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The value of advice in life insurance

Insurance cover means more when it's shaped by someone who understands your story. A financial adviser can help you cut through the confusion, because the right cover should be built for your life and for those closest to you.

Life insurance isn't something most people feel confident choosing on their own. There are different types of cover, different ways to get it, and a fair bit of fine print. Some people have insurance through their super without knowing what it covers, while others have none at all or don't know where to start.

That's where a licensed financial adviser can make all the difference. They can help explain your options, avoid common mistakes, and guide you in finding the right insurer to build a protection plan that suits your needs - not just a one-size-fits-all solution for the average Australian.

Understanding life insurance: Why the fine print matters

Life insurance can protect your income, your family and your financial future - but only if it works the way you think it will. The details matter more than most people realise. It's important to know, for example:

- Is your policy actually owned by you, or by your super fund?
- Will it cover your specific job if you can't work?
- Are serious illnesses like cancer, heart attack or stroke included?
- Will your claim payment go to the right person?

Nearly half of Australians don't hold life insurance cover and have no plans to.¹ Many rely on default cover through super, but this often falls short, especially for families or mortgage holders.

That's why financial planning advice is so important as it helps you to understand what you have, what's missing, and how to fix it, in plain language.

Types of life insurance

An adviser can help you figure out which of these might be right for you:

- **Life Cover**
A lump sum paid to your nominated beneficiary if you pass away.
- **Total and Permanent Disability Cover**
Pays if you are disabled and cannot work again.
- **Trauma Cover**
Pays if you're diagnosed with a serious condition like cancer or heart disease.
- **Income Protection**
Replaces a portion of your income if you are ill or injured and cannot work temporarily.

These are the core types of cover used in Australia.² Choosing the right mix depends on your goals, income, dependants, and health — all things a financial adviser can help you weigh up.

The way you purchase life insurance can alter how it operates

Where you purchase it	What you might experience	Areas for consideration
Through an online platform or direct website	May appear quick and easy to apply, but often only comes with basic and may include automatic exclusions.	May offer limited and commonly exclude key medical conditions, making the claims process more challenging.
Through your super fund	Cover is often provided automatically at default levels and tends to be limited in flexibility of options.	May not meet your specific needs and those of your family. Due to superannuation laws, policies may have more limited definitions and benefit payments are subject to certain requirements. Additionally, paying premiums from your super account may reduce your long-term retirement savings due to superannuation laws.
Through a financial adviser	An adviser will be able to help you choose a cover that is fully tailored to your needs and thoroughly explained.	Will require you to provide detailed medical and occupational information as part of your application. However, this means that the terms of your cover and pricing will often be specific to your situation, and making a claim may be more streamlined.

Retail life insurance, typically accessed through financial advisers, tends to have more comprehensive conditions and definitions with higher-quality and flexible terms than online, direct or group policies (held within super).³

How a financial adviser can support you

When it comes to setting up life insurance, a good financial adviser:

- explains your options in a way that's easy to understand
- chooses quality insurance products with up-to-date definitions and competitive pricing
- can guide you to structure your insurance covers tax-effectively — in or outside super
- regularly reviews your insurance so it stays relevant
- supports you (or your family) if you need to make a claim.

Advisers in Australia are held to strict professional standards – including 40 hours of continuing professional development each year, a Code of Ethics, and oversight by regulators like ASIC and the Financial Adviser Standards and Ethics Authority. This ensures the advice you receive is current, accountable, and tailored to support decisions that protects your future.⁴

You are not alone in this – that's where professional guidance makes all the difference

You're not expected to become a life insurance expert overnight. That's what financial advisers are for. They ask the right questions, explain the details, and give you confidence that what you're setting up today will be there tomorrow — if life throws something unexpected your way.

References

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- 2 Moneysmart (ASIC). *Types of Life Insurance*. [moneysmart.gov.au/how-life-insurance-works/types-of-life-insurance](https://www.moneysmart.gov.au/how-life-insurance-works/types-of-life-insurance)
- 3 Canstar. *Compare Life Insurance Policies in Australia* (2025). [canstar.com.au/life-insurance/compare/best-life-insurance/](https://www.canstar.com.au/life-insurance/compare/best-life-insurance/)
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