Protecting what you personally value in life

Your guide to income protection (Einkommensabsicherung) in Germany – clear, complete, and in plain English – but also in German, French, Dutch and Spanish.

Max - The Insurance Guide for Expats
Unaffiliated Insurance Advice in

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Hi, I'm Max. You've already done what most people only talk about: you moved abroad and built a real life in another country – through German bureaucracy, *Krankenkasse* paperwork, tax returns, and a hundred firsts no one prepares you for.

Income protection is the one topic that tends to slip down the list – even for people who have everything else sorted. Not because it isn't important, but because nobody explains it properly. That's exactly what this guide is for: how the German system works, which solutions exist, and how they fit together – so you can decide calmly and on your own terms what makes sense for you.

Grab a coffee – this is worth ten minutes of your time.

1 | Your ability to work is your most valuable asset

For most people, everything you have today – your home, your lifestyle, your savings, your future pension – is financed primarily by one engine: your income. Your total future earning power (*Humankapital*) from today until retirement is, effectively, usually the largest asset you own. *Example: €4,000 net today, rising at 2.5% annual inflation over 37 working years (age 30 to 67), amounts to approximately €2.9 million in nominal income.* Disability doesn't just stop that income – it also interrupts pension contributions, compounding the loss with a smaller retirement income.

The risk is real: roughly **1 in 4** people in Germany become occupationally disabled (*berufsunfähig*) before retirement (Deutsche Aktuarvereinigung e.V.). A desk job lowers your risk and premium – but the three leading causes are **mental illness (35.8%), musculoskeletal disease (17.9%), and cancer (17.0%)**. These affect knowledge workers just as much as manual workers.

2 | What the German state does (and does not) provide

The state's safety net has one purpose: preventing absolute poverty. It is designed as a financial floor, not as a replacement for your current standard of living. Private income protection has a completely different purpose: preserving what matters to you – your home, your family's lifestyle, your children's education, your savings plans.

If illness or injury stops you from working, the statutory support follows a very clear – and very steep – decline:

Phase	Duration	Employee (*if eligible)	Self-employed
Lohnfortzahlung	6 weeks	**100% of gross salary**	**€0**
Krankengeld (GKV)	Up to 72 weeks	**~75% of net**	**Usually €0****
ALG I / Übergangsgeld	12–24 months / retraining	**60–75% of net***	**Usually €0**
Erwerbsminderungsrente (EMI)	Until recovery or age 67	**Avg. ~€1,041/mo ‡ (2024)***	**Usually €0*****

** Self-employed GKV members may opt into statutory *Krankengeld* or a *Wahltarif*; privately insured self-employed persons need private Krankentagegeld (see Section 3).

*** Self-employed persons who do not pay statutory compulsory pension (GRV) contributions usually lose entitlement to German statutory disability pension (EMI) once the 36-month compulsory contribution requirement under §43 SGB VI is no longer met. Exceptions include self-employed persons who are mandatorily insured, e.g. KSK members or certain teachers, care workers, craftspeople, and those who applied for compulsory insurance on request. Voluntary contributions alone generally do not create EMI entitlement.

3 | The six solutions in brief

There is no single product called “income protection” – there is a family of solutions, each with its own trigger, pay-out logic, and limitations. Understanding each product individually is the key to understanding which product(s) suit you and your individual risk and preference assessment best.

BU

Berufsunfähigkeitsversicherung · *occupational disability insurance*

Pays a monthly pension if you can no longer work at least 50% in your specific occupation for at least 6 months due to health reasons. Benefits are retroactive from the date of onset. Limitation: only a condition that produces the defined 50%+ occupational disability triggers the benefit.

EU

Erwerbsunfähigkeitsversicherung · *disability insurance – any occupation*

Pays a monthly pension only if you can barely work in any occupation at all (under 3 h/day on the general labour market). More affordable than BU, particularly for physical professions, and a sensible alternative or complement where BU is unavailable or too expensive. Limitation: the trigger is significantly stricter.

GF

Grundfähigkeitsversicherung · *loss of basic abilities insurance*

Pays a monthly pension if defined physical or mental abilities are greatly reduced or lost: walking, seeing, speaking, using your hands, driving, or – with optional add-ons – cognitive capacity as well as other abilities. No link to your profession. Often more accessible than BU with pre-existing conditions. Limitation: only the specifically listed abilities count.

