

CRISIS PROTECTION INSURANCE

How much will it cost?

The broad cover offered by crisis insurance and the high incident rate of the conditions covered means that the cost is generally greater than life insurance.

The total cost, however, will depend on the level of cover you need, as well as other factors such as your age and medical history.

What happens if I die?

Crisis protection is designed for the specific purpose of providing benefits for survival, and is not designed to replace life cover.

Crisis protection, however, is normally offered with a built in life cover component so that all major risks can be covered under one policy. For those who wish to keep their crisis protection completely separate, it is possible to purchase "stand alone" cover without a life insurance component.

Does this cover my whole family?

The nature of crisis protection insurance is based around the specific risk factors for each individual insured. For this reason each policy can usually only insure one person.

Quality check

Some policies will allow you to provide cover for your children. Check with your adviser to see if the policy you are considering allows for crisis protection for children.

How do I arrange the right plan?

Applying for crisis protection is simple if you get the right advice. The first step is to talk to a financial adviser about how to assess your needs and what type of cover will suit you best.

From there they can provide assistance in comparing the relative merits of various policies. Finally, they will help you implement your plan by guiding you through the application and assessment process and ensuring all relevant disclosures and evidence are supplied to your insurer.

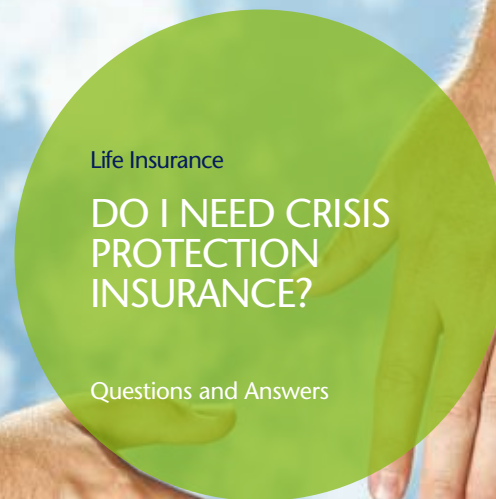
- 1 Australian Institute of Health and Welfare, Cancer in Australia 1998
- 2 Australian Institute of Health and Welfare, Heart, Stroke and Vascular diseases Australian facts 2001
- 3 Fabrizio & Gratton 1994 "Pricing Dread Disease Report"

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T3011/V002



Life Insurance

DO I NEED CRISIS
PROTECTION
INSURANCE?

Questions and Answers

PROTECTION
+ ASSURANCE



CRISIS PROTECTION INSURANCE

TOWER has developed this guide to provide you with some information to help determine whether you should obtain crisis insurance.

We have attempted to make this analysis simple and to the point, so that you can make an informed choice. It covers some important issues and answers questions such as:

- what is crisis insurance?
- why do I need it?
- what am I covered for?
- how much cover do I need?

What is crisis insurance?

Crisis insurance offers financial protection in the case of one of life's major catastrophes: a medical trauma.

Crisis insurance is sometimes referred to as a means of insuring your lifestyle, since the lump sum benefit is often used to support major lifestyle adjustments that are either forced upon you, or are desired by you when a serious medical trauma strikes.

Quality check

Apart from providing cover for specified trauma conditions, a good policy will also offer protection against death and total and permanent disability. Check the policy you are considering to see whether or not this is an option.

Why do I need it?

No one is immune to traumatic medical conditions, whether it is illnesses such as heart attack and cancer, or accidents which can result in major trauma.

We can take preventative action against some traumas, such as living a healthy lifestyle, yet others are purely dependent on chance. Even the healthiest and most careful person cannot totally quarantine themselves against the threat of trauma.

While there is no way to guarantee that you will never suffer a traumatic condition, there is a way to help protect your financial wellbeing and security if trauma occurs.

Crisis insurance offers a simple and cost effective way of doing this.

What if I'm not working?

Unlike income protection insurance, crisis insurance can be put into place for anyone who satisfies the medical, occupational and lifestyle criteria required to effect a policy. It is not dependent on earning an income.

What am I covered for?

Crisis insurance offers a high degree of predictability in terms of what you are covered for because the medical conditions covered are carefully defined in the policy. This ensures that cover is well targeted to conditions that:

- will require a significant degree of lifestyle change
- may prevent you from carrying on your occupation
- will require highly specialised or ongoing medical treatment.

Quality check

A good policy is likely to pay a portion of the benefit in advance upon diagnosis of degenerative diseases, with the remaining benefit being paid once the full medical definition has been satisfied. Look for a policy that has the provision to pay benefits upon diagnosis of long term medical conditions.

What if I just continue taking my chances?

The likelihood of suffering a medical condition that could result in a claim is best highlighted by examining the facts.

- Each year approximately 350,000 new cancer cases are diagnosed.¹
- 1 in 3 men and 1 in 4 women are expected to be directly affected by cancer before age 75.¹
- 1 in 11 women are likely to develop breast cancer.¹
- 1 in 2 men and 1 in 3 women aged 40 are at risk of having a coronary heart disease at some time in their future life.²

Better survival rates are increasing the need for cover

One of the reasons for the increasing popularity of crisis insurance is the improving survival rate from major medical conditions.

Advances in technology and medical science mean that many conditions which used to cause death may now result in survival - often for extended periods or even normal life expectancy.

One report indicates that males and females aged between 30 and 64 who suffer a critical condition have an 82% to 95% chance of survival.³

This improvement actually increases the need to make sufficient provisions for maintaining lifestyle and financial independence.

Am I covered through my employer's superannuation fund?

Many people feel reliant on their superannuation fund to provide risk protection. The truth is that most superannuation funds do not provide crisis protection, and in most cases it is only available outside of the superannuation environment.

How much cover do I need?

In determining a reasonable amount of cover, there are several issues which need to be considered. For example, you may wish to consider the following:

- Immediate care – if you were to suffer a major medical crisis, would you want funds available to seek alternative, or more specialised treatments that may be outside the scope of health insurance?
- Employment – would you want to continue working full time following recovery, or would you prefer to reduce or even give up work to focus on your health?
- Ongoing needs – would your condition require additional funds to cope with the increased costs of living, such as rehabilitation equipment or specialised therapies?
- Transport and housing adjustment – would expensive modifications need to be made to your home, or specialised transport vehicles purchased as a result of your condition?
- Lifestyle changes – would you want funds to make lifestyle investments, such as overseas holidays or a holiday home to help relieve stress?
- Debt cancellation – would you want to pay out a mortgage or other debts to ease pressure on your immediate financial situation?