

AN INITIATIVE BY KIMBERLEY JIYIGAS

WEALTH FOR PURPOSE[©]





Risk Management & Insurances

DISCLAIMER:

The information contained in this Presentation and the associated resources are for Educational and Informational purposes only.

The information is General only and does not take into consideration your personal objectives, financial situation and needs. It is not financial **advice**. Before making any personal financial decisions, you should consult a licensed financial adviser who is aware of the facts and circumstances of your individual circumstances.

This information has been given in good faith and has been derived from sources believed to be accurate at the time of presentation. However, Kimberley Birds cannot give any guarantee of reliability or accuracy as legislation and rules do change.





A “Safety Net” to Minimise Risk

- For my Family and Me
- For my Business

“Peace of Mind”



What is Insurance?

Insurance *transfers* risk from the insured party (you), to an Insurer, for the cost of premiums.

How would you or your family cope if something unfortunate happened?



How Does it Work?

Small premiums paid regularly by many people are pooled together, to pay the insurance claims made by a few people.



Again, why bother?

Insurance can reduce financial uncertainty, and makes accidental loss more bearable.



If *No Insurance in Place*....



.... Then you are **SELF-INSURING**

That means you are taking on the risks yourself.



A Brief Word on...

Business Insurances

- Public Liability
- Workers' Compensation

Other Examples

- Protect your business premises, equipment, stock
- Professional indemnity
- Technology & cybercrime
- etc

**Talk to Your
Accountant or
Business Coach**

A close-up photograph of a person's hand holding a thin, brown plant stem over a wooden tray. The tray contains several small, clear glass jars filled with a yellowish-green substance. In the background, there is a document with some text and a blue object. The overall scene suggests a laboratory or a botanical study.

A Brief Word on... Investment Risk

**Talk to a (Paid)
Financial Adviser**

- The “Sleep at Night” Test
- Know your own Investment Risk profile
- Asset Allocation
- Portfolio Diversification
- Dollar-cost Averaging



For Individuals:

5 Main Types of Insurances

- Motor Vehicle
- Home or Property Insurance
- Health Insurance
- Life (Death) Insurance
- Disability Insurance



Motor Vehicle Cover

1

Third Party –
Property Damage

2

Third Party –
Fire and Theft

3

Comprehensive
Cover, and...

4

...Compulsory Third Party
Insurance (CTP)

*Part of vehicle registration -
“Compensation for people who are
injured or killed when your vehicle is
involved in a road accident”*



RAC Breakdown Cover

If you don't have Roadside Assistance, you can still call RAC and join on the spot.

Out of Range?

Flag someone down and ask them to contact RAC with your Name, Vehicle Details and Rough Location.



Crashes and breakdowns when you're far from home



For the better



Cost Example?

\$45,000 Toyota Landcruiser Prado

Comprehensive Cover	\$54 p.f.
Third Party - Fire and Theft,	\$32 p.f.
Third Party - Property Damage, and	\$10 p.f.
Compulsory Third Party Insurance (CTP)....	INCLUDED

Included as part of vehicle registration - “compensation for people who are injured or killed when your vehicle is involved in a road accident”

Home & Contents



EXAMPLE



Home (Building) Only



Contents Only

\$30,000 contents:

Premium \$22 p.f. ("Excess" \$400)



Home and Contents

\$315,000 Building & \$100,000 Contents:

Premium \$65 p.f. ("Excess" \$500)



Landlord's Insurance



Personal Valuables

Private Health Insurance

What is it?

Hospital treatment under Medicare is free.

With **Private Health Insurance** you can choose a specialist, reduce waiting periods, or cover extras like dental, physiotherapy and chiropractor care costs.

Note: “gap” payments

Example of Costs? : Single (with full extras) \$106 p.f.





For Individuals:

5 Main Types of Insurances

- ~~Motor Vehicle~~
- ~~Home or Property Insurance~~
- ~~Health Insurance~~
- Life (Death) Insurance
- Disability Insurance



Personal Risk Insurances

Also Available
in Super?

- Life (or death) Cover ✓
- Total & Permanent Disability ✓
- Income Protection (or salary-continuance insurance) ✓
- Trauma Cover (Critical Illness) ✗

GOOD TO KNOW !!!

If you have a Superfund with even a “Small Balance”,
Valuable Default Insurances could be attached.

Example?

