

# Income protection insurance



*We see creating and looking after your wealth as a lifelong commitment. That's why we offer regular financial advice and guidance throughout the different stages in your life. Together, we can build the financial wealth that lets you enjoy the truly important things in your life.*

## **What is trauma insurance?**

Trauma insurance provides you with a lump sum payment if you suffer a defined major medical trauma.

The payment of a lump sum can be of considerable assistance if one of the insured events occurs. For example:

- you will be able to afford the best medical care, both here or overseas;
- you will be able to gain access to the full range of rehabilitation services; and
- you will be able to amend your lifestyle if you have to or want to as a result of suffering from the insured event.

The actual events covered can vary between insurers but the following is indicative of the insured events included in most policies.

## **Heart conditions**

- Angioplasty
- Aortic surgery
- Cardiomyopathy
- Coronary artery bypass surgery
- Heart attack
- Heart valve surgery
- Primary pulmonary hypertension

## **Neurological conditions**

- Dementia
- Encephalitis and meningitis
- Motor neurone disease
- Multiple sclerosis
- Muscular dystrophy
- Paralysis
- Parkinson's disease
- Stroke

## **Blood disorders**

- Aplastic anaemia
- Medically acquired HIV
- Occupationally acquired HIV

## **Cancer**

- Cancer
- Benign brain tumour

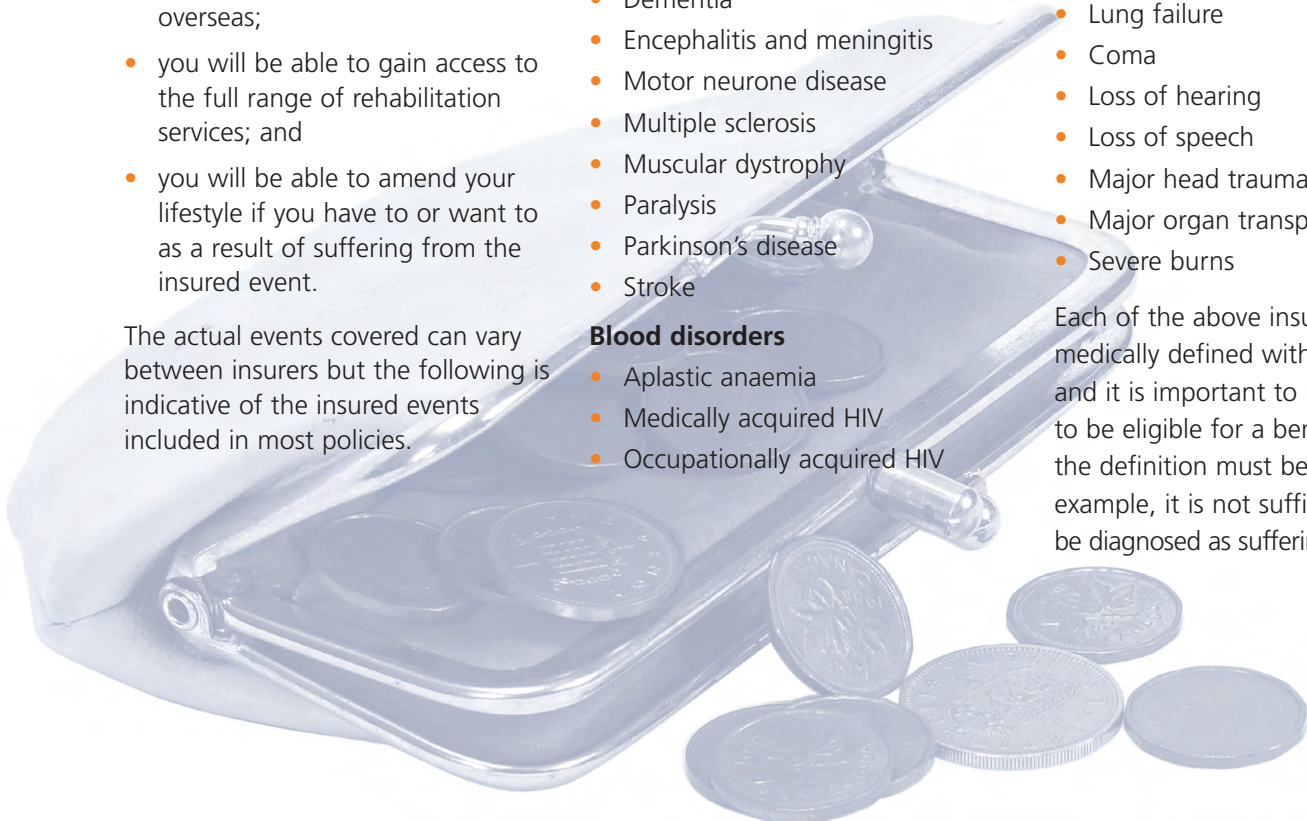
## **Permanent conditions**

- Loss of independent existence
- Loss of limbs and/or sight

## **Organ disorders**

- Kidney failure
- Liver failure
- Lung failure
- Coma
- Loss of hearing
- Loss of speech
- Major head trauma
- Major organ transplant
- Severe burns

Each of the above insured events is medically defined within the policy and it is important to remember that to be eligible for a benefit payment, the definition must be satisfied. For example, it is not sufficient to simply be diagnosed as suffering from cancer.



The type and severity of the cancer must meet the defined criteria.

Trauma insurance is usually attached to a term insurance policy. It can, however, be taken as a stand-alone policy in which case, for a benefit to be payable you need to 'survive' the insured event for the period set out in the policy, usually 14 days.

### What are the chances of suffering an insured event?

The chance of suffering an insured event, under a trauma insurance policy, prior to age 65 is:

- one in three for a female; and
- one in two for a male.

