

Article Date	Headline / Summary	Publication
13 Apr 2026	A cover that helps absorb the shock of the pink slip	The Financial Express

● **INSURANCE**

A cover that helps absorb the shock of the pink slip

JOB LOSS COVER is a specialised insurance benefit that provides financial assistance in case of involuntary unemployment. This covers instances of job loss due to reasons beyond your control, such as mergers, acquisitions, cost-cutting, or closure of operations. It also covers situations where illness or injury prevents you from working.

The benefit is usually paid out in the form of graded monthly payouts, offering temporary income support as per the coverage and the period opted for. It is tailored for salaried employees who are on the direct payroll of a company, excluding temporary, contractual, and probationary workers.

Involuntary job loss

The agreed amount is paid every month for the number of months opted or till the insured gets a new job, whichever occurs first. There is a waiting period before the payments start. If your employer gives you severance pay or salary in lieu of notice, the payout is adjusted to avoid overlapping benefits.

The coverage is capped as a percentage of the monthly salary, usually 70%, even if you have more than one policy. This structure makes job loss cover a balanced and practical support system, offering steady financial support during career transitions while keeping the plan fair and affordable.

Why job loss cover matters

Without this protection, losing your job unexpectedly can cause immediate stress, especially if you have ongoing commitments like rent, EMIs, school fees and other family expenses. In



AMARNATH SAXENA

such cases, people often end up emptying their savings. With job loss cover, however, you have a fallback option that provides structured monthly payouts, giving you financial stability till the insured period while you search for new work.

Important exclusions

Job loss cover has specific exclusions that limit when you can claim benefits, making sure the protection is only for genuine cases of involuntary unemployment. It does not apply if you leave your job by choice, such as through resignation or retirement, since these are voluntary decisions. Similarly, termination due to misconduct, fraud, or disciplinary action is also excluded, as these are considered self-inflicted losses.

In addition, unemployment caused by strikes, labour disputes, or situations such as the non-extension of maternity or paternity leave is excluded, as these are not treated as unforeseen job losses. Finally, the cover applies only to jobs within India, meaning any loss of employment outside the country is not covered.

These exclusions are meant to keep the cover focused on sudden and unavoidable disruptions to stable employment, rather than predictable circumstances.

Ultimately, job loss cover is about being responsible towards your future financial security. It ensures that a sudden setback in employment does not derail your financial plans, providing reassurance and security in uncertain times.

The writer is chief technical officer, Commercial, Bajaj General Insurance