DD

Schwere-Krankheiten-Versicherung · *dread disease / critical illness insurance*

Pays a usually tax-free lump sum on diagnosis of a defined serious illness (cancer, heart attack, stroke and others), regardless of whether you can still work. Particularly powerful for the self-employed: payment is immediate, before the 6-month BU threshold, and can be used freely. Terms can often run to age 75 or lifelong. Limitation: only contractually defined illnesses and severity grades are covered.

MR

Multi-Rente / Funktionsinvalidität · *multi-risk monthly pension*

A hybrid combining elements of BU, GF, and accident insurance, **paying a monthly pension when defined functional thresholds are no longer met.** Its key differentiator: the benefit is usually paid for life – it does not stop at 67. This makes it a natural complement, not a competitor, to BU/GF/EU: those cover your *working years*; Multi-Rente bridges the gap into retirement and beyond. Limitation: individual triggers are typically narrower than a standalone BU or GF.

UV

Unfallversicherung · *private accident insurance*

Pays a tax-free lump sum if an accident causes long-term or permanent physical impairment – even if you can still work. Statutory accident insurance (*gesetzliche Unfallversicherung*) covers only workplace accidents and the commute. Most accidents happen in leisure time. Depending on tariff: rescue, repatriation, cosmetic surgery, rehabilitation, accident pension. Limitation: pays only after accidents, never after illness. It complements income protection – it does not replace it.

What about Krankentagegeld (KTG)?

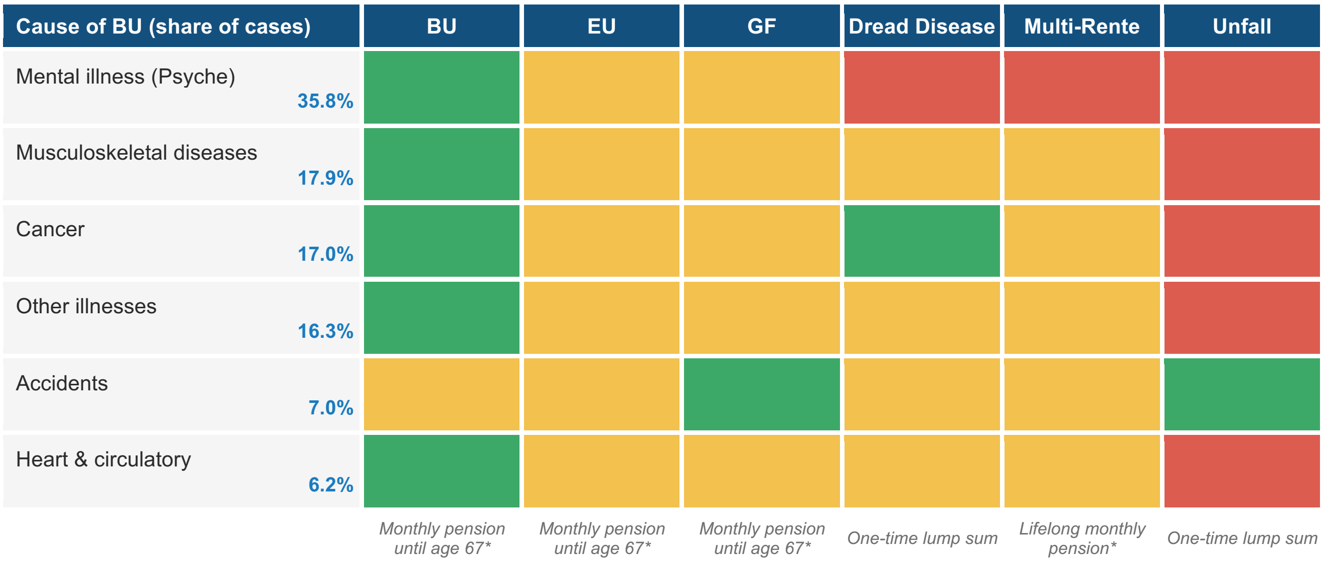
If you are self-employed or privately insured, you usually do not automatically receive income when you are too sick to work. That is why *Krankentagegeld* (daily sickness benefit) is very important: it replaces your income during temporary inabilities to work for medical reasons.

