from somewhere, I can say that was one of my very first worries.

What I didn't know then—and what thousands of grieving parents discover too late—is that Britain gives bereaved families barely any time, and even less financial support, before the floor drops away. We are wildly out of step with most comparable nations when it comes to financial support for bereaved spouses and families. Its like an insurer trying to explain why fire insurance doesn't cover a blaze that destroyed a claimants house and I'll explain why...

The System That Shrank While No One Was Looking

In 2017, the long-standing Widowed Parent's Allowance—paid until your youngest child left full time education—was replaced with Bereavement Support Payment (BSP): a small lump sum and 18 monthly payments. Then nothing. Whatever age your children are, Families without children get even less.

Eight and a half years later, the BSP amounts remain frozen at 2017 levels, set from a 2011 consultation, so actually around 15 years out of date, and still unmoved going into 2026/27. In real terms, it is a huge cut—one MPs across all parties warned about at the time. Labour actually committed to reducing the changes if they came into power, calling the 2017 changes a further austerity measure that is to the detriment of grieving families. They explicitly said they did not support these reforms, and committed to reversing them under the next Government as a first step towards a wider review of support for the bereaved. They said their direct concerns included questions about the shortened timetable; the impact of universal credit conditionality after the initial grace period; the bizarre decision not to uprate support in line with inflation; and, finally, cohabiting couples.... Well here we are now under a Labour Government awaiting these changes!

More striking still, the government repeatedly assured the public that bereavement reforms were “not designed to save money” and that the level of support “would not be reduced.”

Yet these same reforms now save the Treasury over £130 million every year—a direct contradiction of what was promised.

And initial legal advice taken by my amazing Campaign Group Widows Fight, now confirms there may be grounds for a legal challenge on this very point: the gap between what was pledged and what was delivered, and the discriminatory impact on bereaved children.

This debate is no longer just moral or political. It may soon be legal.

Grief Doesn't Care About Policy Cycles

Grief is physical. Exhausting. Long.

You still have to call the bank, the insurer, HMRC, the employer.

You still have to face probate.

You still have to answer the school, make dinner, relearn sleep, and raise traumatised children—alone.

And grief isn't a moment you “get over”; it rearranges the universe. When you lose your love, the earth tilts. Time splits. You're stuck in the second it happened and yet it feels a lifetime away—yesterday and five years ago, all at once. Grief moves into the everyday: the empty toothbrush holder, the message you can't send, the food that isn't on the shelf anymore. It becomes part of your DNA, changing the way you sleep, eat, breathe. Life divides into *before* and *after*, and while we rebuild, we're rebuilding more than a house—we're rebuilding the sky. That's the landscape into which policy drops an 18-month countdown. Loneliness then just compounds everything. Into this reality, the UK Government drops a small lump sum and an 18 month countdown.

The Bills Don't Shrink Just Because Your Family Has

My Council Tax bill arrived this week. Even with the single-person discount, it is close to £3,000—a number that feels like a threat when you're a solo parent on one modest income with two children.

Council Tax is built on the assumption of two adults sharing a home. The 25% reduction isn't generosity; it's an admission that the system was designed for couples.

If you can't manage it, you're directed to Council Tax Reduction—a postcode lottery with wildly different rules, thresholds, and capital limits. In many areas, savings as low as £6,000–£10,000 wipe out support entirely. A punishment for prudence.

Insurance works the same way.

A single adult household costs more to insure because problems take longer to spot. One adult doing every school run, appointment, pharmacy dash and late-night emergency racks up more mileage—and mileage drives premiums.

None of this is moral judgement, It's mathematics.

The Myth That Life Insurance Fills the Gap

People often say: "That's what life insurance is for." Or worse: "You should have planned better." or even worse "It's the same for single parents".

But life insurance is not a replacement for a bereavement system. And in reality, many families simply cannot access it.

Why so many cannot get life insurance:

- Pre-existing physical or mental health conditions
- A single GP appointment related to depression or anxiety
- Disabilities
- Genetic or hereditary factors
- Autoimmune diseases
- High-risk occupations
- Being declined previously (which becomes a second barrier)
- Policies voided due to technicalities or "non-disclosure"
- Exclusions for certain causes of death such as suicide
- Premiums becoming unaffordable after health changes
- Being a carer or having limited income

Even when a policy pays out, life insurance is not the safety net people imagine. It might clear a mortgage—often nothing more. It does not replace decades of lost future earnings or the promotions, pay rises, and stability that would have carried children through their teenage and adult milestones.

It does not replace the second State Pension that would have entered the household later in life. It does not restore a lost future workplace pension.

It does not replace the surviving parent's lost career when they step away to provide end of life care and emotional stability for their children as I did. I walked away from a lifelong well paid career so that I could spend the last months of my husband's life with him and caring for him, in doing so using our savings and now I now cannot return to that position for my grieving children's sake, and my own future earnings are therefore restricted as is my own pension. All of this is through no fault of our own.

