

Little book of advice concepts.

Making it easier to sell insurance

CommInsure



Important information

CommInsure is a registered business name of Commonwealth Insurance Limited ABN 96 067 524 216 AFSL 235030 (CIL) and The Colonial Mutual Life Assurance Society Limited ABN 12 004 021 809 AFSL 235035 (CMLA). CIL and CMLA are both wholly owned but non-guaranteed subsidiaries of the Commonwealth Bank of Australia ABN 48 123 123 124. The issuer of Home, Contents and Car insurance is CIL. Personal Insurance Portfolio is issued by CMLA. Product Disclosure Statements (PDSs) describing these products are available at comminsure.com.au. You should consider whether or not the product is appropriate for you and consider the relevant PDS in deciding whether to acquire the product. CommInsure can be contacted by phone, our web site or you can write to us. You pay us premiums or fees for the products that we provide to you. We do not charge you any additional fees for the products that we provide to you with any general advice. Employees of CommInsure who provide a service do not receive specific payments or commissions for the giving of that service but do receive salaries. Bonuses and other benefits may also be paid to employees.

Welcome

We all know how important it is for you to provide an accurate and all-inclusive protection plan for your client, no matter what their situation.

That's why we developed this little book of advice concepts. It's a quick guide that can help you prepare protection advice for your clients.

In it you'll find valuable sales tips, statistics and useable facts, as well as case studies that show how valuable insurance can be.

We hope you find it useful.

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PROSPECTING

How do you find clients?

One of the best ways to prospect or seek referrals is during the claims process. If you have a client who is on claim for Income Protection, Trauma or TPD get involved in the process. This is a great time to remind the client of how valuable your advice is and how you can help other people the claimant may know. Asking people for names, or better still getting the claimant to introduce you to potential clients, has incredible pre-positioning because the claimant is a living example of the benefits of insurance. So, remind clients to call you when they need to make a claim.



One of the easiest ways to find new clients is to focus on your Centres of Influence. These are established networks of businesses and people who can lead you to prospective clients.

Centres of influence

Here are some **Centres of Influence** you may want to focus on.

CENTRE OF INFLUENCE

New residents in your area

- 1 Real estate agents
- 2 Newsagents
- 3 Furniture removalists
- 4 School teachers
- 5 Builders
- 6 Other tradesmen (Plumbers, Bricklayers, Electricians)
- 7 Postmen
- 8 Local council/Councillor
- 9 Golf club/sporting club
- 10 Ministers

CENTRE OF INFLUENCE

Newly married, engagements and/or births

- 1 Ministers
- 2 Florists
- 3 Hire car operators
- 4 Reception venues
- 5 Bridal, maternity and baby wear shops
- 6 Baby clinics
- 7 Nurses, doctors, medical receptionists
- 8 Registry of Births, Deaths and Marriages
- 9 Jewellers
- 10 Chemists
- 11 Furniture shops
- 12 Real estate agents
- 13 Golf club/sporting club

CENTRE OF INFLUENCE

Young people

- 1 Employment agencies
- 2 Driving schools
- 3 Apprenticeship/teachers colleges
- 4 School teachers (names of school leavers)
- 5 Social club secretaries
- 6 Sporting club secretaries
- 7 HR managers
- 8 Music shop proprietors
- 9 Travel agents
- 10 Youth centres

Lead letters

A great way to connect with existing and potential customers is via direct mail. You can send them personalised and targeted mail packs that can help you tap into a new customer base or further leverage your existing customer base.

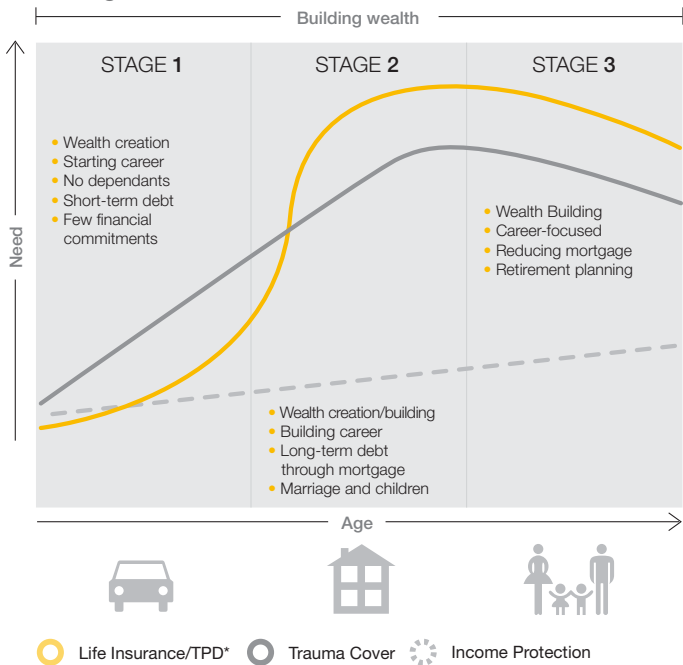
To help you implement effective direct mail campaigns, you can use CommInsure's lead letter templates that have been written with peoples' needs and lifestyle in mind. Simply contact your CommInsure BDM for more information.



