

A Guide to Life Insurance



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with you for life

Life cover | Income protection | TPD cover | Trauma cover

Protecting your financial independence

Being financially independent is all about having the freedom to do the things you want to.

Unfortunately, a serious illness or accident can often take financial independence away and many Australians don't have the right type of life insurance to help, putting themselves and their families at risk.

This comprehensive guide can help you understand what types of life insurance covers there are, how they can help you, and how you can compare policies.

Importantly, it outlines 4 steps to getting the cover you need – so you can be confident you're getting the right cover for you.

“True individual freedom cannot exist without economic security and independence.”

Franklin D. Roosevelt

During your lifetime, there's a good chance you'll need a hand at some stage. Here are some startling reminders why:

- 1 in 5 people in Australia have some form of disability.¹
- More than 1 in 5 families will be hit by an insurable event in their working lives.²
- Each year around 54,000 Australians suffer a heart attack.³
- 1 in 2 Australian men and 1 in 3 Australian women will be diagnosed with cancer by the age of 85.⁴

¹ Australian Network on Disability 2016 (www.and.org.au/pages/disability-statistics.html)

² NATSEM 2010 Report (www.lifewise.org.au/downloads/file/aboutthelifewisecampaign/)

³ Heart Foundation (www.heartfoundation.org.au/about-us/what-we-do/heart-disease-in-australia)

⁴ Cancer Council Australia (<http://www.cancer.org.au/about-cancer/faq.html>)

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Do you need life insurance?

To determine whether you need life insurance, simply ask yourself:

‘Can I or the people dependent on me financially survive if I were to become seriously ill or injured or pass away?’

For most Australians, the answer would be ‘no’. When you are in your 20s and early 30s, your life priorities and choices are likely to be very different from those who are well settled into their middle age years! Life-changing events come in many shapes and forms – from marriage and new babies to unexpected illness, accident and serious illness.

Different types of Life insurance can help provide financial coverage and security in the event of death, severe illness or injury.

Whether you have dependants or not, Life insurance can help make sure your loved ones don’t struggle to cover any debts you might leave behind if something unexpected were to happen and provide financial security for the longer term.

Even if you have some life insurance already, you should review your insurance needs at least annually to take account of any change in your circumstances.

Insurance that works

Life insurance companies pay out almost \$10 million every working day in claims, providing financial relief that’s helping thousands of Australian families get by after an unexpected illness or accident. This figure would be even higher if Australians had adequate levels of cover.

(source: www.lifewise.org.au)

When should you take out Life insurance?

Life changes all the time - sometimes quickly, sometimes more gradually. Here are 6 significant life events which can trigger the need for life insurance by taking out a new policy or upgrading your existing level of cover.

1. Marriage

When you marry, you take on shared financial obligations. Newly married couples should think about taking out adequate Life insurance, as well as getting your wills and superannuation in order.

Would your new spouse/partner be able to afford the mortgage repayments on their single income if you died? Life insurance is a great way to ensure peace of mind as you plan for the future.

2. Buying a house

When buying a house, accessing your first home loan or increasing your mortgage, you can't afford to leave yourself unprotected. Who will pay the mortgage if something happens to you or your spouse/partner? Can your family cover funeral expenses as well as making up for the sudden loss of income?

3. Starting a family

When you start or grow your family, you should ensure you have adequate Life insurance in place. You may have Life insurance in your super, but is it enough to cover the additional cost of bringing up a

family if you're not there? You should also consider cover for the non-working partner to help manage any financial burden if you were unable to work.

4. Illness or injury of close friend or family member

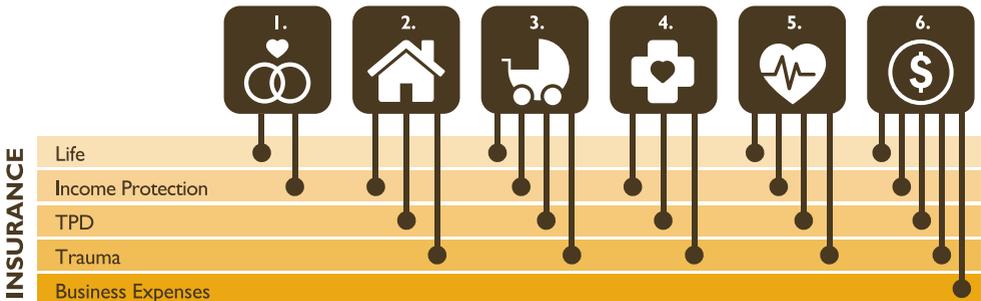
When illness strikes a dear friend or loved one, it's both a shock and a time to reassess your own financial protection. Common chronic diseases such as diabetes, asthma and heart disease can create a high burden for families and carers.

