

# Good advice take it or leave it



*When it comes to a tragic event or accident, most of us think 'it won't happen to me'.*

*Unfortunately, it can. Risk insurance cover can help when unforeseen circumstances arise, and insurance protection should be an integral part of any financial plan – whether it's planning for wealth creation, retirement or just paying off debt.*

Financial advisers specialise in providing financial advice but unfortunately not all clients implement that advice, resulting in four scenarios when it comes to risk insurance advice: taking advice; not taking advice, deferring the decision for some time; and taking advice but not reviewing it regularly. All of these decisions have consequences – some more serious than others.

Below are four real-life case studies as told by our fellow advisers – which of these four situations will you fall into?



## **Client did not take advice**

'Nick was a self-employed painter who came to see me about income protection. I recommended Nick take out a policy that would pay him a benefit up until age 65 if he was sick or injured and couldn't work.

Nick didn't want to pay the higher premium so he took out a policy that only gave him two years of benefit payments.

Three years later, Nick was cleaning out the gutters on the roof of his home when he fell off the ladder and landed head first on the concrete. The impact and injury was so severe, his life hung in the balance for a short time. While he survived, Nick's speech and sense of smell was affected so much that he could no longer tell the difference between oil and water based paints – essential when you work as a painter.

Nick is now unemployable, and as he only had two years worth of salary continuance payable from his policy, is now struggling to keep his home.'

## **Client did not review advice**

'An acquaintance, a financial adviser who was working in a large accounting practice, knew the value of risk insurance but was sensitive about having anyone review his policy. Robert was a very private person, and also had medical issues he didn't want anyone to know about.



After the insurance policies were set up, he took the file and locked it away and didn't review it again; he also turned down every offer to review the policy.

A number of years later, after weeks of severe headaches, Robert had some tests. These revealed the presence of a brain tumour. He needed several operations to remove the entire tumour and he was left with some minor residual problems. The good news is that, although it was a near miss, the prognosis for recovery is good.

Barely hours after the surgery, Robert asked his colleague to put in a trauma insurance claim for him, but because the policy hadn't been reviewed for over 10 years, it did not cover benign brain tumours. His claim was denied and he is left with the prospect of significant ongoing medical costs to be paid out of his own pocket. He is now looking to downsize his house and lifestyle.'



### Client deferred decision

'I submitted a risk insurance application on behalf of my client Tony. It was accepted, subject to Tony agreeing to an exclusion clause for private flying. I contacted Tony to discuss the clause, however he decided he would deal with it when he returned from the three week holiday he was about to go on – in other words, Tony deferred the decision.

While on holidays, Tony fell ill and was eventually diagnosed with cancer. As his insurance policy was not activated prior to his diagnosis, he is now uninsurable.

### Client took advice

'Michael was referred to me by a general insurance broker for \$100,000 of life insurance. After a full consultation, I established that he not only needed \$185,000 of life insurance, Michael also needed income protection insurance as he was self-employed in the family business.

Less than two years later, Michael had a brain hemorrhage and died. At the time of his death, Michael and his wife were within weeks of settling on their first home, and within months of expecting their first child.

While it was a very traumatic time, at least the life insurance was sufficient to settle the property and have some left over to support her while off work having the baby. She eventually sold the property and moved closer to her parents but the life insurance made a difficult time less of a financial strain.'



Each of these case studies is tragic, but what makes the first three even more tragic is that each of the clients had access to sound financial advice but did not take advantage of it. Taking the time to review your risk insurance needs is an important part of planning for the future.

To make an appointment to discuss your risk insurance needs, please contact:

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