CREATING THE NEED

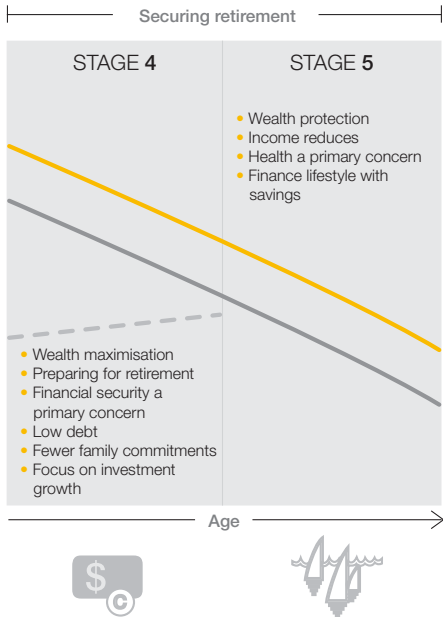
Insurance life stages

As your clients move through life, their insurance needs will change.



Life and Income Protection is issued by CMLA. The issuer of Home and Contents Insurance is CIL. The issuer of Motor Vehicle Insurance is CIL ABN 96 067 524 216 AFSL 235035. Neither Commonwealth Bank of Australia nor its subsidiaries (including CIL) guarantee.

This chart shows the different life stages and the types of insurance you may want to consider offering your clients.



The obligations or performance of Allianz or the products it offers. Product Disclosure Statements (PDSs) describing these products are available at comminsure.com.au and should be considered when deciding whether to acquire the product. (*Total and permanent disability cover is not held past retirement.)

What's your client's most important asset?

89%

of Australians have **motor vehicle insurance**¹.

Fact: A vehicle is stolen every seven minutes in Australia⁴.

87%

of Australians have **home contents insurance**¹.

Fact: In Australia, someone's home is burgled almost every minute⁵.

77%

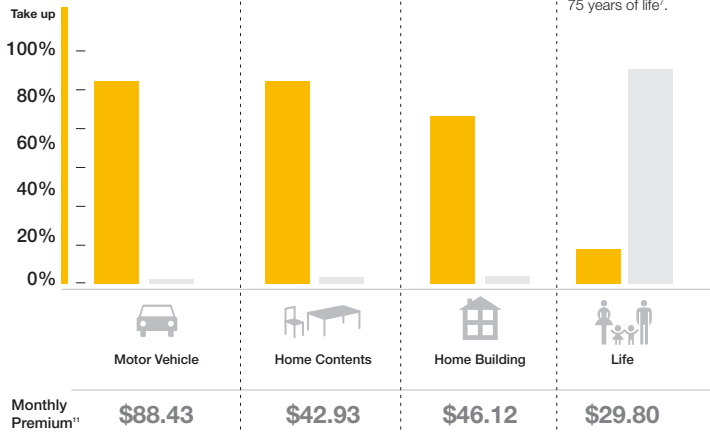
of Australians have **home building insurance**¹.

Fact: There are more than 10,000 house fires every year⁶.

14%

of Australians have **life insurance**².

Fact: Around 1 in 3 men and 1 in 4 women will be diagnosed with cancer in the first 75 years of life⁷.



1. Insurance Council of Australia, Consumer Tracking Survey, January 2006. 2. Roy Morgan Research Insurance Report September quarter 2006. 3. Based on Comminsure average claims in 2005 calendar year. 4. Source: National Motor Vehicle Theft Reduction Council Inc – based on overall thefts for the financial year 2005/06. 5. Source: From statistics compiled by ABS based on figures provided by state and territory police organisations. 6. Australian Bureau of Statistics: Australian Social Trends 2000 – Housing – Housing Stock: Home fire safety. 7. Source: Cancer in Australia 2001 – Australian Institute of Health and Welfare and Australasian Association of Cancer Registries 2004. 8. Institute of Actuaries. Table IAD 89-93 – white collar males and females. 9. Australia's Health 2004 – Australian Institute of Health and Welfare – 2004. 10. Source: General Cologne Life Re Australia 2002. 11. Monthly premiums are calculated on products taken out with Comminsure and assumes a 35-year-old male (36 ANB) who is a home owner, degree qualified accountant, non-smoker, lives in a brick house (with deadlocks,

How many of your clients have house and motor vehicle insurance but no income protection or life insurance? Their life and their ability to earn an income over the long-term are their greatest assets and they should be protected.