5. Your own illness or injury

Your own illness or incapacitating injury can also trigger the need for cover. No one wants to think about the possibility of a serious illness or dying but it can happen. A lump sum payment or replacement income stream can be used to cover the cost of mortgage repayments, children's education and much more.

6. Starting your own business

If you own your own business, the consequences of being unable to work due to severe injury or illness can be financially devastating. You also need to find a way to keep your business solvent, particularly when you can't physically work.



What type of cover is available?

Life insurance is a general term that refers to 4 main types of cover:

i) Life cover

Life cover (also known as term life insurance or death cover) pays a set amount of money as a lump sum when the insured person dies. The money will go to the people nominated as beneficiaries on your policy, such as family members, usually to help pay off debts and pay for ongoing family living expenses.

Life cover is the simplest and most common form of life insurance.

Key features:

- The insurer offering a life cover policy will usually ask some medical, occupation and pastime questions, and may require a medical examination when you apply for cover.
- Your policy is renewed annually, with premiums usually increasing as you age (commonly known as 'stepped premiums') and as your level of cover increases (commonly known as 'indexation'), to keep up with inflation.
- Usually only a death certificate and claim form is required to initiate a claim. The insurer may then seek additional information from the medical providers you have consulted prior to death.
- Most term life cover will pay out a lump sum of money if you are diagnosed with a terminal illness and given 12 months to live. If the payout is made and you recover, the money doesn't have to be returned.

ii) Income protection

Income protection pays an ongoing income if you can't work due to a serious illness or injury. The money will be paid to you to help pay bills and keep up with your mortgage or rent as well as other living costs.

This type of insurance is needed more often than you might think. Some estimates are that you are up to 10 times more likely to become disabled than to die during the life of an insurance policy.

Key features:

- Most policies will pay you up to 75% of your before-tax income, either for a set period or until you reach the age of 65, depending on the type of policy you choose.
- Different policies can include different benefits and features. You will need to decide between having a policy with more features and benefits with a higher premium, or taking a more basic policy with less features and benefits for a lower premium.
- Income protection normally isn't cheap, but the premiums are generally tax-deductible and should be claimed when you file your tax return. Any income benefits received then become tax assessable, just like your usual salary or income.
- Income protection within your super has to meet certain conditions and usually only pays a monthly benefit for up to 2 years. However, this may not be enough if you are unable to work again.

iii) Total and Permanent Disability (TPD) cover

TPD cover provides a lump sum of money for sickness or injuries causing a permanent disability that stops you from working again.

This is a popular type of cover, as many people want to be financially independent if they are permanently disabled, which often brings with it many additional costs for care and rehabilitation.

Key features:

- TPD cover is almost always purchased as an optional extra when you take out life cover.
- Your level of cover is usually limited to an amount less than or equal to the life cover you have purchased.
- You can use the money to cover any costs such as re-fitting your home, a permanent carer or paying off debts.
- The extent of the disability required for you to make a claim may vary depending on your occupation and the type of policy you choose.
- Typical TPD claims are usually made for such conditions as:
 - Motor vehicle, workplace and sporting accidents
 - Some cancers, including bowel cancer
 - Central nervous system disease
 - Cardiovascular (including heart) disease
 - Mental illness
 - Musculoskeletal
 - Respiratory system disease
 - Stroke

iv) Trauma cover

Trauma cover, also referred to as critical illness cover, serious illness or recovery insurance, provides a lump sum of money if you suffer a medical condition or trauma that impacts on your life or lifestyle – such as being diagnosed with cancer or suffering a stroke or heart attack. These days, many people are fortunate enough to recover from such traumas and in time, continue on with their day-to-day lives.

If you are servicing large debts like a mortgage, or if you or your spouse/partner need some time off work, this type of cover may be important in helping maintain your lifestyle.

Even if you have private health insurance, trauma insurance can help you cover the additional costs of out-of-pocket medical expenses, replace lost income and allow you to reduce your working hours while you recover.

Key features:

- Trauma cover is often purchased as an optional extra when you take out life cover.
- Trauma cover pays a lump sum if you're diagnosed with a specific critical illness that's covered by your policy, whether that illness is able to be successfully treated or not.
- You can spend this money on whatever you like – medical bills, your mortgage, even an overseas trip.
- Your level of cover is usually limited to an amount less than or equal to the life cover you have purchased.
- You don't have to be unable to work to receive a trauma benefit.
- Trauma claims are usually made for conditions such as:
 - Cancer
 - Heart attack
 - Coronary artery disease and bypass surgery
 - Stroke



What events are you protected for?

