

Insuring

FAMILY CHALLENGE

This fact sheet looks at how you can protect yourself from risk. It can be used:

- as a discussion starter with friends or family
- for self-reflection to check how much you already know and where to find more information.

We face risk every day. People usually think of risk only as involving physical dangers. In reality, risk affects all aspects of everyday life. Insurance can help to protect you from risks and from financial loss when things go wrong.

1. Types of insurance

Regardless of insurance provider or policy name, types of insurance fall into a number of broad categories (*note, this list is not exhaustive*):

- Car and vehicle insurance can include a range of different policies to cover cars, motorcycles, caravans, boats, trailers and more, as well as damage caused to persons and property by cars and vehicles.
- Home insurance can include a range of different policies covering the actual property and its contents.
- Travel insurance generally covers a range of travel risks including flight cancellations, theft, baggage loss or damage and trip cancellation.
- Pet insurance generally covers your pet for a range of injuries and illnesses, from minor problems such as ear infections and bee stings to major conditions such as broken bones, diabetes and cancer.
- Public liability and indemnity insurance generally covers businesses against claims of personal injury or damage to property that a third party suffers.
- Life and income insurance generally protects your income and your family. Life insurance can help to cover major financial commitments, such as a mortgage or personal debts if you were to pass away or become terminally ill. Income protection is designed to help you meet your financial commitments if you're unable to work for a period of time due to serious injury or illness.
- Consumer credit insurance generally protects your loan and other credit repayments, should you be unable to meet them due to disability or death. It is usually offered to you by the lender when you take out a loan.

2. Strategies for ensuring you are adequately insured

There are some simple steps to take control of your insurance:

- **MAKE THE CHOICE THAT IS RIGHT FOR YOUR NEEDS**
Insurance policies cover very specific sets of conditions, with many different variations and options. You should examine the policy you are considering carefully and compare it with available options to ensure it suits your needs. When choosing and taking out an insurance policy, check the details and fine print to make sure that the policy covers what you need it to. For example, if the home and contents insurance policy you are considering excludes flooding and you wish to be covered against that risk, you need to keep shopping around.
- **INSURANCE IS NOT THE SAME AS A BANK ACCOUNT**
Money that you pay to an insurance company provides you with coverage as detailed in your agreement with the insurer. Provided that claims are within the terms of your insurance policy, you can claim for events that are covered by your policy. You cannot withdraw your money from an insurer as you do from a bank account.



- **CHECK YOUR EXCLUSIONS CAREFULLY**
Exclusions outline the events that your insurance policy will not cover you for. It is very important to take into account any exclusions when choosing an insurance policy.
- **ALWAYS PAY ATTENTION TO YOUR PRODUCT DISCLOSURE STATEMENT (PDS)**
The PDS details all the contractual obligations of your insurance policy. It is imperative that you check these, as they bind both you and your insurer to these arrangements.
- **SHOP AROUND**
It's a good idea to research at least three different insurance providers for the insurance policy you are considering and carefully compare the details of each policy.
- **PAY YOUR PREMIUM ON TIME, EVERY TIME**
Regardless of the payment method you choose, make sure you pay your insurance policy premium on time. Missed or late payments can leave you vulnerable and potentially not covered.
- **REGULARLY REVIEW WHETHER YOU ARE GETTING THE BEST DEAL**
Make time to regularly check your insurance policies to see if you are getting the best deal.
- **LOOK AT YOUR RISKS CAREFULLY AND DECIDE WHAT RISK YOU ARE WILLING TO ACCEPT AND WHAT YOU WISH TO INSURE AGAINST**
When investigating what insurance is right for you it is important to take stock of your situation and make informed, considered decisions on what is best for you. For example, if you own and live in your own house, your insurance needs are going to be different to someone who is renting an apartment.

POLICY	A legally binding contract between the insurer and the policyholder which details the terms and conditions of the policy.
PREMIUM	The amount of money you pay to your insurance company in return for the insurance company's promise to cover you for specified events.
EXCESS	An amount of money (your contribution to the cost of the claim) you agree to pay to an insurance company when making a claim.
LAPSED POLICY	Occurs when there is non-payment of a premium by the due date (or within the grace period) and the policy is cancelled.
GRACE PERIOD	A specified period of time after the insurance premium due date has passed but the policyholder is still able to pay the amount owing without losing cover.
PDS	The Product Disclosure Statement includes information about the product key features, benefits, risks, fees and significant characteristics.

3. Power words for insuring

Understanding and being able to use these words will provide you with more power to make informed decisions on personal insurance needs.

EXCLUSION	An event that your insurance policy does not provide cover against.
-----------	---

4. Need more help? Want to know more?

- A wide range of [information on insurance](#) is available on the Insurance Council of Australia's Understand Insurance website.
- See also ASIC's MoneySmart website for general [information about insurance](#).
- Access a product comparison website to [compare the insurance](#) products you're interested in.