6%

of Australians have **Income Protection**².

Fact: 1 in 6 working men and 1 in 4 working women are expected to suffer from a disability from the age of 35 to 65 resulting in six months or more off work⁸.



Income

\$50.57

5%

of Australians have **TPD protection**².

Fact: Around 1.7 million Australians aged below 65 are living with a physical disability⁹.



Total and Permanent Disability (TPD)

\$16.32

2.5%

of Australians have **trauma protection**².

Fact: 2 out of 5 people will suffer a critical illness before they reach 65¹⁰.



Trauma

\$49.61

Average claim³

\$90,000
\$75,000
\$60,000
\$45,000
\$30,000
\$15,000
\$0

external security doors and a garage for his car) in Parramatta (2150) NSW. He has taken out CommInsure's Home Building (\$350,000) and Contents (\$75,000) cover which includes a combined policy discount of 10% and is based on a \$300 excess. He drives a 2001 Holden Commodore Executive VXII Sedan 4A V6, with Comprehensive Motor Vehicle Insurance and 60% no claim bonus. The premium rates for his home and contents and motor insurance include all statutory charges. The personal insurance monthly premium rates are based on CommInsure's Personal Insurance Portfolio (Life, Income, TPD and Trauma). The Income Care premium rates are based on a \$3,125 monthly benefit – one month waiting period, benefit period to age 65, policy expiry date to age 65, agreed value super continuance of 9% (\$4,500 p.a.), with increasing claim option and stepped premiums. He has a Life Care policy of \$500K, with \$300K TPD (any occupation definition) and Trauma. The personal insurance policy fee is included in the Income Care Premium. All general and personal insurance monthly premiums are quoted as at 23 April 2007.

Mortgage protection

It's important to get your clients thinking about protecting their mortgage.

Ask them this:

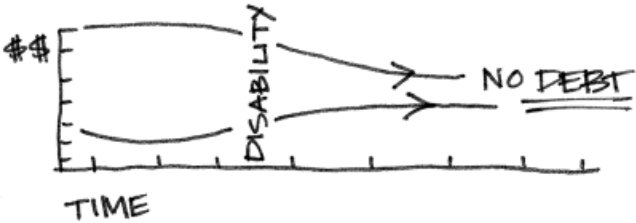
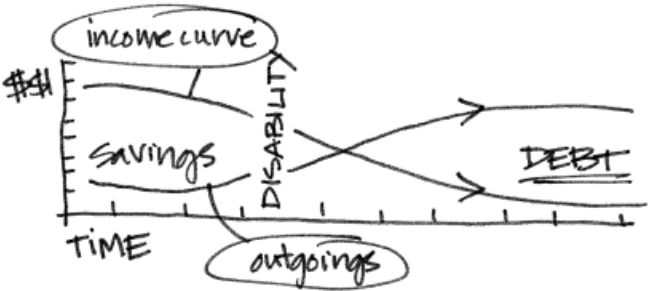
Would they rather have a heart attack
and lose their home...

...or a heart attack
and lose their mortgage?



Income curve

Drawing pictures is a great way for clients to visualise and understand your advice concepts. When disability strikes and income decreases, expenses will increase with medical costs etc. Savings will soon turn to debt.



If your client has replacement income, living standards and savings are not affected to any great degree.

Priority indicator test

The priority indicator test is a simple way of showing your client how they prioritise their major assets. It's designed to get them thinking about taking out Life and Income Protection insurance.

Step one: List your assets from most important to least. (See examples below.)

Priority Ranking
Most important



Least important

1	_____
2	_____
3	_____
4	_____
5	_____
6	_____
7	_____

Step two:
Tick which assets you have insured.

<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

Examples of priorities

Home, home contents, car, boat, personal and family health, income earning ability, retirement, your family's future, etc

Why take the chance?

Did you know...?

Your clients have a 1 in 3 chance of suffering a major medical illness (e.g. cancer, heart disease) between the ages of 30 and 64¹

Your client's have a 1 in 2 chance of having their house/contents damaged by storm in the next 35 years²

Your client's have a 1 in 13 chance of having their car stolen (total loss) over the next 35 years³

1 General Cologne Life Re Australia 2002.

2 Insurance Statistics Australia 2006.

3 Theft in NSW, National Motor Vehicle Theft Reduction Council 2006.

Your clients can protect their assets from as little as...