Here are some of the common risks you may face and how to insure against them:

Event	What insurance products provide protection?
Serious accidents or medical conditions resulting in permanent injury or loss of life.	<ul style="list-style-type: none">• Life cover• TPD cover• Income protection (or Business Expenses cover if you own a small business)
You suffer a specified medical trauma or condition that impacts your life and lifestyle – such as cancer, heart attack or stroke.	<ul style="list-style-type: none">• Trauma cover• Income protection
Sickness or temporary disability.	<ul style="list-style-type: none">• Income protection• Trauma cover• Private health insurance (not a life insurance product)
Unemployment.	Generally, you can't insure against unemployment. The cover that is available is regarded as general insurance, usually for redundancy only, is short term and comes with many restrictions, which may impact on your ability to claim.



How can you buy it?

There are generally 3 ways to buy life insurance, and there are advantages and disadvantages to each method.

1. Directly

You can purchase a policy directly through an insurer, without a 'middle man'. While the perception is that you can save on commissions each year, it is important to understand that most direct products still include margins to fund mass market advertising.

Also, many direct products have limited features, lower maximum cover amounts, and may exclude pre-existing conditions. You need to compare products and premiums to ensure you get the right cover for you.

You should also be aware that some direct policies may only be partially underwritten meaning they require limited or no medical information.

While this allows for a faster application process, it requires the insurer to make some health assumptions which will generally result in much higher premiums for you.

Many of these products include a pre-existing condition exclusion. As such, if a claim occurs the insurer may deny the claim if it was caused by a condition you previously experienced. Additionally, the claim process may take longer than that of an underwritten product.

2. Through an adviser/broker

You can purchase a policy through a financial planner or broker, who can guide you through the process of purchasing life insurance. You may not have to pay for this advice, but a typical adviser will be paid around 110% of your first year's premium and around 10% of each year's premium after that by the life insurer, which is normally factored into your premiums.

This cover is generally more comprehensive than direct insurance and many people benefit from good quality financial advice.

3. Through your super fund

Many people have some life and TPD cover in their super funds. While life insurance attached to super is generally good value, it is usually less flexible than purchasing it yourself and premiums have been rising quickly over the past couple of years.

Generally only life and TPD cover, and sometimes basic income protection, can be purchased in your super fund. Trauma cover is not available within superannuation.

Benefits of underwritten insurance

If being able to make a claim efficiently and with greater certainty is important to you then you may wish to consider a fully underwritten life insurance contract.

That means the insurer asks you about your health and lifestyle when you apply for the cover, and tailors your cover and your premium to the answers provided.

As long as you give honest and complete answers when you apply, your cover will not be subject to additional verification of your answers at claim time. This could be regarded as true 'peace-of-mind insurance'.

Policies that are only partially underwritten, i.e. only a few medical and lifestyle questions are asked, tend to be more expensive because the insurer has one price covering both good risks and bad risks.

Life insurance cover in your superannuation may have no underwriting at all i.e. there are no questions to answer initially but there are usually pre-existing condition exclusions on the cover and problems can occur at the time of claim when health and medical questions may be asked. One of the main reasons for a claim to be denied is that the member has a pre-existing condition that is subject to the pre-existing condition exclusion.



How much does it cost?

The premiums you pay for insurance are based on several factors, such as your level of cover, gender, age, smoking status, health, pastimes and occupation.

Generally, the cost of insurance increases as you get older and is higher for smokers. The insurer may also apply a premium loading (usually a percentage on top of the standard premium rate) if you have any other high-risk factors to do with your health, family history or pastimes.

Your premium also depends on how comprehensive your policy is (e.g. how likely you

are to make a claim), and how it was purchased (e.g. what commissions or costs are included in the premium).

As a rule of thumb, a healthy non-smoking 35 year-old would expect to pay around:

- **\$35 - \$70** per month for \$1 million of life cover
- **\$65 - \$120** per month for \$100,000 p.a. of income protection (generally tax-deductible)
- **\$15 - \$40** per month for \$500,000 of TPD cover
- **\$50 - \$110** per month for \$300,000 of trauma cover

How do you claim?

Adequate insurance can provide you with true peace of mind. That peace of mind comes from knowing that, should an unfortunate event occur, you have a back up plan for you and your family. Having a good understanding of both your insurance cover and the claim process will help you feel comforted that your back up plan will work.

In general, Australian insurers are well regulated and have objective claims processes in place to ensure claims are processed fairly and quickly.

