

Additional General Information regarding Personal Protection

In this document we look at additional information on how we choose which insurance company to recommend, based on research by our provider Omnium. We also look at personal protection cover and taxation.

Information regarding the research we used

The research house we subscribe to regarding personal protection is Omnium.

In a separate document named 'Omnium Risk Research' you can find an explanation of the research methodology used by Omnium.

How we recommend a product

When we do an analysis regarding your personal protection needs, we ask if you want us to look for a product that covers specific events such as sickness or injury. If you don't have a specific requirement and you would like to use our normal method of choosing the insurance company and product, we tend to use the following method.

Personal Protection Cover – Non Super and Personal Protection Super which is not directly connected to a saving super fund:

We use the Omnium research program called OmniLife. The first step involves looking at 'A' rated products for a feature which shows the best price. The companies we look at are detailed in our Statement of Advice. We then do further investigation into the product and look at some specific features also rated 'A' as per the description below. If the first product rated 'A' which has the best price does not have all the 'A' rated features we are looking for, we then look at the next in line and we do so until we find the one that has all the features we are looking for, rated 'A'.

Cover	We look for:
Death only	Best price under 'A' rated only
TPD	Best price under 'A' rated and 'any or own' occupation TPD definition rate 'A'
Critical Illness – Core	Best price under 'A' rated and heart attack/cancer/stroke rated 'A'
Critical Illness – Core Plus Extended	Best price under 'A' rated and heart attack/cancer/stroke rated 'A'
Income Protection – Core	Best price under 'A' rated and Total Disability and Partial Disability definitions rated 'A'
Income Protection – Core Plus Ancillary	Best price under 'A' rated and Total Disability and Partial Disability definitions rated 'A'
Business Overheads	Best price under 'A' rated and Total Disability and Partial Disability definitions rated 'A'

Personal Protection under Super Plan with the savings:

Where we need to use superannuation that has savings, we may use cover attached to it, which may not have the best price or be 'A' rated, as we will be limited by the need to use that specific super fund.

Information regarding Personal Protection covers

LIFE INSURANCE

Life Insurance is a simple and straightforward contract between the Life Insurance Company and the policy owner. The Life Insurance Company will pay the Sum Insured to the owner of the policy if the Life Insured dies. (If the Life Insured and the owner is the same person, the money will be paid to the deceased estate.)

TOTAL AND PERMANENT DISABILITY (TPD)

This is a contract that can be added to a Life Insurance Contract or be taken as standalone. The Insurance Company will pay the Sum Insured if the Life Insured becomes Totally and Permanently Disabled. There are four definitions of total and permanent disability.

The following is a sample of the diseases that are covered, however, it is important to note that there may be some variances between the different insurance companies and the actual list will be determined by the policy document of the different companies.

Elements	As a result of illness or injury the life insured:	TPD Definitions			
		Own Occupation	Any Occupation	Home-maker	Non-working
Unlikely ever again to be able to do own occupation	<ul style="list-style-type: none"> Has been absent from and unable to work in their own occupation for three months or has suffered permanent impairment of at least 25% whole person function, and is unlikely to be able to perform their own occupation ever again. 	Yes			
Unlikely ever again to be able to do any occupation	<ul style="list-style-type: none"> Has been absent from and unable to work for 3 months or has suffered permanent impairment of at least 25% whole person function, and is unlikely to be able to ever perform any occupation for which they are reasonably suited by education, training or experience. 		Yes		
Unlikely ever again to be able to do normal domestic duties	<ul style="list-style-type: none"> Has been unable to perform normal domestic duties, leave their home unaided or do any occupation for 3 months and requires the ongoing care of a medical practitioner, or has suffered permanent impairment of at least 25% whole person function, and is unlikely to be able to ever perform normal domestic duties or any occupation for which they are reasonably suited by education, training or experience. 			Yes	
Loss of limbs and/or sight	<ul style="list-style-type: none"> Suffers the permanent loss of the use of: <ul style="list-style-type: none"> - two limbs - the sight in both eyes or - one limb and the sight in one eye. 	Yes	Yes	Yes	Yes
Loss of independent existence	<ul style="list-style-type: none"> Is totally and irreversibly unable to perform at least two out of five activities of daily living. 	Yes	Yes	Yes	Yes
Cognitive loss	<ul style="list-style-type: none"> Suffers total and permanent loss of intellectual capacity requiring continuous care and supervision. 	Yes	Yes	Yes	Yes

CRITICAL ILLNESS

This is a cover that will pay if the insured will suffer from any major diseases as listed in the policy. The payment will be in a lump sum and will be based on the sum insured. The payment can be used for any purpose.

The following is a sample of the diseases that are covered, however, it is important to note that there may be some variances between the different insurance companies and the actual list will be determined by the policy document of the different companies.

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|---|-----------------------------------|
| 1) Heart Attack | 11) Aortic Surgery |
| 2) Blindness | 12) Loss of Limbs |
| 3) Stroke | 13) Heart Valve Surgery |
| 4) Loss of Speech | 14) Major Head Trauma |
| 5) Coronary Artery Bypass Surgery | 15) Multiple Sclerosis |
| 6) Occupational HIV Infection (AIDS) | 16) Parkinson's Disease |
| 7) Cancer (including Breast Cancer) | 17) Paralysis |
| 8) Dementia (including Alzheimer's Disease) | 18) Aplastic Anaemia |
| 9) Major Organ Transplant | 19) Severe Burns |
| 10) Chronic Kidney Failure | 20) Loss of Independent Existence |

CHILD COVER

Child Cover is additional protection which can be taken out on children aged 2-15. The insurance will pay a lump sum in the case of the child suffering a major illness similar to the list shown under Critical Illness.