Source: Pricing Dread Disease Insurance – Institute of Actuaries of Australia 1994. Updated March 2002

### How does trauma fit into my insurance portfolio?

**Term life insurance** provides a lump sum payment for your family to ensure that the plans you had for them can be achieved. It also enables the financial obligations of your business to be met.

**Income protection insurance** provides a regular fortnightly or monthly, earnings replacement payment if you suffer a sickness or injury and are temporarily unable to work. This will assist you to maintain your lifestyle and that of your family, until you are able to return to work.

### Business expenses insurance

reimburses the owner of a small, self employed business for ongoing, fixed business expenses that continue to accrue while the owner is unable to work because of a sickness or injury.

**Total and permanent disability insurance** provides a lump sum payment if you suffer a sickness or injury and are permanently unable to work. This will assist you to pay the additional expenses, both now and going forward, that arise as a result of a severe sickness or injury.

**None of the insurances listed provide the same type of protection as trauma insurance.**

### How much should I have?

What are some typical expenses you may incur as a result of suffering a major medical trauma?

#### The best medical treatment available:

- Specialist medical care
- Home nursing
- Overseas, interstate treatment
- Rehabilitation

#### Relief from financial worry that would hinder recovery

- Home mortgage
- Payout car/purchase new car
- Repay personal overdraft/credit cards

- Children's education (\$ .... a year for .... years)
- Capital to enable time off work
- Emergency relief fund

#### Ease burden on the family

- Capital to enable spouse to take time off work
- Home modifications
- Holiday home/leisure purchases
- Housekeeper/nanny
- Capital to enable time to be spent with family
- Capital to enable time to recover

#### Protect business situation

- Business overdraft payout or security
- Business debts/personal guarantees
- Capital injection – loss of profits
- Replacement income

#### Provide additional income if unable to work

- Emergency relief fund
- Fill 25% gap
- Uninsurable for protection income insurance. Yearly income \$.....

#### Funds for retirement

- Income for early retirement
- Fund for retirement

For more information on trauma insurance or to arrange an initial no-cost, no-obligation consultation, please call Steve Obst\* on: 4725 4727.

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