4 Based on premiums of a 36 ANB male, non-smoker on yearly stepped rates and with no premium discounts, stand-alone Trauma (including policy fee), sum insured \$228,750.

5 Based on \$300,000 house and \$50,000 contents insurance in NSW (2003).

6 Based on average national motor insurance sales figures from 1 to 31 May 2006.

Are you protected if cancer affects you?

One in three men and one in four women will be directly affected by cancer before the age of 75.

Cancer is the leading cause of death in Australia – over 36,000 people die each year from cancer.



Source: Cancer in Australia 2001 – Australian Institute of Health and Welfare and Australasian Association of Cancer Registries 2004.

Hard facts

We all know death is not something your clients will want to think about. The table below outlines the real danger – the leading causes of death in Australia in 2005. It's important that your client's know the risks associated with these diseases and how to protect themselves and their family against financial hardship if such an event occurs.

Leading causes of death	Number of deaths
Cancer	39,222
Heart Disease	31,197
Stroke	13,899
Respiratory Failure	5,428
Diabetes	3,529
Influenza/ Pneumonia	3,034
Suicide	2,101
Traffic Accidents	1,638
Renal Failure	1,886

Source: ABS 3303.0 – Causes of Death 2005

Your client's future earning potential

This table shows how much your clients can earn up to the age of 65, depending on their current age and weekly income. It represents their future earning potential and shows them what they're risking if they don't take out long-term Income Protection.

Age now	Weekly income*		
	\$400	\$600	\$800
20	\$1,928,573	\$2,892,860	\$3,857,146
25	\$1,568,346	\$2,352,519	\$3,136,692
30	\$1,257,611	\$1,886,417	\$2,515,223
35	\$989,569	\$1,484,353	\$1,979,137
40	\$758,353	\$1,137,529	\$1,516,705
45	\$558,904	\$838,356	\$1,117,808

* Assumes a 3% p.a. salary increase.

	\$1000	\$1500	\$2000
	\$4,821,433	\$7,232,149	\$9,642,866
	\$3,920,866	\$5,881,298	\$7,841,731
	\$3,144,028	\$4,716,042	\$6,288,057
	\$2,473,922	\$3,710,882	\$4,947,843
	\$1,895,882	\$2,843,823	\$3,791,763
	\$1,397,259	\$2,095,889	\$2,794,519

Client Income Protection analysis

You can use this simple test with your clients to work out how long they could fund their lifestyle if they suffered a disability. (Note: The time is shortened if they suffer from successive periods of disability.)

Step one: Your client's current position

Expenses

Calculate your client's total monthly expenses (include mortgage/rent, food, clothing, utility bills, loan repayments, superannuation, child's education costs, insurance, etc).

Income

Ignoring your client's main income, calculate their other after-tax income, e.g. spouse's income, investment income.

1. \$ _____ minus \$ _____ = +/- \$ _____ (A)

Monthly Expenses Other Income **Current Position**

Step two: Emergency cash fund

To calculate your client's emergency cash fund, you need to add the number of weeks of sick leave (owing to the client) to the number of weeks of holiday (owing to the client), then multiply it by their weekly salary (after-tax) and add it to their accessible savings.

$$2. \quad \underline{\hspace{2cm}} \text{ multiply } \$ \underline{\hspace{2cm}} \text{ plus } \$ \underline{\hspace{2cm}} = \$ \underline{\hspace{2cm}} \text{ (B)}$$

Weeks
Weekly Salary
Accessible Savings
Funds Available

Step three: Funding months

To calculate the number of months your client can fund their first disability, divide their Funds Available (B) by their Current Position (A).

$$3. \quad \$ \underline{\hspace{2cm}} \text{ divide } \$ \underline{\hspace{2cm}} = \underline{\hspace{2cm}}$$

Funds Available (B)
Current Position (A)
Months of Self Funding

Why Income Protection is not enough

If you have clients who are self-employed, it's important they understand that while Income Protection will replace their lost income, it may not be enough to cover their ongoing business expenses.

INCOME PROTECTION

Protects up to 75% of your client's personal income. That should cover their personal living expenses while they're unable to work¹.



BUSINESS OVERHEADS COVER

Protects your client's business by covering 100% of their fixed business expenses while they're unable to work².

- 1 Cover for superannuation, vehicle lease and expenses can be added in.
- 2 Examples of expenses covered: Principle & Interest business loan repayments/ rent, business insurance premiums, rates and utility charges.

A comprehensive protection plan should include Business Overheads Cover.



Total business
and personal
protection

The goose or the egg?