At claim time, you'll be asked to submit a claim form and supporting material. Below are the key steps involved in making a claim.

Step 1 – Claim Submission

You (or your family) notify your insurer or adviser of your claim and submit a claim form. The claim form is normally available on the insurer's website, or by contacting them. Some supporting material will be required, such as a death certificate for life cover claims.

Step 2 – Assessment and Payment

The insurer will need to determine that the claim meets the conditions of the insurance policy using

an assessment process based upon the information provided. Most claims are straightforward and will only take a few weeks to be processed and paid. Your insurer will notify you if they require any further information. Overall, Australian insurers are good at paying claims. However, claims can be declined on rare occasions. For instance, if the claim relates to a pre-existing medical condition and the policy excluded this condition.

Step 3 – Management

Some claims, such as income protection, need ongoing contact with your claims case consultant while you are claiming a monthly benefit.

Disputes

Disputes are rare. All insurers should have a clear dispute resolution process in place. If, for any reason, the dispute cannot be resolved, there are independent bodies, such as the Financial Ombudsmen Service, which can review disputes, make a determination, and in most cases if the finding is in favour of the insured, require the insurer to pay the claim.

4 steps to get the cover you need

Step 1 - Determine what cover you need

There are many tools available online to help you determine the amount of cover you need, including on our website at www.nobleoak.com.au.

A professional financial adviser or broker can also provide valuable advice if required. However, it's a good idea to check how they are remunerated to ensure you are comfortable their advice is sufficiently objective, represents good value and your premium is competitive.

Below is a guide to help you calculate how much cover you need for the main types of life insurance available.

Need a hand?

Visit www.nobleoak.com.au and use our online calculator to work out how much insurance you need.

1 Life cover

There are 2 common methods to determine how much life cover you need

1. Simple method

One rough rule of thumb is to consider between 5 to 10 times your annual salary.

A recent Ricewater report titled 'Underinsurance in Australia', found that an average Australian couple aged 40 with children required life insurance cover of approximately 10 times annual earnings just to repay debts and maintain current living standards.

2. Comprehensive method

The more comprehensive way of determining how much life cover you need is to determine exactly what you want to happen in the event of your death. (refer to the Calculation guide below).

Calculation guide

Calculation	Amount
Add	
Value of mortgage you would like to clear	\$
Value of any business or other loans you would like to clear	\$
Annual living expenses for your family multiplied by the number of years they will require this support	\$
Any other large expenses likely to be required by your family in the future (e.g. private school fees, new car, family holidays etc.)	\$
Subtotal	\$
Subtract	
Any life cover you currently have	(\$)
Any other annual net income the family will earn (multiplied by the number of years it will be earned) or assets they can sell	(\$)
Subtotal	(\$)
Total life cover required	\$

Many super funds offer life and TPD cover. We suggest that you check your annual statement or contact your super fund to find out what cover you have.

Case study

Jane is 40 and works full-time earning \$100,000 per year. She has a husband, David, who earns \$65,000 per year and 3 children aged 8, 6, and 3.

Jane is naturally concerned that her family is at risk if she passed away unexpectedly, as they would not be able to survive financially. She also feels there

is no chance her children will be able to attend private schools in the future as she planned, and would not want them to have to change schools if her family could no longer afford the fees.

Jane can estimate the life cover she needs as follows:

Calculation	Amount	Comments
Add		
Value of mortgage you would like to clear	\$400,000	
Value of any business or other loans you would like to clear	\$60,000	Private car (e.g. car loan)
Annual living expenses for her family multiplied by the number of years they will require this support	\$650,000	\$65,000 annual expenses per year x 10 years
Any other large expenses likely to be required by her family in the future (e.g. private school fees, new car, family holidays etc.)	\$540,000	3 children x \$30,000 private school fees x 6 years + \$50,000 house improvements
Subtotal	\$1,650,000	
Subtract		
Any life cover she currently has	(\$300,000)	Jane has \$300,000 of cover in her super fund
Any other annual net income the family will earn (multiplied by the number of years it will be earned) or assets they can sell	(\$400,000)	David will still earn an income, although he may have to cut down his hours to help his family, or pay for a nanny. Therefore a reduced income is included (\$40,000 x 10 years).
Subtotal	(\$700,000)	
Total life cover required	\$950,000	This is the approximate amount of life cover Jane would need to apply for to meet her needs.

Each person's personal circumstances are different. Consider your circumstances when deciding how much life cover you require.

What to look out for with life cover

Terminal illness diagnosis

Many policies will just pay out on death, but some will also pay out a lump sum on the diagnosis of a terminal illness (usually when you are given less than 12 months to live). If the payout is made and you are fortunate enough to recover, the money doesn't have to be returned to the insurer.

