



Reviewing your personal insurance policy: When, why and how?

Insurance might not always be top of mind, but it's important to review your policies regularly to ensure you've got the right cover

Having personal insurance, which may include Life, Total and Permanent Disability, Income Protection and Trauma insurance, may be an important part of protecting yourself, now and in the future.

That's why it's a good idea to review your insurance on a regular basis to make sure you have the right type of cover— and enough of it.

After all, underinsurance is an issue for many Aussies, but thanks to the ability to pay for insurance through super, it's estimated that 94 per cent of working Aussies now have some level of life cover¹.

You probably don't think about your insurance regularly, but there are certain times when you should consider talking to your insurance provider to update your policies, ensuring they best reflect your current lifestyle and insurance needs.

When and why you should review your insurance

Insurance works best when you have the right level of protection in place for your situation and as your life changes, so might your insurance needs.

You should consider reviewing your cover whenever your situation changes, like:

- taking on a mortgage to buy a property

- having children
- getting married
- upsizing or downsizing your home
- getting a pay rise or take a pay cut
- starting a business
- experiencing a change in your health or lifestyle
- paying off your mortgage
- stopping supporting financially dependent children
- joining a new super fund that may provide automatic insurance cover
- retiring.

These milestones mark important times to review your insurance cover, including the amount of cover you have and whether your beneficiaries (those who will receive your insurance in the event of your death) are up to date.

How to review your insurance

Insurance is flexible and can be changed to align to your needs. Below is a step-by-step guide to reviewing what you have.

Step 1: Read your current insurance contract

Assuming you currently have some insurance, refer to your product disclosure statement (PDS) and read it to fully understand what you're covered for (death, disability or injury for instance) and compare this against what you'd ideally like to be covered for.

Step 2: Check the insurance policy expiry date

Check if your insurance policy has an expiry date, and if so, make note of when it is so you're not caught off guard. It can be a good idea to set yourself a reminder a month or two before it's due so you can contact your insurance provider ahead of time.

Step 3: Know your beneficiaries

An insurance beneficiary is the person, or people, who will receive your insurance payout in the event of your death. It's important to ensure the names you have listed down (if any) are up to date, so that your money ends up in the righthands.

Step 4: Check if you have enough cover

To help you work out the right level of insurance cover

for you, consider the following questions.

1. How much money would your family **have** if you were to die or become disabled? Consider the amount of money you have in super, savings, shares and other assets, and existing insurance policies as a starting point.
2. How much money would your family **need** if you were to die or become disabled? Consider the size of your mortgage and any other debts you have, as well as other costs such as childcare, education and day-to-day expenses you may be covering.

The difference between these figures should provide some guidance on the amount of insurance cover you may want to have. However, you might need to compromise between what you'd like and can afford.

Step 5: See if there's any insurance duplication

Like many Australians you may have insurance through super. So it's a good idea to check this against other policies you might have to ensure you're not paying twice—once for insurance through super, and once outside super.

Check out what type of cover you have, as it may be worth opting out or cancelling cover that you may be paying for twice, noting you can't always claim for the same thing through different policies.

Step 6: Compare insurance providers

If you're not sure whether you're getting the best deal, you might want to compare providers. Remember, there are other considerations to take into account aside from reduced premiums, such as what level of cover you get, any exclusions (like the treatment of

pre-existing medical conditions) and whether waiting periods apply.

When you're assessing different offers, also keep in mind if you do opt out of your current policy or cancel it, you might lose features and benefits that may be attached to it, and you might not be able to sign back up at the same rate or with the same level of ease if you change your mind.

It's also important to disclose your situation to your insurer honestly, or the policy might be invalid if you do need to make a claim.

Step 7: Reduce or manage your insurance premiums

If affordability is a major concern, speak to your insurance provider, as there are typically options available to manage payments and premiums without losing your current policy.

These might include reducing the amount you're insured for, how you schedule your payments (monthly or annually for instance) and changing things like waiting and benefit periods.

Changing your insurance policy can be complicated, so it could help to speak to your financial adviser for insurance advice to ensure you're getting the best policy for you.

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