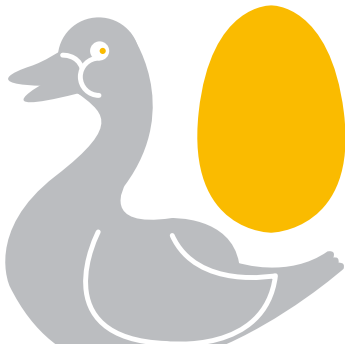
Some clients tend to overlook the importance of insuring their income. To get them thinking about it, ask them this question:

- Q** “If you owned the goose that laid the golden egg, which would you insure – the goose or the golden egg?”
- A** The goose, of course! After all, as long as they have the goose they can get more eggs.

But does your client apply this same logic to their insurance? Do this quick test with them to find out.

Which items does your client insure?

	Yes	No
Car	<input type="checkbox"/>	<input type="checkbox"/>
House (building and/or contents)	<input type="checkbox"/>	<input type="checkbox"/>
Other belongings	<input type="checkbox"/>	<input type="checkbox"/>
BUT		
Is the income that funds these items insured?	<input type="checkbox"/>	<input type="checkbox"/>



If your client were never able to work again, how much money would their family need to live each month?

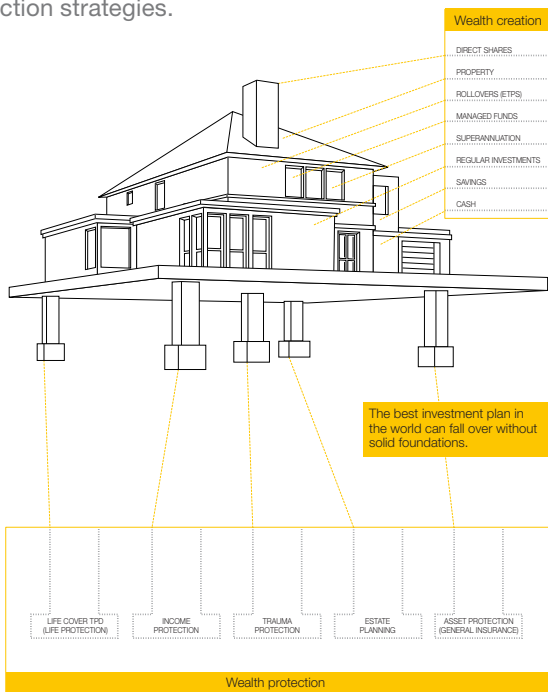
Monthly expense	Cost (\$)
Food	
Clothing	
House payments/rent	
Car	
Education	
Other	
Total	

If your client had protected their income with Income Protection Insurance, their family wouldn't have to support them while they were disabled and unable to work.

The cost of Income Protection Insurance is minimal, especially when your client compares it to the value of their earning ability.

Building financial security

The best investment plan in the world can fall over if it doesn't have a solid foundation. That's why it's so important to balance your client's plans with wealth creation and wealth protection strategies.



A quick guide to insurance options

	Income Protection	Trauma	Life Cover	Total and Permanent Disability
What is it?	Payable if your client is unable to work at full capacity or at all, due to sickness or injury	Payable if your client suffers a specified medical condition	Payable on your client's death/terminal illness	Payable where your client is unable to ever work again due to sickness or injury
Payment type	Monthly replacement income & Lump Sum	Lump sum	Lump sum	Lump sum
When does your client need it?	If they would find it difficult to maintain their lifestyle without their regular income	If they would like the security of a payment in the event they suffer from a debilitating medical condition	If they have any debts and/or dependants	If they have any debts and/or dependants

CLOSING THE DEAL

Power Phrases

To help you ‘close the deal’ with your clients, we’ve listed some power phrases you might like to use.

Dropped in at the right moment, they can help you anticipate client objections and aid in positive acceptance. They should also help your clients understand how important it is to consider the advice you’re giving them on life insurance.

- Insurance is like a parachute. If you don’t have it when you need it most it’s too late!
- Saving your life shouldn’t mean losing your life savings.
- Your family’s outcome relies on your income.
- Before we plan on a later date, Client Name, wouldn’t it be advisable to see first if you qualify for this insurance?
- If a sole proprietor tells you their business will run by itself when they are off, then ask them why they are not down at the beach or out on the golf course every day enjoying themselves instead of working 10 hours a day.
- Would your bank manager pay off your mortgage if you suffered a heart attack?
- Excuse me Client Name, but if your partner were seriously injured today in a motor vehicle accident, would you get more insurance money for your car than your partner?
- Every choice in every day is between short-term gains and long-term pains, or short-term pains for long-term gains.
- “He who has not first laid his foundations may lay them later with great inconvenience to the architect, and with great danger to the building.” (Machiavelli).