Crucially, life insurance is a one-off payment for a loss that unfolds over years. Bereavement is longitudinal: lost income, lost pension accrual, stalled careers, higher lone-parent costs, compounded disadvantage in housing and childcare. We now have over a decade of structural loss.

Life insurance is not a lifetime income.
It is a brief moment of cash that the system then penalises you for having it.

Why Private Insurance Cannot Stand In For the State

- **It's a private market product:** underwritten case-by-case, priced on risk, and free to exclude, load premiums, postpone or decline applicants. That's the opposite of universality.
- **It is not designed to be inclusive:** those most likely to need protection (serious illness, disability, mental-health history, caring responsibilities, lower income) are the very people most likely to be excluded or priced out.
- **It pays once:** whereas the financial consequences of death—lost earnings, lost NI contributions, lost pension accrual, destroyed career trajectories—persist for years.
- **It's treated harshly in the welfare system:** in Universal Credit, life-insurance payouts are treated as capital that can extinguish support, while other awards (like personal-injury settlements) are protected.
- **Therefore it cannot replace a state national insurance system** that is supposed to be universal, predictable and child-centred.

This Isn't a Shopping Choice—It's a System Failure

National Insurance is social insurance.
We pay into it to protect ourselves from life's hardest events.

If a private insurer:

- cut long-term cover to 18 months, and
- froze payouts for eight years,

regulators would intervene immediately.

Yet this is what has happened to bereavement support.

BSP is contributory—linked to the deceased's NI record. It is not means tested. But it is short, frozen, and treated harshly in Universal Credit where life-insurance payouts are counted as capital, while personal injury awards are protected.

Bereaved children deserve the same protection. The current design is discriminatory.

And now, as early legal advice confirms, it may also be challengeable in law.

This is not charity. It is prepaid insurance that is simply not being honoured.

Thirteen Truths the Public Rarely Sees

1. Children of divorce receive long-term maintenance that is disregarded for Universal Credit; children of death get 18 months.
2. You can only claim BSP if you have paid your National Insurance. It is a contributory benefit. The government are saving £113million a year on the previous rules, something they said they would not do.
3. National Insurance covers many benefits none of which are means tested and all that anyone could need at any point in their life, ESA, JSA, Maternity, Sick Pay, Jobseekers to name a few!
4. Kinship carers finally get foster rate allowances; bereaved children are left behind.
5. Personal-injury awards are protected in UC; life insurance for bereaved children is not.
6. The two child cap is going; the 18 month "death cap" remains.
7. Widowed single earners lose Child Benefit at £60k; couples (even if divorced) keep it until £118k.
8. One parent dies; one personal allowance disappears overnight. This does not happen in single families where divorce has happened.
9. Other benefits taper; bereavement support falls off a cliff.
10. BSP has never been uprated.
11. Court rulings have created postcode justice such as Northern Ireland—and the UK Supreme Court has reversed protections.
12. You must claim quickly—miss the window and you lose your entitlement. Noone even has to tell you it exists.
13. Internationally, the UK is an extreme outlier.

This Is About Children's Rights—Not Adult Choices

The UK Supreme Court has already ruled that bereavement policy engages children's rights, and that excluding unmarried parents was discriminatory because BSP's purpose is to support children.

The same principle should shape BSP length, structure, and uprating.

"You're asking the taxpayer to pick up the tab."

No—We Already Did.

Our spouses paid National Insurance for decades. BSP is not charity. It is protection prepaid by working families.

Renters have even fewer backstops: no mortgage holiday, no built in protections, no equity.

This isn't prudence, It's policy.

We Already Know How to Fix This—Because We've Fixed It Elsewhere

We are piloting foster-rate allowances for kinship carers because traumatised children need stability.

We protect personal injury money because it is essential to rebuild lives.

We taper Child Benefit because cliff edges are harmful.

Apply the same logic to bereavement.

A Humane System Would Look Like This

- Long-term, child-linked support until the youngest child reaches adulthood
- Annual uprating and restoration of lost value
- A bereavement maintenance equivalent, disregarded in UC
- Protection of life insurance payouts for bereaved children
- Reform of the Child Benefit charge for widowed single earners
- Recognition of the lost second personal allowance
- A taper instead of an 18 month cliff
- Fairer mortgage and rental support
- Legal protection against exclusion due to disability
- Automatic notification at death registration and increased claim timeframe
- Alignment with international norms

This Could Be You

You can be the most organised, capable person in the room and still find yourself staring at a kitchen table covered in forms, trying to explain to your child why their mum or dad isn't coming back—and why the money stopped at month nineteen.

We don't ask the taxpayer to "cover" bereavement, We pay for it through National Insurance.

Reform is the state keeping its promise—and aligning bereavement policy with every other safeguard that recognises children as dependants until adulthood.

Workplaces Are Beginning to Change—Policy Must Follow

From 2026, the Employment Rights Act introduces a day one right to one week of unpaid bereavement leave. A small start but still not much, time has moved forward, now policy must catch up.