If you are an employee in public health insurance, you already have statutory Krankengeld after 6 weeks. It covers roughly 75% of your net income for a limited time. Private *Krankentagegeld* can still be useful as a top-up.

***Krankentagegeld* is not listed here as one of the solutions for effective income protection because KTG is expressly meant for temporary occupational disabilities only**, while BU/GF/EU/MR is meant to cover the repercussions of a mid to long-term inability to work. Both should be coordinated properly to avoid gaps or repayment problems.

4 | The product landscape – what covers what?

The heatmap shows the six most common causes of occupational disability (Berufsunfähigkeit) with their statistical share and how each solution responds. Read row by row to see which product covers which cause; read column by column to understand each product's scope and limits.



■ mostly covered ■ partially covered – only severe cases, with limitations or via optional add-on ■ not covered

**or as long as the insured condition persists (tariff-dependent) · Simplified overview – individual policy terms (Versicherungsbedingungen) always prevail. · Statistics: MORGEN & MORGEN*

5 | Why these solutions complement each other

The most important thing to understand: these products cover **entirely different risks with entirely different triggers**. Combining them is not redundant – it is structurally sound and sometimes wholly logical or even necessary.

Example 1: BU + Unfallversicherung – income vs. accident costs

The BU replaces your **income** when you can no longer do your job. The Unfallversicherung covers **the extra costs an accident leaves behind** – even if you keep working. Only ~7–8% of occupational disabilities are caused by accidents; many serious accidents never trigger a BU claim. They operate in parallel:

Real-life scenario (office job)	BU	Unfall
Depression or burnout stops you from working	pays monthly pension	no pay-out – no accident
Ski accident: paraplegic, but office job can continue	no pay-out – still able to work	lump sum + rescue + cosmetic surgery + extras
Car accident: wheelchair + PTSD; cannot continue office job	pays monthly pension	lump sum + home & car conversion + extras

Income protection comes first; accident cover is the comparatively affordable add-on. Accident benefits are calculated by degree of impairment (Gliedertaxe).

Example 2: BU + Dread disease – the immediate payout for the self-employed

A serious diagnosis hits the self-employed twice: personal income stops *and* the business is at risk. A BU pension starts only after 6 months / 50%+ incapacity. A dread disease lump sum pays on **diagnosis** – immediately available to keep the business alive or fund private treatment. *Example: €100,000 after a cancer diagnosis can fund a year of fixed business costs before any pension begins.* Terms can run to age 75 or lifelong – protecting you after BU contracts have expired.

Example 3: BU + Multi-Rente – the lifelong anchor beyond 67

BU, EU, and GF usually run until the selected end age, often 67 – when earned income stops. But statutory pensions typically replace only 40–60% of working income, and the gap is even wider for those who experienced disability and accumulated fewer pension points. **Multi-Rente pays for life, closing the pension gap that opens at 67.** Not a replacement; the complement that takes over where BU ends.

6 | Common objections to income protection – and how to think about them

These are the most common doubts people raise specifically about **occupational disability insurance (*Berufsunfähigkeitsversicherung*, BU)** – not reasons to dismiss them, but worth thinking through properly before you decide either way:

1

"But I work in an office."
Probability does not change the logic (losing your ability to work is financially unaffordable for almost everybody) – only the price. Office jobs carry a lower risk, but never a zero one. Insurers have priced this risk for over a century, which is exactly why office jobs are cheaper to insure – not why cover is unnecessary. And more than half of all causes of disability (mental illness, cancer, heart and circulatory disease) have nothing to do with how physical the job is.

2

"Then I'd just have to take any job – like a doorman."
This concern is about reassignment ("Verweisung") to another occupation, and German BU contracts make this far stricter than people expect: modern tariffs do not reassign at all. Only if you actually start doing another job can the insurer stop benefit payments on two very strict conditions most good tariffs have in common: if the new job pays at least 80% of your previous income AND carries comparable social standing. A trained painter cannot be referred to a sales role in a paint shop; a chef cannot be referred to a till job. If either condition fails, reassignment is not possible – the monthly pension is paid.