- Effective planning does not depend on finding the right person to do it for us, but on becoming the right person to do it.
- “Don’t only use all the brains that you have, but all that you can borrow.” (Woodrow Wilson)
- A good investment is one that pays you the most when you need it the most.
- The satisfaction of owning something that works well will far outlast the satisfaction of paying a sweet price for it.
- The heaviest load to carry into old age is an empty wallet.
- Winners take small risks when there is little to lose and much to gain. Losers take big risks when there is little to gain and everything to lose.
- “Provision for others is a fundamental responsibility for human life.” (Woodrow Wilson)
- “There are risks and costs to a program of action, but they are far less than the long-term risks and costs of comfortable inaction.” (John F. Kennedy)
- “Fred you died last night, I’m your executor, your wife’s due in 10 minutes to see me... what do you want me to tell her?”
You must not then speak and wait for (his) their response.
- Show your client what they are insuring:
Lifetime income: 40 years x \$80,000 = \$3.2 million.
- “If you had a machine in the basement and every Friday afternoon you threw a switch and it printed \$100 bills, would you insure it? Isn’t that machine you?”
- If a debt is created, always have a way to fund it.

Income protection claims

In 2006, CommInsure paid the following:

Sex	Age of the claimant	Occupation	Approx. period policy in force prior to payment	Monthly benefit
Male	45	Chef	7 months	\$4,000
Female	42	Managerial	3 years	\$3,700
Female	48	Plant manager	4 years	\$4,500
Male	59	Carpenter	10 years	\$2,500
Male	50	Bobcat operator	1 month	\$3,200
Female	34	Fashion designer	5 years	\$2,585
Male	63	Cardiologist	9 years	\$9,000
Male	46	Painter	18 months	\$2,000
Male	53	Consultant	7 years	\$8,000
Female	31	Nurse	2 years	\$2,700
Male	40	Builder	18 months	\$3,000

All of the Income Protection benefits include both total and partial disability payments.
Source: CommInsure personal risk claims data, 1 May 2006.

	Cause of claim	Benefit paid to date	Benefit period
	Depression	\$258,000	Age 65
	Breast cancer	\$53,661	Age 65
	Neck pain	\$35,000	Lifetime
	Myocardial ischaemia	\$92,000	Age 65
	Lower back	\$272,000	Age 65
	Chronic fatigue	\$120,000	5 years
	Parkinson's disease	\$315,000	Age 65
	Fractured arm	\$6,000	Age 65
	Stroke	\$15,700	2 years
	Fractured tibial plateau	\$7,500	2 years
	Back pain	\$43,500	2 years

Trauma claims

In 2006, CommInsure paid the following:

Examples of Trauma claims

Sex	Age	Occupation	Years in force	Sum insured	Cause of claim
M	60	Engineer	12 years	\$681,000	Heart attack
F	45	Housewife	2 years	\$206,000	Breast cancer
M	54	Hotelier	9 years	\$945,000	Cancer
F	49	Clerk	6 months	\$100,000	Cardiomyopathy
M	52	Lawyer	2 years	\$590,000	Prostate cancer

Source: CommInsure personal risk claims data August 2006.

TPD claims

Examples of TPD claims

Sex	Age	Occupation	Years in force	Sum insured	Cause of claim
M	43	Stockbroker	2.5 years	\$1,100,000	Major head trauma
F	41	Manager	18 months	\$561,000	Multiple sclerosis
M	33	Developer	13 months	\$500,000	Cancer
F	39	Office worker	6 years	\$395,000	Adjustment disorder

Leona's story



The value of Income Protection

Leona was a personal assistant earning \$50,000 a year. On a recent trip she was involved in a car accident that left her totally and permanently disabled. Fortunately, Leona had an Income Protection policy (with the TPD Cover Option at no extra cost). That meant she was entitled to receive a claim payout

of \$3,125 per month. Leona also had the option of taking a lump sum benefit that would pay out \$487,500.

Leona discussed her options with her financial adviser. She decided to take the lump sum payment because in her circumstances the overall benefits were more favourable. The calculations her financial adviser prepared for her are on the next page.