25 year old Super Balance of just \$7,000

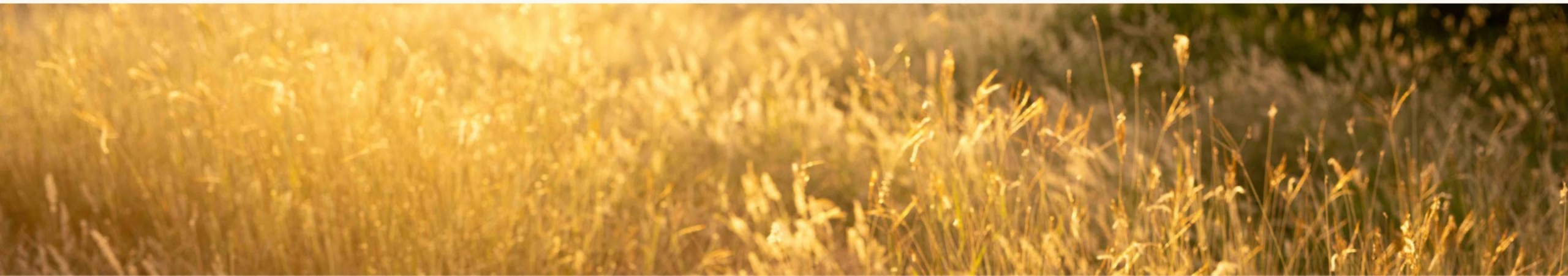
Default Insurances attached - Death/TPD \$150,000.

TOTAL BENEFIT could be **\$157,000** So

Complete a Death Nomination attached to your Superfund!



IT'S EASY
&
FREE!



Caution on Super Insurance...

- New? If you are under age 25, or your account balance is under \$6,000 ... you will have to *specifically opt-in* to be able to qualify for Automatic (default) Insurance

AND

- Dormant Accounts? your insurance *could be cancelled*, if your account hasn't received contributions for at least 16 months





Personal Risk Insurance

- Except for Critical Illness, cover can be *inside* or *outside* super
- Inside super, cover usually at Default levels with basic terms only (cheaper)
- Premiums paid from your super balance (or if held outside super, then paid from your own money)
- Yes, you can apply for *more* cover
- Applications are detailed, and you must be 100% honest



Personal Risk Insurance

continued...

Life (or death) Cover

Cover can be outside or inside super

- Paid on Death
or
- 2 x Medical diagnosis of Terminal Illness
(death within 24 months)
- Paid to the Super Account
(added to the balance)
- Balance paid to nominated beneficiary



Personal Risk Insurance

continued...

Total & Permanent Disability “TPD”

- Any Occupation “Total” =
“a person is unable to engage in gainful employment in any occupation for which the member is reasonably qualified by education, training or experience”
- “Permanent” =
after 3 months in a row, your injury or illness means that you’re **incapable of ever working** in any job that (see above)



Personal Risk Insurance

continued...

Income Protection (or Salary-Continuance)

- *Temporary* support if you are ill or injured, and cannot work for some time
- Usually paid monthly (in arrears)
- Protects part of your taxable income
- All policies have:
 - ✓ Waiting Period - e.g. 30, 60, 90 days
 - ✓ Benefit \$\$\$ - e.g. \$3,000 per month
 - ✓ Benefit Period - e.g. 2 or 5 yrs to age 65



Personal Risk Insurance

continued...

Trauma Cover (Critical Illness)

What is this?

Payment of a lump sum (e.g. \$50,000) upon diagnosis of the covered conditions (cancer, stroke, heart attack etc...).
No other questions are asked. e.g. ~~“Can you work?”~~

Why it's *not* popular?

Outside super, not tax-deductible, claims are likely so can be 'expensive'e.g. \$50 p.f. for \$100K of cover

So

How do I know how
much insurance
cover I need?





What do I Need?

Consider:

- What debts do I have?
- Who depends on me?
- How much money does my family need to maintain a reasonable lifestyle?
- Are some insurances already in place?
- Am I prepared to “self-insure”?
- Can some assets be sold?
- Bottom line: If something “horrible” happens, what position would I like me/my family to be in?

NOTE:

Are premiums depleting your superfund's balance?

An option could be:

Apply for the levels of cover you need

.... and then

Salary-sacrifice (before tax) to cover the insurance premiums

*** Default Cover sometimes reduces with age. If you still need the cover, you can apply to stop this from happening.



A Final Word About Risk?



Delays, legal fees and poor planning can cause confusion and stress for you and your family.

These put at risk the benefits of all your hard work.

So

Make sure **YOUR WISHES** are known, and carefully written down.