

# INSURANCE FACT SHEET

Personal insurance comes in different forms. Walshs can assist in determining the right level of cover and the right insurer based on individual circumstances.

## Main types of personal insurance:

- **Death cover:** Pays a lump sum benefit to your nominated beneficiaries when you pass away or are diagnosed with a terminal illness. Generally this excludes suicide within the first 13-months.
- **Total and permanent disablement (TPD) cover:** Provides a lump sum amount if deemed totally and permanently disabled due to injury or illness.
- **Critical illnesses/Trauma cover:** Pays a lump sum benefit if you are diagnosed with a critical illness listed in your insurer's product disclosure statement (PDS). This policy can typically cover between 30 and 60 conditions.
- **Income Protection cover:** Pays a monthly benefit of up to 75% of your insurable income when you suffer a sickness or accident and are unable to work for longer than the waiting period.

## How does Walshs approach insurance with our clients?

1. **Needs Analysis:** We complete a full Insurance Needs Analysis with our clients. This allows us to determine how much cover is required based on debts, providing ongoing income to dependant family members, and covering major medical expenses. We can allow for other requirements such as funding private school fees for children in the event of death or disability.
2. **Extensive Product Research:** We provide a full comparison and do extensive research to ensure our clients have a comprehensive understanding of their existing cover and other covers available so they can make considered and informed choices.
3. **Pre-Assessments:** We offer our clients a thorough and comprehensive pre-assessment process. We provide anonymous and confidential information regarding medical issues or hazardous pastimes to a range of underwriters. These underwriters then provide feedback in terms of possible underwriting concerns and outcomes prior to lodging an official insurance application. This allows us to determine the most suitable insurance product for your personal situation, and minimise time spent applying with multiple insurers.
4. **Tax Effectiveness:** We determine the most appropriate ownership structure for your insurance. Income Protection premiums are a tax deduction if held personally outside of superannuation. Death/TPD cover can be tax deductible if held within superannuation as opposed to outside of superannuation. Death benefits can be paid to beneficiaries as a tax free or concessionaly taxed pension if this type of cover is structured correctly. When funding insurance cover through superannuation, this can be facilitated by a 'rollover' of premiums from your current superannuation fund to the insurer on an annual basis.

## One of the biggest concerns consumers have, is whether their policy will payout should they suddenly pass away or become sick or injured.

- APRA data shows that retail policies purchased via an adviser or insurance broker generally show a higher claim admittance rate (96%) compared to direct (88%).
- The discrepancy in admittance rate could be because people that received some form of advice were better informed about what they were covered for, compared to the uncertainty of relying on their own research when purchasing insurance directly.
- Direct and Group policies can have a wide range of blanket exclusions compared to retail insurance purchased via an adviser or insurance broker.

## What you should know about Retail Vs Group insurance?

Features	Retail Insurance (advised insurance cover)	Group Insurance (default superannuation insurance cover)
Underwriting	Fully underwritten at application stage	No underwriting as cover is provided automatically
Pre-existing condition exclusions	The underwriting decision will determine whether specific exclusions apply based on your history. There is also the possibility of a premium loading, or a decline	Blanket pre-existing condition exclusion clause may apply
Premium cost structure options	Stepped or Level premium options can be selected	Unitised premiums apply based on age and income
Coverage for Own Occupation	The option for an 'Own Occupation' definition is available	Only the 'Any Occupation' definition is available in order to comply with superannuation law
What is the income protection waiting period	There are options for 14, 30, 60, 90, 180, 365, and 720 day waiting periods	Typically this will be a 90 day waiting period, but will differ depending on the employer/superfund
What is the income protection benefit period	The maximum benefit period available is through to age 65 or 70	This will typically be a 2 year benefit period, but will differ depending on the employer/superfund

If you would like to discuss reviewing your insurances please speak to your Financial Adviser at Walshs who will be able to provide advice tailored to your personal circumstances.