Monthly benefit payment		Lump sum payment
Total benefit (to expiry age)		Total benefit
Age 42	$\$3,125 \times 12^1$	$\$3,125 \times 12^1$
years	$= \$37,500 \times 23^2$	$= \$37,500 \times 13^3$
Monthly benefit =	$= \$862,500$ (pre tax) ⁵	$= \$487,500^4$
$\$3,125$	$= \$697,762.50$ (post tax) ⁷	$= \$487,500 \times 0.0649^6$
		$= \$31,638 \times 23^2$
		$= \$727,674 + \$487,500$
		$= \$1,215,174$ (pre tax)
		$= \$1,092,092$ (post tax) ⁷

Assumptions

The lump sum benefit is calculated as the lesser of: \$2.5 million or an amount equal to 'A' (factor) times the Annual Monthly Benefit.

Assumes 2006/07 taxation rates and includes 1.5% Medicare levy.

- 1 Annualised Monthly Benefit is twelve times your monthly benefit.
- 2 Years remaining to reach age 65.
- 3 'A' is 13, if your age next birthday is between the ages of 40 and 44 inclusive.
- 4 If the TPD benefit is taken as a lump sum it will be treated as a tax free payment.
- 5 If the payment is taken as an Income Protection monthly benefit, it will be treated as income and taxable for income purposes.
- 6 Annual interest.
- 7 Assume tax rates from 2005/2006 tax years and does not include Medicare Levy.

Bill and Ben's story



Securing a business loan with the family home

In 2004, Bill and Ben set up an IT business together.

Bill was the 'brains' behind the business. He developed the products and services and was a talented programmer.

Ben's skills lay in finance and administration and he had

an established network of contacts in the industry.

To get the business off the ground, Bill and Ben took out a loan for \$200,000 from the bank. The bank required security for the loan, so they used Ben's family home (that he shared with his wife and two young children) as collateral.

As the business was just starting out, Bill and Ben did not believe they needed any business insurance, as they had 'nothing to insure'. The partnership therefore did not put any buy-sell insurance or agreement in place.

Regrettably, twelve months later both Bill and Ben died in an automobile accident on the way to a client's premises. Upon their death, the bank called for repayment of the \$200,000 loan in full.

The business did not have sufficient funds to repay the loan. The bank had Ben's family home as collateral so Ben's wife was forced to sell the home to repay the bank. She moved the family into her parents' home as she had no income or available funds now that Ben had gone and the business could not operate.

Had Bill and Ben taken out an appropriate amount of insurance, Ben's family would have been able to repay the loan and stay safely in the family home. The insurance would have cost around \$259.46* a month.

* Premium projection based on male, 40-age next birthday (ANB), non-smoker, \$200,000 life insurance. Annual premium is quoted as at July 2007.

Jeremy's story



The benefits of TPD

Working as an electrician, Jeremy (35) is involved in a serious car accident on his way home. The accident causes a major head trauma, leaving him permanently disabled.

Jeremy now suffers from weak limb movements on his right hand side and can no longer continue work as an electrician. Living on the third floor in a small block of units, the only access to his unit is via the stairs. This is not ideal as climbing stairs causes Jeremy great pain. Once released from hospital, Jeremy makes the decision to look for a unit with ground floor access. Because he owns his unit, there could be a delay before the sale proceeds can be used to put a deposit on a more suitable apartment.

Fortunately for Jeremy, he'd thought ahead and taken out TPD cover when he began his electrician career.

And in the case of severe disabilities such as Major Head Trauma, CommInsure will waive the requirement that the insured must be absent from active employment for a period of three consecutive months due to sickness or injury before qualifying for TPD benefits. Instead, CommInsure will pay Jeremy his TPD benefit from day one, giving him the necessary cash to put down a deposit, when he needs it most.

Tom's story



Overcoming trauma

Tom is a successful lawyer and is married. He has worked hard over the past ten years to accumulate valuable assets. To support his desired lifestyle, Tom decided on a \$300,000 Trauma policy but decided against indexation.

Unfortunately, last year Tom was diagnosed with prostate cancer and was unable to work for six months while he underwent treatment and recovered from the illness. This meant Tom had to rely on his wife's income.

Tom was paid a Trauma benefit of \$300,000 from his policy, which assisted with his recovery. Tom continued to pay his annual policy fee and twelve months after the initial payment of the Trauma benefit, Tom bought back his \$300,000 Trauma policy at standard premium rates.

Unfortunately, six months later Tom had a serious accident at work, and suffered a major head trauma. Tom was relieved that, as a result of the Trauma policy, he was awarded another Trauma benefit of \$300,000.

Stan and Oliver's story



Restructuring the business

In 2003, Stan and Oliver started a business together. The start-up capital and purchase of business assets was valued at \$500,000.

Stan developed the business products and services. Oliver managed the administration and key relationships with their clients.

Two years later Oliver died from cancer. The business value had increased to \$1,500,000. Stan wanted control of the company, but Oliver's wife, Wilma, wanted a fair value for Oliver's share in the company, which she had inherited upon his death.

