

canberra times: q&a

Q 1: Last week you wrote about the personal insurance cover people should consider. Do you have some information to give some reassurance that the insurance companies do actually pay legitimate insurance claims?

B.F., Holder

A 1: It is a common concern – whether the insurer will actually payout when we want them to. The facts are that it is good business to pay claims. Here are some published statistics for the insurance company TAL (formerly Tower) for the 2011 calendar year to show a detailed example of actual claims paid by just one life insurance company, which total \$565 Million for the year:

Life Insurance (Death Cover) –

- 50% of all claims amounting to \$300 Million paid out.
- Youngest person claimed age 21, oldest person claimed age 100
- 32% paid out for Cancer, 20% for Heart Disease / Stroke, 2% paid out for Accident
- Claim examples – Female Accountant age 50, \$1,430,532 payout due to Cancer
- Male Carpenter age 22, \$55,043 paid out due to Kidney Disease
- Female Nurse age 54, \$840,325 paid out due to Heart Attack
- Female Pharmacist age 58, \$1,575,000 paid out due to Liver Failure

Total & Permanent Disablement (TPD) Insurance –

- 8% of all total claims amounting to \$75 Million paid out.
- Youngest person claimed age 33, oldest person claimed age 64
- 27% paid out for Musculoskeletal, 9% for Cancer, 9% paid out for Heart Disease / Stroke
- Claim examples – Female Administration Manager age 42, \$1,653,750 payout due to Paralysis
- Male Manager / Executive age 42, \$842,758 paid out due to Depression
- Male Builder age 33, \$1,050,000 paid out due to Bowel Cancer
- Male Pilot age 56, \$787,500 paid out due to Blindness

Trauma Insurance –

- 2% of all total claims amounting to \$43 Million paid out.
- Youngest person claimed age 31, oldest person claimed age 67
- 63% paid out for Cancer, 29% for Heart Disease / Stroke, 2% paid out for Neurological Disorders
- Claim examples – Female Bookkeeper age 52, \$781,385 payout due to Thyroid Cancer
- Female Teacher age 49, \$566,488 paid out due to Breast Cancer
- Male Real Estate Agent age 51, \$1,987,883 paid out due to Heart Attack
- Male Carpenter age 57, \$722,901 paid out due to Heart Disease

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Income Protection –

- 40% of all total claims amounting to \$145 Million paid out.
- Youngest person claimed age 20, oldest person claimed age 70
- 41% paid out for Musculoskeletal, 16% for Cancer, 12% paid out for Mental Health
- Claim examples – Male Farmer age 43, \$13,077 pm payout due to Lung Disease
- Female Accountant age 58, \$9,963 pm paid out due to Breast Cancer
- Male Manager / Executive age 29, \$6,753 pm paid out due to Brain Injury
- Male Bricklayer age 28, \$4,176 pm paid out due to Lower Back Injury

Phil Thompson is a certified financial planner and authorized representative of Rise Financial Pty Ltd (ABN 86350987645), AFSL 311718, an Approved Financial Planning Association Professional Practice. Answers should be used as a general guide only and professional advice should be sought before making investment decisions.

Send your financial questions to phil@risefinancial.com.au