3

"They never pay out anyway."
A successful claim has three parts: a doctor confirms the health condition, you describe your actual day-to-day tasks, and the insurer checks whether those specific tasks can still be performed at 50% or more. Doing this alone, without guidance, is where claims usually go wrong. With a professional alongside you, the outcome is very different. If the application and the claim were done correctly and you are occupationally disabled according to contract conditions, in the overwhelming majority of cases, the pay-out follows.

4

"I need to think about it."
That is completely fair – and if a decision involves other people (a partner, family), it is worth bringing them into the conversation directly rather than relaying it second-hand. Helping you with the entire assessment and the right choice of coverage is what I'm here for. What is worth being aware of while you think it over: day-to-day life feels entirely identical with or without cover, right up until the moment it does not. The gap between having protection and needing it only becomes visible once it is too late to close it.

5

"I have other priorities right now."
Everything else – plans, travel, family – understandably feels more pressing today, since disability is only ever a "maybe, eventually." But the cost of waiting is very concrete: premiums are cheaper the younger and healthier you are. A single illness in the meantime can mean an exclusion, a surcharge, overall uninsurability. As soon as you have coverage, your professional and health situation at the time of application are "locked in" for the existing contract: later health issues, new hobbies, smoking habits, or job changes usually do not need to be declared. More on this in Section 8.

6

"I already have accident insurance."
Useful, but it answers a different question. Accident insurance (Unfallversicherung) pays a one-off lump sum for permanent physical impairment after an accident. Income protection pays a monthly pension whenever you can no longer perform at least half of your job for 6 months, for any health reason – not just accidents.

7

"My medical file is too long."
A long file is a complication, not an automatic dealbreaker. You only need to declare what the insurer explicitly asks about in writing, answered to the best of your memory – there is no general duty to request or review your own file first. A forgotten or vague diagnosis only becomes a real problem if the insurer can prove you knew about it: typically through sick-leave days, hospital stays, prescribed medication, or specialist treatment. An anonymous pre-assessment is the safest way to find out where you stand before applying. What's more, each company has its own unique set of questions – an unaffiliated insurance professional like Max will be able to filter out which companies offer the best set of questions and chances for your unique profile.

8

"The state will look after me."
A dangerous misconception. The state's safety net is designed to prevent total financial collapse, not to preserve your standard of living – see Section 2 for the full breakdown.

7 | Why timing matters

The most common reason for not having income protection is not cost. It's ***"I'll sort it later."*** Here is why the timing of that decision matters more than most people realise:

1 **Young = lower probability, but higher financial risk**
At 30, a BU is statistically less likely than at 50. But it could cut off 37 years of income instead of 17. The younger disability strikes, the more devastating the financial impact.

2 **Right now, you (might) have zero protection**
Berufsunfähigkeit doesn't send a warning. Every day without cover is a day where the financial consequences of a diagnosis or accident fall entirely on you.

3 **Premiums are permanently higher the later you start**
The later you start, the higher your monthly premium for the same cover – your entry age and health status are locked in for the life of the contract. Hence, insuring a certain income (e.g. € 3000) at age 30 will warrant much lower premiums by age 45 compared to insuring that same sum only at age 45. What's more, in case of *Berufsunfähigkeit*, your insurance premiums are waived entirely.

4 **Insurability risk increases with age**
Health history accumulates over time. Back problems, a depression episode, sports injuries, a routine lab result – each can lead to exclusions, premium surcharges, or full uninsurability. Your health record at the time of application determines your conditions for the entire contract – and it only ever grows longer.

5 **The one bonus advantage no one knows about…**
For a significant period after signing, the insurer can still reduce or refuse benefits if your application contained or lacked health or risk information that was forgotten, overlooked, or played down – a so-called breach of pre-contractual disclosure obligation (*vorvertragliche Anzeigepflichtverletzung*). Many disclosure-related rights that insurance companies have expire after 5 years; in cases of intentional or fraudulent non-disclosure, the relevant period can extend to 10 years. This means that if the insured event occurs at least 10 years after signing, the risk of old application mistakes becoming the central problem in a BU claim is significantly reduced.