Stan and Oliver did not set up a buy-sell agreement when they incorporated the business and so there was no agreement about the shares in the company or an agreed purchase price.

Wilma refused to sell her shares to Stan unless he paid what she wanted. Stan said that he couldn't afford to purchase the shares at the price Wilma was asking, as he couldn't get financing from the bank now that Oliver had gone.

Wilma looked to sell her shares to an outside party, but [as there were problems with the business, she had difficulty obtaining a fair value.

Wilma was forced to work in the business with Stan in order to support her and the family. Stan resented her being part of the business since she had no expertise in the industry. He felt he was doing all the work and sharing the profits with her.

Had Stan and Oliver taken out an appropriate amount of insurance, Stan could have paid Wilma for the shares and been free to run the business on his own. Wilma would have had funds to live on and would be free from the involvement in the business.

An appropriate amount of insurance would be \$750,000 life insurance for Stan and Oliver, representing the purchase price for each of their 50% share of the business.

For around \$939.08 per month (total premium)*, the business could have transitioned smoothly to Stan.

*Premium projection based on two males, both 37 ANB, non-smokers, \$750,000 life insurance (\$439.04 annual premium excluding policy fee) for each male. Both lives insured occupation is Business Manager – office only, earning \$100,000 p.a. or more. Annual premium is quoted as at July 2007.

Who needs Child Cover?

- Over one million children aged 0–14 years were admitted to casualty in 2004/05¹.
- 200,000 children fall critically ill each year in Australia².
- There were 994 new cases of cancer diagnosed in children in the period 2000 to 2004. These comprised 549 cancers in boys and 445 in girls. Of these cancers, 205 were diagnosed in 2004 (110 boys and 95 girls) and 53 died³.
- In 2002/03, injury was the second most common reason for hospitalisations for children aged 1-14 years, responsible for approximately 66,000 hospitalisations⁴.



CommInsure understands how important it is for your clients to get their children the best medical treatment if they suffer from a traumatic condition such as severe burns or a major head trauma. That's why our Child Cover is so affordable, so parents can afford peace of mind.

CommInsure's Child Cover Option provides your clients with a lump sum of up to \$100,000 for specified trauma conditions.

Be prepared financially

- 1 AIHW, Australian hospital statistics 2004/05.
- 2 AIHW and Australasian Association of Cancer Registries, Cancer in Australia in 2001, 2004.
- 3 Source: Cancer in New South Wales Incidence and Mortality 2004 (Cancer Institute of NSW).
- 4 Source: A Picture of Australia's Children, 2 May 2005, AIHW.

How does **CommInsure** help Australians?

In 2006, CommInsure:

- helped over 1,200 families cope with the loss of a loved one by paying \$125.7 million in death claims
- paid \$63 million to 937 people due to sickness and injury TPD/Trauma claims
- assisted over 1,500 Income Protection customers with \$44.5 million via regular payments

CommInsure pays an average of \$4 million per week in claims.



“We believe in protecting the lifestyle of Australians. In 2006 alone, we paid out over \$233 million in life insurance claims.”

A handwritten signature in black ink, which appears to read 'Simon Swanson'.

Simon Swanson
Managing Director of **CommInsure**

Our products are highly awarded

Our awards include:

- **Life Insurance Company of the Year**, Australia and New Zealand Institute of Insurance and Finance Awards 2007.
- **Best Life Insurance Company**, Australian Banking & Finance Insurance Awards 2005.
- **Best Life Insurance Product**, Australian Banking & Finance Insurance Awards 2003, 2004 and 2005.
- **Term Life Product of the Year**, Personal Investor Magazine Awards for Excellence in Financial Services 2005.
- Joint winner of **Trauma Product of the Year**, Personal Investor Magazine Awards for Excellence in Financial Services 2005.
- **Annuity of the Year**, Personal Investor Magazine Awards for Excellence in Financial Services 2004 and 2005.
- **Annuity Provider of the Year**, Plan For Life – IFA Magazine Annuity Provider of the Year Awards 2004 and 2005. Plus, in 2006, Commlnsure was awarded **Gold** in the **Long Term** category and Lifetime Annuity category and **Silver** in the **Short Term** categories.
- Winner of Money Magazine's **Best of the Best Annuity Award** for 2005, and again in 2006.
- **Best Call Centre**, Australian Banking & Finance Insurance Awards 2005.
- **Most Innovative Income Protection Product**, Asset Magazine Awards 2006.
- **Best Income Protection**, Money Magazine, Best of the Best 2007 Awards.



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Adviser web site

The adviser site is located at **adviser.comminsure.com.au**

