

Are you and your family protected?

Reviewing your personal insurances

We all need to protect our future interests. Personal insurance is about helping to protect yourself, your family and your future financial stability should an event such as death, sickness or disability occur. It's similar to your car or home and contents insurance – only it can be more important.

During your lifetime, personal insurance policies can help to:

- Replace lost salary,
- Fund any retirement income shortfall,
- Provide an ongoing income to family members,
- Pay off existing debts,
- Enable any unexpected costs to be taken care of, and
- Provide legacies to dependants

Essentially, personal insurance can give you some peace of mind and provide you with a sense of financial security for you and your family, 24 hours a day, 7 days a week.

Insurance can allow you to focus on the more important issues, such as dealing with the recovery process or the adjustment period following a traumatic event.

Do you need insurance?

Every year in Australia thousands of people die, become permanently disabled, or are temporarily unable to work.

When considering insurance and the potential impact on you and your family in the event of accident or death, it is important to consider how you would be able to maintain your existing lifestyle or how your family could if you happened to die.

What types of personal insurance are available?

There are four types of personal insurances available:

- Life,
- Total and permanent disability,
- Trauma, and
- Income protection

The first three are most commonly paid as lump sum payments. Income protection is usually paid as a monthly payment. You can obtain these insurances if you qualify under the terms of the policy and you may be paid a benefit if you satisfy the conditions of the policy.

Life insurance is the most common form of personal insurance. It is either paid out if you die or, with some policies, if you are terminally ill.

Total and Permanent Disability insurance is designed to provide funds if you satisfy the definition of disablement under your policy.

Trauma insurance covers you for nominated serious medical illnesses described in the particular policy. The most common illnesses covered are cancer, heart disease, stroke, multiple sclerosis, chronic kidney failure and major organ transplant.

Income protection insurance will normally pay a monthly benefit, generally up to 75% of your salary if you have an illness or an injury that stops you from working (check the definitions in your policy). It can be payable anywhere from two years up to age 65.

Waiting periods apply before the benefit becomes payable and can range between 14 days to two years.

Applying for personal insurance

Most insurers will require a written application when considering a request for insurance.

The typical process of applying for insurance can take between two weeks and two months, and may require that you:

- provide personal information and medical histories of family members,
- provide medical information, doctors reports, and
- participate in blood tests and/or medical examinations

The extent of these requests will depend upon the amount of insurance being applied for as well as the initial information given.

This information enables the insurer to assess the risk they are taking on in providing the amount of insurance requested.

Who can assist you?

Insurance should be the foundation of your financial plan as it is your ability to earn an income that is your most valuable asset.

It's important that you consider your total financial situation when deciding how much insurance is necessary for you and your family.

You should seek advice from a licensed, or appropriately authorised, financial adviser to determine if you are adequately insured.

Of course you should review your situation regularly – particularly when your circumstances change.

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