

How to get life insurance

If you're considering taking out life insurance for the first time, there are a few things you may want to know about the process.

Firstly, before you buy life insurance it's a good idea to take stock of your financial situation. For example, think about how prepared you would be financially if you needed to support yourself and your family in an emergency. Also consider what key costs would need to be covered if you could no longer work, such as a mortgage, supporting children or keeping a business running.

You may wish to consider whether to go through this process with a professional adviser, to help you work out exactly how much cover you will need.

Secondly, you may wish to consider the type of life insurance you need. There are different kinds of policies that cover you for many situations, not just in the event of your death – these include income protection, total permanent disablement and trauma insurance.

The type of cover you wish to obtain will determine how much you will pay for your insurance.

Where do you want to buy your life insurance?

In Australia, there are three different ways you can take out a life insurance policy.

- **Through your super fund** – Most working adults would have a default level of life cover offered through their super fund, although exceptions are in place for younger workers and those with a low super balance. It's worth investigating what type of cover you may already have through super, and which cover levels you may wish to consider increasing.
- **Through a financial adviser** – Taking out life insurance through a financial adviser can help you select a policy that fits with your broader financial goals and circumstances. An adviser can also make sure you are regularly reviewing and changing your cover if you need to, as you go through different life stages.
- **Directly through an insurer** – You can also purchase life insurance directly by contacting an insurer who provides direct insurance. There are also many comparison websites available online which may provide information between different insurers and their products.

The life insurance purchase process

Prior to taking out life insurance, if you are buying a policy through an adviser or directly, you will need to go through an underwriting process. This is where you'll be asked some questions about your health and lifestyle so the insurer can understand the risks of insuring you, whether to offer you insurance and how to price your policy.

Factors such as your age can make a significant difference to how you are assessed during the underwriting process. You may also need to undergo basic medical or blood tests as part of your application.

You will need to answer the insurer's questions as accurately as possible. If you leave any relevant information out, your insurer could deny your claim down the line.

After you've taken out life insurance

Life insurance is not a 'set and forget' product – you may wish to reassess your insurance every few years as your financial circumstances change, such as if you have more children or take on a bigger mortgage.

You may wish to consider discussing these issues with your adviser to determine if you need to upgrade your cover, including what would happen if you or your family members need to claim on your policy, including understanding what documents you would need to have on hand, and how long it may typically take for an insurer to process your claim.

If you have any further questions on your policy or are looking to take out life insurance, you may consider having a chat with a financial adviser today.

