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ePROPERTY AGENT

Preparing for the unexpected

It's always better to be safe than sorry...

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Life Insurance

There are two main types of life insurance...

Term life insurance policies run for a fixed period of time (known as the 'term' of your policy) – such as 5, 10 or 25 years. These kinds of policies only pay out if you die during the policy. There's no lump sum payable at the end of the policy term.

A whole-of-life policy...

will pay out no matter when you die, as long as you keep up with your premium payments. Life insurance is designed to provide you with the reassurance that your dependents will be looked after if you're no longer there to provide. The amount of money paid out depends on the level of cover you buy. You decide how it is paid out and whether it will cover specific payments, such as mortgage or rent.

What you need to know...

Most people tailor their policy to ensure that their financial commitments would be met in the event of their death, so policies are often aligned with the term of a mortgage or other loan. Life insurance policies usually only cover death – if you can't provide for your family because of illness or disability, you won't be covered.

Income Protection

What does it do?

This type of policy pays amonthly income tax-free if you are unable to work due to an illness or injury.

How it works...

The monthly income under the policy will be between 50 and 70 per cent of your salary and will be paid until you are fit enough to return to work or reach retirement age.

What you need to know...

State benefits aren't generous and only a few employers will continue to support their staff through a long illness, so income protection policies can help families through difficult financial times. You can choose the date at which the policy would payout in the event of a claim. This can range from a month to up to a year. Policies that payout sooner will have higher premiums.

Critical Illness

What does it do?

Critical illness cover pays outa tax-free lump sum if you are diagnosed with a major illness, including cancer and heart disease. Actual illnesses covered in a policy may vary between providers.

How it works...

Many insurers will make a part payment on an early-stage diagnosis of a condition specified in the policy, the percentage will vary from company to company.

What you need to know...

Many people buy a combined life and critical illness policy, and it makes sense to do so. In this case, a payment would be made on either diagnosis of a critical illness as definedin the policy, or death, whichever is the sooner. If the cover is combined in this way, the policy premium is usually cheaper than it would be for separate policies, as there is only ever one lump sum paid out by the insurance company.