

Insure yourself

Regardless of your age or relationship situation, disability or critical illness insurance is a prudent investment. **KEN BOAG** looks at the important factors to consider in choosing your level of cover.

LET'S PRESUME that an individual has decided they need some death cover and perhaps even some disability and/or critical illness protection. Where do they start? Firstly they need to have a clear idea of just what they are trying to protect. Are they trying to pay off debts such as mortgages? Do they want to provide ongoing financial support to their dependants? Perhaps they simply want to cover the costs of a funeral? Are their perceived needs simple or complex, or don't they feel that they know enough to make decisions in this area without assistance?

If they are single and young, their needs will be less complex than if they are older or have a spouse and dependants. For those who don't think they need advice, they can get cover through their superannuation fund, various over-the-counter or direct mail offers from banks and similar institutions, and websites including those of various insurance organisations. If their needs are simple they may feel they can do the necessary shopping without assistance but as soon as they start to delve into areas such as the various forms of disability contract or insurance against a critical illness they will benefit from advice.

Obviously there is a cost and trade-offs to getting advice. If they cannot afford the associated costs of advice and all the associated policies, as a bare minimum, they should take out insurance

through their super fund at a level that will provide some assistance and also ensure outstanding debts are insured as well. When circumstances allow they can always review their insurance.

Everyone should consider taking out insurance while they are young and healthy. It is much too late to insure when they already have a medical problem and it can be expensive or simply not available.

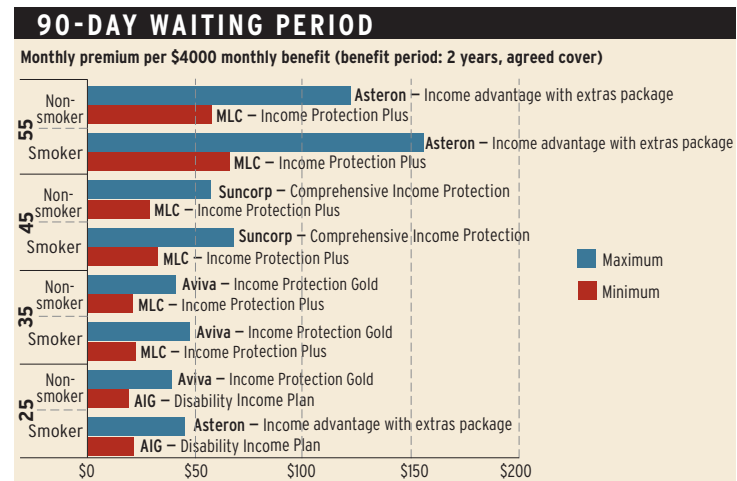
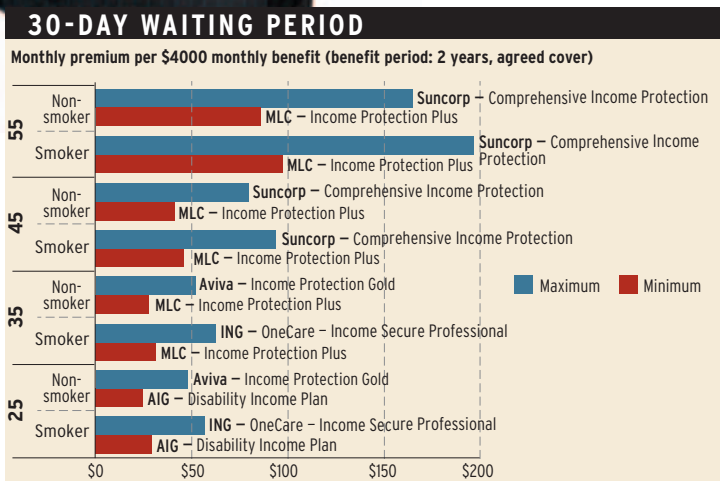
If the individual is the main breadwinner, another question that should be asked is, should their partner also be insured? The answer here is mostly an emphatic yes, although circumstances differ for every couple.

If the advice of a specialist risk adviser is sought, then a comprehensive plan would be provided, with amounts of cover and types of insurance, and covering both parties where appropriate. It should detail specific products and the reasons for their recommendations.

If on receipt of a professional plan the individual is concerned at the overall cost then they should not simply stop there and take out no cover.

The individual's maximum budget should be considered and how this would change the recommendations should be explained. Some cover is better than no cover. Our job is to ensure that people understand the risks, are aware of the ideal cover and make a reasoned decision to take out what they can afford. ★

■ Ken Boag is a director of Rice Warner Actuaries.



SOURCE: RICE WARNER ACTUARIES