Guaranteed renewal

Most policies have a guaranteed renewal, meaning that as long as you pay your premiums, the life insurer will guarantee to keep your cover in place, even if your health situation changes.

Stepped or level premiums

For insurance such as life, TPD, trauma cover and income protection, you may be able to choose between stepped or level premiums. This will affect how much you pay for insurance over time.

- **Stepped premiums** means that your premium is charged in accordance to your age. Premiums are lower at younger ages to reflect a lower claim risk and rise each year as you get older.
- **Level premiums** means your premium doesn't change as you get older (except if your level of cover increases with inflation), but is more expensive in the beginning. If you plan to hold your cover for a long time, this option can lead to long-term savings. However, level premiums are not exempt from increases if the insurer increases premiums across their book of business.



2 Income protection

Determining how much income protection you need is simpler than life cover, as the amount of income protection you can access will be determined by the salary you want to insure.

Usually, income protection provides cover for up to 75% of your income in the event of illness or injury preventing you from working.

What to look out for with income protection

Waiting periods

When you take out the policy you can generally nominate how long you're prepared to wait for your first payment after your income stops. This is known as the waiting period. If you can afford to push the waiting period out from 30 days to 90 days, and live off proceeds from your own assets in that time (including accrued paid leave), you'll achieve a big reduction in your premium.

To determine whether you can afford this, calculate your expenses (including mortgage repayments if applicable) over each of the possible waiting periods and assess whether you have enough sick leave, cash or liquid assets to afford to cover you for each period.

While a 90-day waiting period provides more affordable premiums, many people do not have access to enough cash reserves to support them for that amount of time, so they select a shorter waiting period.

Benefit periods

Income protection benefits are paid until you recover and return to work, to a maximum of the benefit period selected. Income protection that has the benefit period capped at 2 years will be more affordable than one that pays you until age 65.

If you choose a 2 year benefit period, be sure in your own mind that 2 years is long enough for you to get back on your feet, physically and financially, from an illness or injury. If not, you may wish to consider electing the more comprehensive 'to age 65' option as some injuries or illness can unfortunately keep you out of work for much longer than 2 years, and in some cases may be permanent.

Agreed value versus indemnity

Some policies pay you an 'agreed value' per month, while others are 'indemnity' products.

- **Agreed value** cover means you are paid a monthly sum that's agreed at the time you take out insurance.
- **Indemnity** cover means the amount you are paid is determined when a claim is made, based on your income at the time. This could work against you if your income has been stagnant or declining prior to your claim. However, most insurers will look at your last 2 years' income to make sure that your salary hasn't recently dropped.

The most common type of cover is indemnity cover, which costs less than agreed value cover.

Claims inflation

If you have a benefit period of only 2 years, there's probably no reason to pay a higher premium for a 'step-up' clause in your payments to cover inflation. But if you want your potential payout to continue until you're 65, having an indexation option is much more important – otherwise inflation will erode its value.

3 TPD cover

The comprehensive way to determine how much TPD cover you need is to work out exactly what you want to happen if you are no longer able to work. The calculation is similar to that for life cover needs:

Calculation	Amount
Add	
Value of mortgage you would like to clear	\$
Value of any business or other loans you would like to clear	\$
Annual living expenses for your family multiplied by the number of years they will require this support	\$
Any other large expenses likely to be required by your family in the future (e.g. private school fees, new car, family holidays etc.)	\$
Subtotal	\$
Subtract	
Any TPD cover you currently have	(\$)
Any other annual net income the family will earn (multiplied by the number of years it will be earned) or assets they can sell	(\$)
Subtotal	(\$)
Total life cover required	\$

Many super funds offer life and TPD cover. Check your annual statement or contact your super fund to find out what cover you have.



Case study

Maria is 50 and works part-time earning \$55,000 per year. She has a partner, Mark, who earns \$110,000 per year and 2 children aged 15 and 12. Maria is concerned that her family would not survive financially if she became disabled and unable to work.