INCOME PROTECTION

This is a contract that protects the Owner of the Policy against the inability of the Life Insured to produce income as a result of sickness or injury. The Sum Insured can be up to 75% of the insured's income. The insurance payout will be paid on a monthly benefit basis during the disability period, after the waiting period and up to the end of the benefit period.

The waiting period is the period from the day the insured becomes totally disabled to the day that the insurance payout starts. The minimum waiting period is fourteen days and the policy owner can choose to extend this up to two years.

The benefit period is the period that the policy will pay the monthly benefit (the Life Insured must be totally disabled during that period). The minimum benefit period is two years and the owner of the policy can extend the benefit period up to a Lifetime with some Insurance Companies.

The above description is the core benefits of Income Protection there are additional ancillary benefits that can be add to the contract and the following is some more information.

The following is a sample of the ancillary benefits that are covered, however, it is important to note that there may be some variances between the different insurance companies and the actual list will be determined by the policy document of the different companies.

Enhanced Death Benefit

Pay a lump sum amount of six times your monthly benefit, subject to a maximum of \$60,000, should you die whilst on claim.

Nursing Care

If you are confined to bed during the waiting period – due to illness or injury – and a medical practitioner certifies that you need continuous care (from a registered nurse for more than 72 hours) you will be paid your monthly benefit for the period for which that continuous nursing care is required.

Specific Injury Benefit

If you suffer a specific injury as listed in the brochure (even if you are not totally disabled) you will be paid the monthly benefit, in arrears, for the specified payment period. Will only pay one monthly benefit at a time. Should you suffer more than one specific injury you will be paid for the longer payment period.

If you remain totally disabled at the end of the specific injury payment period, the terms for total disability will then apply.

Trauma Recovery Benefit

If you suffer from a trauma condition as listed, the monthly benefit will be paid, in arrears, for the specified payment period.

Immediate Family Member Benefit

Should you be confined to bed while you are totally disabled, and a medical practitioner certifies that you require care (and a member of your immediate family ceases employment to care for you) you will be paid up to an additional 50% of your monthly benefit. (Subject to a maximum payment of \$3,000 per month for a maximum of three months) This benefit is reduced by any amount paid under the "Special Care Benefit"

Special Care Benefit

Whilst you are totally disabled, you will be paid up to your monthly benefit, or \$2,000 per month, whichever is the lesser, should, as a result of your illness or injury, you be confined to bed and require the care of a registered nurse or housekeeper, as certified by a registered medical practitioner. This is paid in addition to your monthly benefit and is reduced by any payments made under the Immediate Family Member Benefit.

Accommodation Benefit

If you become totally disabled and a medical practitioner certifies that you must remain confined to bed and:

- you are more than 100km from your home
- an immediate family member is required to travel more than 100km from their home to be with you

then accommodation costs will be paid for your immediate family member up to \$200 per day up to a maximum of 30 days.

Rehabilitation Incentive Benefit

Will be paid the rehabilitation incentive benefit if:

- you participate in a rehabilitation program that is approved and make a successful return to work in either your own occupation or another occupation
- you have worked continuously for six months and you have not been entitled to benefits under this policy during that period
- this policy is in force at the time you become entitled to this benefit.

The amount to be paid is three times the monthly benefit at the time you become entitled to this benefit. This benefit will be paid once only during the life of the policy

Relocation Benefit

Will pay the relocation benefit once during a claim if you become totally disabled whilst outside of Australia, remain so for at least 30 days and return to Australia.

The cost of a single standard economy airfare by the most direct route to the airport in Australia nearest to where you reside.

Expenses actually incurred by you in changing previously made air travel arrangements.
Three times the monthly benefit.

No Claim Benefit

If for three consecutive years during the period of the policy, you have not become eligible to make a claim and your policy has remained in force, you will be paid a once only benefit, in addition to the monthly benefit when you go on claim.

Accident Benefit

If you are totally disabled due to an injury, for 14 consecutive days, you will be paid the monthly benefit from day one of the waiting period. This benefit is only available if your waiting period is 14 or 30 days.

BUSINESS OVERHEADS

Business overheads pay you an amount to meet your business expenses while you are unable to work due to sickness or injury. The cover operates similar to Income Protection however the benefits period is for 12 months and the waiting period can be 14 days or 30 days. The benefits are paid on expenses that have been paid.

What do I need to know about taxation?

Taxation on personal insurance can be a complex matter and it will depend on the type of cover taken and also the entity that has taken out cover as a policy owner.

For example, life cover taken out on a personal basis will have a different taxation than life cover taken out under superannuation or key person protection or funded buy/sell agreement or taken out by an employer. The difference will be for the treatment of premium and for the payout.

Another example is that there will also be a difference if the life cover is taken out to protect a key person or critical illness is taken out to protect a key person.

Considering the complication involved and the potential large tax consequences, we highly recommend that you consult your tax adviser before taking out any policy and also if you change or are in the process of claiming benefit.

Disclaimer and Warning

The information above is of a general nature only. It should not be used as a source to make financial decisions. It's also important to note that the legislation and figures related to this topic tend to change regularly and therefore the information above may not reflect the current status. We recommend that if you are looking for advice on this matter, you should contact [us](#).