

Why get life insurance?

Wondering why one might consider taking out life insurance? We look at some of the common reasons for buying this type of insurance.

Providing a safety net for your loved ones

One of the main benefits of life insurance is that it can help protect people who financially depend on you, such as your family or business partners, if something were to happen to you. When you die, or if you become ill or injured and unable to work, insurance benefits can help replace your earnings and cover essential day to day expenses.

Flexibility for your needs

Life insurance is more than just death cover – when taking out a life insurance policy, you can tailor a range of cover options to suit your individual circumstances. There are different types of cover including income protection, trauma and total permanent disability (TPD).

There're also optional extras you can add to your policy, such as cover for a child or for your business.

Earlier may be better

If you're thinking of taking out life insurance, you may want to consider doing so at a younger age, as you may potentially be eligible for lower premium rates. If your policy is underwritten at age 35 rather than 55, you are likely to have less health conditions that could affect the cost of your premium. While your rates will still go up over time, it's possible that you would pay less overall for your policy.

Planning for the future

While it may not be pleasant to dwell on the possibility of serious illness, injury or death, it's also important to make sure that if the worst happens, your family can be looked after and are less likely to worry about financial issues. If you are someone that likes to plan ahead, life insurance may form an important part of conversations you have with your loved ones about what would happen in the event of a tragedy.

Support in stressful times

Did you know that if you are diagnosed with a terminal illness, you can access your life insurance benefits before your death? This could help you and your loved ones to pay medical expenses and support your quality of life when you're no longer able to work. It's another benefit that you may want to factor in when you're thinking about taking out life insurance.

Leveling up your protection

Most people in the middle of their working lives would already be paying for life insurance through their super. But you may wish to consider taking a closer look at your default insurance cover to check if it meets your needs. According to the Financial Services Council's 2022 Australian Underinsurance Report, 1 million Australians are underinsured for death and TPD cover, while 3.4 million are underinsured for income protection.¹

Ensuring you have enough cover to leave your family in a comfortable position may be another reason you may wish to consider buying life insurance. A financial adviser may be able to help you assess what types of cover are best for you.