Maria can estimate the TPD cover she needs as follows:

Calculation	Amount	Comments
Add		
Value of mortgage she would like to clear	\$400,000	
Value of any business or other loans she would like to clear	\$50,000	Her car loan
Annual living expenses for her family multiplied by the number of years they will require support	\$650,000	\$65,000 x 10 years
Any other large expenses likely to be required by her family in the future (e.g. private school fees, medical expenses, home modifications etc.)	\$250,000	
Subtotal	\$1,350,000	
Subtract		
Any TPD cover she currently has	(\$100,000)	Maria has \$100,000 of cover in her super fund
Any other annual net income the family will earn (multiplied by the number of years it will be earned) or assets they can sell	(\$800,000)	We assume Mark's capacity for paid work would reduce to look after Maria and help kids - 10 years x \$80,000
Subtotal	(\$900,000)	
Total TPD cover required	\$450,000	This is the approximate amount of TPD cover Maria would need to apply for to meet her needs

What to look out for with TPD cover

Definition of disability

TPD policies generally come under 1 of 2 definitions, 'own occupation' and 'any occupation'.

- **Own occupation** means an amount is payable if a doctor determines that it is unlikely you will ever return to the occupation you have been trained in.
- **Any occupation** means an amount is payable if you are unable to perform the duties of your regular occupation and you are unable to work in any other occupation that you may be suited to by education, training or experience.

For example, you may be a surgeon with arthritis and no longer able to use a scalpel. Under an 'any occupation' policy, you would be expected to gain employment in another capacity rather than claim on your insurance. But if you had an 'own occupation' policy, you'd be able to make a claim if you could no longer work as a surgeon.

'Own occupation' policies provide more comprehensive protection as you are more likely to receive a payment. However, they are also more expensive. Since 1 July 2014, own occupation TPD cover is not allowed within superannuation.

4 Trauma cover

The comprehensive way to determine how much trauma cover you need is to estimate how much you believe you would need to pay for your out-of-pocket medical costs, and to help your family survive financially.

There are different rules of thumb used by advisers. Trauma cover should be enough to replace some income, provide some debt relief and pay for some treatments. One rule of thumb is to factor in \$100,000 for diagnosis and treatment and \$100,000 for replacement income.

When deciding if you need trauma cover, think about:

- Your level of private health insurance
- Other types of entitlements or insurance you have, such as from your employer or through your super fund e. g. TPD or income protection
- How much income you and your family will need to live if you can't work for a while.

What to look out for with trauma cover

Medical conditions covered

Most trauma policies cover the most common medical conditions, including cancer, heart attack and stroke.

Having a larger number of medical conditions covered by your policy increases the likelihood of a successful claim. However, the additional conditions will usually come at the cost of an increased premium.

Medical definitions

Different insurers may have different definitions when it comes to determining how severe a medical condition needs to be before they will pay a claim. You can compare these differences by comparing the Product Disclosure Statements of the products you are interested in.

Waiting period

Trauma cover policies come with a waiting period, which means you may not be covered if a critical illness is diagnosed within 3 months of taking out a policy. Be sure you are aware of the waiting periods and which medical conditions they apply to before you buy a trauma cover policy.

“I believe that the basic attribute of mankind is to look after each other.”

Fred Hollows



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with you for life

Step 2 – Compare quotes

Comparing insurance policies is often the hardest step, as it is not easy to find life insurance product comparisons, even on comparison websites.

The important thing is to identify the product attributes that are most important to you, and then compare a couple of insurers. As a starting point, the following table shows some of the questions you might be asking.

All cover types	Yes	No
Does it offer the amount of cover you need?		
Do you want to deal directly with an APRA-regulated and well established insurer in Australia?		
Can you afford to pay the premium each year?		
Is your premium competitive compared to other insurers?		
Does the insurer have a good reputation for claims and service?		
Is the cover fully underwritten (i.e. detailed questions are asked upfront) to minimise claims uncertainty and maximise peace of mind?		
Can the product be transferred to an SMSF (if required)?		
Does it offer your preference of stepped or level premiums?		
Will your cover increase automatically to keep up with inflation?		
Does your cover apply 24/7 and when you travel overseas?		
Life cover		
Does the product have any extra exclusions over and above the usual exclusions? (e.g. suicide in first 13 months is a common exclusion)		
Will it pay out a lump sum earlier on diagnosis of a terminal illness?		
Does it include an advance for funeral expenses?		
Income protection		
Does the policy offer your preferred waiting period (e.g. 30 or 90 days)?		
Does the policy offer your preferred benefit period (e.g. 2 years or to age 65)?		
Does it provide an appropriate agreed or indemnity definition for your needs?		
Does it cover the features you need, without forcing you to pay for ones you don't need?		
TPD cover		
Does it provide an appropriate 'own occupation' or 'any occupation' definition for your needs? (Note: only 'any occupation' can be used in SMSFs.)		
Trauma cover		
Does it cover the 4 most common trauma events – cancer, heart attack, coronary artery disease and bypass surgery and stroke?		
How many other conditions does it cover?		
Does it cover the medical conditions you are most concerned about?		