→ **If budget is the barrier:** a policy at lower coverage that can be increased later (*Nachversicherungsgarantie*) is vastly better than no policy at all. Start small, stay insurable, increase as your income grows. Waiting risks the one thing no amount of money can buy back: your health record from today.

8 | Income protection for your child's future — and your family's income today

A child has no income to protect yet – so why is this here? Because a child's condition can seriously affect both the parents' income today and the later adult's finances tomorrow.

Direct financial costs	Indirect income & family impact
• Krankenkasse co-payments (*Zuzahlungen*) or PKV deductibles (*Selbstbeteiligung*) • Uninsured or underinsured drugs, medical aids or assistive devices • Uninsured or underinsured treatment types and therapies • Home adaptations, e.g. bathroom, stairs, wheelchair access • Additional childcare, household help or sibling care • Private tutoring, special education support or therapy support • Long-term private care support if statutory care benefits are not enough • Travel, accommodation and time costs for specialist treatment • Chief physician treatments or possible overseas treatments • Risk of needing long-term care or support at home or in an institution (*Pflegebedürftigkeitsrisiko*)	• Inability to continue full-time work • Prolonged sick leave to take care of the child • Reduced working hours, paused self-employment or lost career opportunities • Lower income and lower pension contributions for the parent • Self-employed parents may lose clients, projects or business momentum • Emotional and organisational load can impact the parent's own BU risk • Siblings may need extra paid childcare or support • Relocation closer to clinics, family support or specialised schools

If the impairment continues into adulthood, the financial burden may shift to the child once they are expected to earn their own living.

This is not about "making money from a child". It is about buying time, care, choice and future insurability when a child's health condition changes the financial reality of the whole family.

The arguments under *Section 7: Why timing matters* – of course – apply even more so to children. **The single biggest factor in whether someone can insure their income for life is their health record on the day they apply**, and a young child's is more likely to be spotless. Starting early locks that in, which makes childhood one of the most valuable moments to act. What's more, child policies can be set at a more modest starting benefit – for example €500 per month – keeping the cost comfortably low.

A full occupational disability policy (*Berufsunfähigkeitsversicherung*, BU) can usually be taken out from around age 6 to 10, depending on the insurer. Earlier than that, a loss-of-basic-abilities policy (*Grundfähigkeitsversicherung*, GF) with a built-in option to convert into a full BU later can often be started from around age 3, depending on the insurer. That conversion option is the key: it lets your child upgrade to a proper BU as an adult without a fresh health and risk check.

9 | Why professional guidance makes the difference

Income protection is the most individual decision in your insurance portfolio – and the one where fine print determines whether a claim is paid years from now:

- **We all rely on specialists for the things that matter:** for your health, you see a doctor; for your car, a mechanic; for your house, an architect; for a contract, a lawyer. Insurance is no different. You *can* read the terms yourself – but that does not mean you will spot every gap. There is always a blind spot: you do not know what you do not know. A professional advisor exists to make sure your cover actually matches what you want and need, and to point out advantages you would not have found on your own.

- **Health questions done right:** Pre-contractual disclosure (*Vorvertragliche Anzeigepflicht*) is one of the leading reasons claims are disputed. For complex health histories, an anonymous risk pre-assessment (*anonyme Risikovoranfrage*) done right across multiple insurers shows what is achievable – without leaving traces that affect future applications.

- **Clause quality, not just price:** Two policies with the same premium can perform very differently in a claim. Abstract referral waivers, prognosis periods, notification deadlines, and increase options all matter. As a *Freier Versicherungsmakler*, I compare suitable tariffs from a wide range of insurers instead of one insurer's brochure.

- **The big picture:** Good advice means a view across the board: which coverage gaps remain, how needs evolve as your career and life change (new role, self-employment, property purchase, family), which tax optimisation opportunities exist, how your different policies interact over time, and when the next review is needed.

- **Long-term support:** A policy that fits today may need adjusting after a career change, a salary increase, becoming self-employed, or relocating. I track your needs over time and support you through claims. For expats in particular: your insurance needs in Germany often differ from what you were used to, and they should adapt as your life in Germany develops.

Ready to make sense of your options?
Book a free Discovery Call – a short, no-obligation conversation in English, German, French, Dutch or Spanish. No cost, no sales pitch – just a clear view of where you stand.
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