

Total and Permanent Disability Insurance



WHAT IS TOTAL PERMANENT DISABILITY INSURANCE?

Total and Permanent Disability or TPD covers you against a permanent disability arising from illness or injury that prevents you from working again in your lifetime.

In most cases Life and TPD covers will be linked so that you are paid a cash lump sum on the first to occur. The amount of TPD cover is usually limited to the amount of life cover that has been purchased. Stand-alone TPD can be purchased if life Insurance is not required.

Worldwide protection is also offered by insurers which will cover you anytime, anywhere in the world.

WHY DO YOU NEED TPD

TPD protects both you and your family from financial loss or hardship in the event of a serious injury occurring which results in you being unable to work for the rest of your lifetime. In such cases, things like meeting debt obligations and continuing to meet living expenses become hard to achieve and coupled with ongoing medical fees and care that will be needed to be paid for and it can be a really scary thought for most people. TPD pays a lump sum which can be used by you and your family to help meet these requirements in the case of a total disablement.

It is important to note that TPD doesn't cover temporary disablements or medical conditions where you will be able to eventually return to work.

HOW MUCH COVER DO I NEED?

Your need for Insurance will very much depend on what stage in your life you are at. Those with mortgages or a young family are a lot more vulnerable to a loss of income as a result of an unexpected injury or illness and will usually need more cover compared to someone who is embarking on retirement with a number of assets that can be used to pay off liabilities and who may not need to protect a young family anymore.

Some things to be considered when calculating what your insured amount should be include:

- Age
- Income
- Debt
- Any dependents and associated expenses
- Debts that occur from illness
- Your assets
- Any existing cover you may have

WHO ARE THE BETTER PROVIDERS?

The better providers to take out policies with are the providers who complete medical underwriting at the time of the application. This ensures that there are no surprises when the time comes to claim on a policy.

TYPE OF COVER WHAT TYPE OF COVER DO I NEED?

Under your policy you can be covered for your own occupation, any occupation, home duties and a modified TPD policy can also be an option.

The definitions of each can be found below:

- An 'own-occupation' insurance policy covers individuals who become disabled and are unable to perform the majority of the occupational duties that they have been trained to perform.
- An 'any occupation' covers you when you are permanently disabled and cannot work in any occupation you are suited to by education, training, or experience. This will genuinely entice a lower premium cost than the 'own occupation' policy option.
- A 'home duties' policy offers cover for people who perform unpaid domestic duties in a full-time capacity. If the insured person is permanently unable to perform their home duties due to illness or injury, a lump sum benefit will be paid.
- A 'modified TPD' policy pays out a lump sum benefit in the event that through accident or sickness the individual is constantly and permanently unable to perform at least two of the activities of daily living without assistance.

The following table shows the recent TPD claims paid out:

Sex	Age	Occupation	Years in-force	Sum Insured	Cause of Claim
Male	58 years	Manager - Car Sales	6 years	\$600,000	Depression
Female	44 years	Nurse	12 years	\$105,000	Spinal Cord Compression
Female	42 years	Computer Programmer	8 years	\$721,000	Arterial Occlusion
Female	51 years	National Parks Ranger	2 years	\$149,000	Metastatic Cancer
Male	54 years	Carpenter	5 years	\$515,000	Lumbar Spine Disc Prolapse

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Totals Paid Per Product

Product:	Term	TPD	Trauma	IP/BEX	Total
\$ Paid	4,050,608,290	1,720,887,618	784,112,922	2,649,308,406	9,204,917,236
Number of claims	24,079	16,073	4,309	63,580	108,041

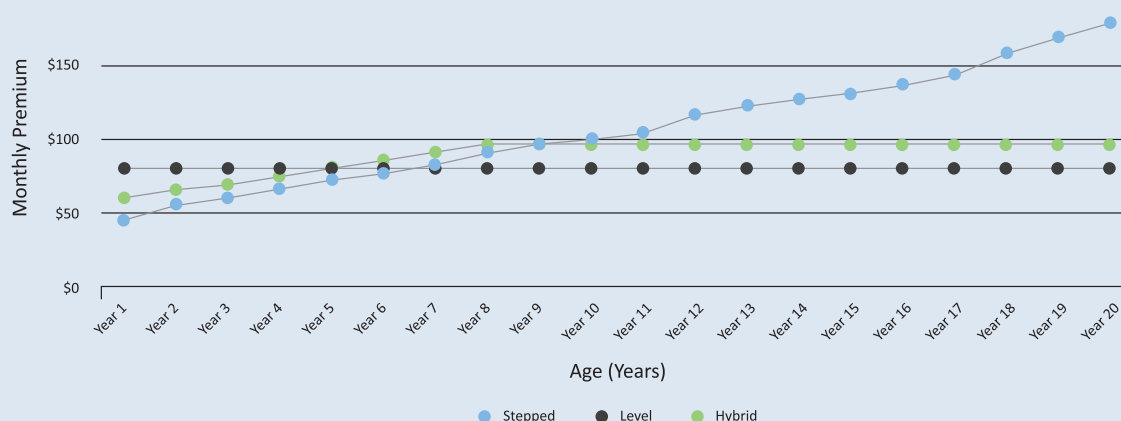
Average Lump Sum Paid Per Working Day

	Term	TPD	Trauma	IP/BEX	Total Per Day
Average \$ per working day	16,202,433	6,883,550	3,136,452	N/A	26,222,435
Average number per working day	96	64	17	N/A	177

HOW MANY INSURERS ARE OUT THERE?

There are over 50 Insurers within Australia for which we have access to all of them in order to find you the best policy to meet your needs.

The table below from life insurance direct shows the difference in premiums paid over time between the 3.



PREMIUM STRUCTURE

Premiums are usually paid in 1 of the 3 following ways – either a stepped premium which increases each year, a level premium which consists of a consistent payment each year typically to the age of 65, and a hybrid premium which is only available through a small number of insurers and combines both the level and stepped premiums.

- The stepped premium continues to increase each policy anniversary date due to becoming a year older and ultimately closer to your date of death and more likely to suffer an injury or illness.
- The level premium is initially dearer although remains the same year in year out (minus CPI increases that you can decline if desired).
- The level premium is a hedge against inflation.
- Considering the level premium remains constant this of benefit for cash flow purposes
- By opting for the level premium, you will lock in the premium rate until age 65
- Generally, the level premium option will work in your favour from a cost analysis if you intend on owning the cover for an extended period of time