Step 3 – Apply for cover

Peace of mind starts when you apply

Once you select the product you are happy with, you need to apply for cover. Depending on your age, the type of policy you are applying for and the level of cover you require, you may be asked a number of questions about your medical history, occupation and pastimes.

While this may add some time to your application, the benefit of having your personal risks assessed now (i.e. with a fully underwritten policy) is that you're more likely to pay a lower premium and have your claim paid.

When you answer these questions, you must be completely honest. If you are dishonest, vague or leave anything out, the insurance company may have grounds to deny your claim.

What details do you need to provide?

If you are applying for a fully underwritten policy, it is a good idea to have the following information handy:

- Your doctors' details.
- The details of your health history or major family medical events.
- Details of any medication you are on.
- The amount of cover you require.

Step 4 – Review your needs regularly

It's a good idea to review your personal situation every year, or when your life changes, to make sure your insurance needs are still appropriate. Some of the life events that may trigger the need for a review are:

- Having children.
- Getting married.
- Buying property or any other asset involving debt.
- Starting your own business.
- Setting up a Self Managed Super Fund (SMSF) or reviewing your investment strategy.
- Putting together a financial plan.

Consider reviewing your insurance needs at least annually to take account of any change in your circumstances.



Q&As

Do I need life insurance?

No one likes to think about the worst that could happen, but we should protect ourselves against it.

- Anyone with dependants is very likely to need life insurance, especially if you have a financial obligation such as a mortgage.
- 1 in 2 Australian men and 1 in 3 Australian women will be diagnosed with cancer by the age of 85.
- More than 1 in 5 families will be hit by an insurable event in their working lives.

Am I covered when I travel?

Once issued, insurance cover is usually provided for worldwide residence and travel 24 hours a day, subject to any special terms and conditions that may have been applied at the time of acceptance. Travellers are generally advised by government travel authorities to consider travel insurance when travelling to protect against loss, injury or illness occurring whilst travelling overseas.

What are 'exclusions'?

An insurance contract promises to pay the sum insured in return for the premiums paid if an insured event takes place during the term of the contract. But to limit losses and to discourage anti-selection, insurance companies also make it clear that there may be some 'exclusions' to the cover offered. Exclusions are conditions that are not covered by the insurance company. For example, a pre-existing condition may be excluded.

How are life insurance payments taxed?

Life insurance (including TPD and trauma cover) premiums are not generally tax-deductible. Any payment from this insurance will, in most instances, be tax-free.

Income protection premiums are generally tax-deductible, and any monthly income payments received are considered to be taxable income. Be aware that tax situations do differ between individuals. If in doubt about your own situation, you should consult your accountant or tax adviser.

What if I have life insurance in super?

Most people are significantly underinsured in their super fund as they have been automatically accepted at a low limit.

There are flexibility limitations and tax implications when accessing life insurance in superannuation. It is often much slower to access your claim. Many Australians have chosen to have other cover outside their super fund to ensure they are adequately covered.

Do I pay stamp duty with my insurance premiums?

Insurance premiums attract stamp duty. This charge is included in the premium and the insurer will be responsible for these payments.

What is funeral insurance and how is it different to life insurance?

Funeral insurance generally pays a single lump sum amount that helps pay for your funeral, but generally doesn't provide a sufficient level of cover to help support your family on an ongoing basis. Funeral insurance is more expensive than life insurance when you compare the premium to the amount you will receive.

What is Consumer Credit Insurance (CCI) and how is it different to life insurance?

CCI cover is designed to protect your ability to repay your debts, but it generally doesn't provide for your family's other lifestyle expenses and ongoing income needs. Upon claim, CCI is usually paid to the credit provider, not you or your family.

Additional sources

www.moneysmart.gov.au/managing-your-money/insurance/life-insurance
www.lifewise.org.au
www.lifeinsurancefinder.com.au/
www.nobleoak.com.au/choosing-life-insurance/

About NobleOak

Protecting Australians for over 140 years

NobleOak Life Limited (NobleOak) is an Australian life insurer that was established in 1877 and has been protecting Australians for 140 years. NobleOak is regulated by APRA, holds an Australian Financial Services licence issued by ASIC, and our products are reinsured by a top-3 global reinsurer, Hannover Re.

No surprises cover

Our cover is fully underwritten so we take the time to ask more questions up front to ensure we can give you a quote that's specific to your circumstances saving you money. If you need to make a claim, there will be no surprises and the process will be faster as we won't have to get additional information at a time of emotional stress and worry.

Award winning products

Our Life insurance covers consistently win awards for outstanding customer service, product features and price.

