

The Top 5 Myths of Insurance

(and how to not get caught in the hype!)



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The Top 5 Myths of Insurance *(and how NOT to get caught in the hype)*

#1 Myth – “Life insurance companies do not pay claims!”

This is probably the biggest life insurance myth and is not based on any evidence! Life insurance companies pay in excess of 97% of all claims made in Australia. What about the other 3%? Most of the claims not paid were due to major non-disclosure of medical history in the application. To ensure that your life insurance claim gets paid, ensure that you disclose your medical history properly.

#2 Myth – “If I’ve ever had an illness I cannot get cover!”

It is true that life insurance companies underwrite medical (and in some cases occupational) history. This is not to find a reason to decline people cover, rather to get the information required to offer cover! The life insurance industry has moved leaps and bounds in the last decade and pre-existing illnesses that once made a person unable to obtain cover, are now not considered as serious by an insurer.

#3 Myth – “I don’t need life insurance!”

If only we were all in that situation, but the reality is normally quite different. Life Insurance provides a capital amount on death; it can be used to pay off debt, pay for funerals, and to be used to provide an income for family left behind. Could your family source the funds needed immediately for funerals? Could they continue to pay the mortgage?

#4 Myth – “Life insurance is very expensive!”

The myth that life insurance is expensive is more individual notion as its value is different for everyone. But let’s compare the cost of life insurance compared to other types of insurance. A typical car insurance quote for a 40 year old male to insure a car valued at \$19,000 (comprehensive car insurance) costs around \$600 p.a. That same premium will get that same male around \$850,000 life insurance cover!

#5 Myth – “I can just put money away in the bank instead!”

If you can save enough for your family for them to be financially secure on your death then you likely do not need life insurance. However, let’s look at the life insurance vs. car insurance example above. If he saved \$600 a year it would take 1416 years to save \$850,000! What about saving enough in 20 years? He would have to save \$42,500 a year! Life Insurance is a cost, but a much lower cost to obtain financial protection than other means!

What is the next step?

These MYTHS sound familiar right? They are probably not even too different to what you have had in your mind as well.... So what do you think now? Feel a bit more at ease? Any clearer? The most important thing is to get the fact and take the mystery out of your financial protection. Most people are surprised how financially exposed they are and the right life insurance policy at the right price can be critical at the time of need.

If getting the right advice for your situation is what you want but has been tough, schedule a FREE ‘Financial Health Check’ by following the link below. Together we can get crystal clear about exactly where you are at, what you need and the steps you need to take to get you there. let’s fix this once and for-all!

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