

# On insurance, little things matter

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THE price of protecting your family is rising as life insurance companies lift their premiums, but specialists say there are ways to cut the cost.

Whether it's death or total and permanent disability (TPD) cover, income protection or trauma insurance, increasing claims activity is a big factor behind recent price rises.

Mental health related claims have increased sharply.

As household budgets get squeezed there's a risk that people will dump life insurance altogether. But there are better and safer alternatives, often draining nothing from your own pocket, and it's usually worth speaking with a specialist adviser.

**"Check that your level of cover is what you need — it might be too high," says financial strategist Theo Marinis. "As your super grows and your debts come down, you don't have to insure as high a payout figure."**

Make sure commissions are not inflating your premiums. A growing number of advisers are charging a flat fee for insurance advice, and rebate all commissions back to their clients.

This removes the lure for advisers to insure people for big sums to generate bigger commissions. Having life and disability cover inside your super fund can cut the cost.

Paying for life insurance inside super also has tax benefits from salary sacrifice. Outside super, income protection insurance is tax-deductible but other forms of life cover are not.

Compare your premiums and cover with other insurance products to see if a better deal is available, but never cancel one policy before getting its replacement approved.

Wotherspoon Wealth risk and finance specialist Megan Henderson says people should not blindly buy direct life insurance or cover within super simply because it's cheaper.

"Quite often you pay for what you get," she says.

"You need to look at the definitions for payment, in particular the TPD 'own' and 'any' occupation definition.

"The preferred definition is the 'own' occupation where you can receive payment if you can no longer work in your own occupation due to illness or injury."