Low premiums

Importantly, our products are very competitively priced, as many of the costs associated with other direct or advised products have been excluded from our premiums. This means you save each year compared to other life policies.

Personal service

Our personalised service is second to none and we pride ourselves on providing friendly and helpful service. Our clients agree giving us a 98.5% satisfaction rating[^].

Paying claims is our priority

Below are a few recent claims case studies from NobleOak.

- 1 Natasha* has had her cover with NobleOak since 2002. She was diagnosed with Parkinson's Disease in August 2012. Since then, NobleOak has continually paid her a monthly benefit to support her and her family's ongoing expenses. As her condition is incurable, she will continue to receive this monthly payment until she turns 65.
- 2 Michael* only had Life insurance cover with NobleOak since 2011, but tragically passed away in February 2014, leaving behind his partner of many years. His insurance cover of \$650,000 was paid to his partner within 10 business days to relieve her of a great financial burden and to support ongoing family expenses.
- 3 Leanne* has had Income Protection cover with NobleOak since 2002. She unfortunately suffered a prolapse of a compassing disc in her back in March 2014, which incapacitated her. She is unable to continue working as an Aged care nurse. Within 10 business days of receiving Leanne's claim it was approved and she had received her first payment.
- 4 Ryan* has had income protection with NobleOak since 2010. He was diagnosed with a melanoma in March 2014 and had to undergo life-saving surgery to remove the cancer. Within 12 business days of receiving Ryan's claim, he was receiving ongoing payments from NobleOak and these continued until he recovered and returned to work.

[^]Survey of NobleOak customers April 2016

* Names changed to protect privacy

Let's look at how NobleOak's life cover stacks up....

Feature	Details	NobleOak Life Insurance
Available	<ul style="list-style-type: none"> • Direct from NobleOak. • Through some financial advisers and brokers. • Through our alliance partners. 	✓
Application	<ul style="list-style-type: none"> • Application takes 15-30 minutes over the phone, and in some cases, additional information may be needed, such as blood tests or a medical examination. These are at our cost to help ensure your cover provides true peace-of-mind insurance. • No long and complicated forms to fill out. • Free accident cover applies while your application is processed. 	✓
Product	<ul style="list-style-type: none"> • Comprehensive cover, the same as cover available through financial advisers and brokers, providing 24/7 worldwide cover (unless special provisions apply), and backed by a top 3 global reinsurer. • Benefits are payable to you, or to your nominated beneficiary upon death. 	✓
Premiums	<ul style="list-style-type: none"> • Lower premiums because our cover is fully underwritten and we ask more questions upfront, and you don't pay for financial advice. If you choose to utilise advice you may need to pay for this separately. 	✓
Exclusions	<ul style="list-style-type: none"> • Normal minimum standard industry exclusions apply. • No general pre-existing condition exclusions apply (unless NobleOak has applied specific Special Acceptance Terms). 	✓
Life Cover	<ul style="list-style-type: none"> • Provides cover up to \$15 million. • Includes terminal illness cover of up to \$1 million. 	✓
Income Protection	<ul style="list-style-type: none"> • Insures up to 75% of income, to a maximum of \$25,000 per month. • Indemnity-style insurance, for lower premiums. • Waiting period options of 30 days or 90 days. • Benefit period options of 2 years or to age 65. • Claims indexation automatically included. • Insurance covers injuries or sicknesses caused by complications due to pregnancy, childbirth or miscarriage. • Nursing Care Benefit: If the insured person becomes totally disabled, a benefit could be paid to assist with payment for the continuous care provided from a full-time nurse during the waiting period. 	✓
TPD Cover	<ul style="list-style-type: none"> • Provides cover up to \$3 million 'any occupation' definition, so you can use it for superannuation or non-superannuation purposes, which helps to keep premiums low. • Domestic duties benefit – TPD payments will still be made if you're not working and can't do domestic duties again. 	✓
Trauma Cover	<ul style="list-style-type: none"> • Provides cover up to \$2 million. • Covers 38 named conditions, including the 'big 4' most common ones. • A 3-month waiting period applies to 8 of these conditions. 	✓

Contact Us

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Important note

The information provided in this guide is general only and does not take into account your individual circumstances, objectives, financial situation and needs. If in doubt about your personal situation or needs, you should seek financial advice. Please consider the Product Disclosure Statement which sets out the terms and conditions of the life insurance cover to make sure this cover is right for you. You can contact NobleOak for a copy on 1300 041 494 or online at www.nobleoak.com.au

NobleOak Life Limited

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NOBLEOAK
with you for life