

# Why CommInsure?



## Strength

- 130 years of experience
- CommInsure is part of the Commonwealth Bank Group

## Sustainability

- Provision to pay claims
- Rated AA- by Standard & Poor's (international credit rating company)

## Size

- Australia's largest life risk insurer (13.7%)  
Plan for Life, December 2005

### Please note

This presentation is issued by The Colonial Mutual Life Assurance Society Limited ABN 12 004 021 809 expressly as a training guide to Commonwealth Bank Group employees and advisers. The information contained in this presentation is of a factual nature only and is not intended to constitute either general or personal financial product advice.

It is not to be issued or made available to members of the public.

# CommInsure's award-winning solutions



## 2005 Australian & New Zealand Insurance Industry

- Life Insurance Company of the Year



## 2005 Australian Banking & Finance Awards

- Best Life Insurance Company
- Best Life Insurance Product – TCP
- Best General Insurance Product
- Best Call Centre



## 2005 Personal Investor Magazine

- Term Life Product of the Year
- Trauma Product of the Year
- Annuity of the Year



## 2006 Asset Magazine

- Most Innovative Product – Income Care Range



## 2007 Money Magazine

- Best Income Protection

# What products does CommInsure offer?

## Personal insurance

- Income Protection
- Life Protection
  - Life Cover
  - Total and Permanent Disability Cover
  - Trauma Cover
  - Child Cover

## General insurance

- Motor Vehicle Insurance
- Prime Home and Contents
- Economiser Home and Contents
- Investment Home and Contents
- Travel Insurance
- Commercial Insurance

# Insurance options

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

# Personal Insurance Portfolio

## Income protection

Provides you with a replacement income if you can't work at full capacity or at all, due to sickness or injury.

Income Care Range					
	Income Care		Income Care Plus		Business Overheads Cover
<b>Insurance solution</b>	Income protection at an affordable price. Replaces up to 75% of the life insured's income.		Comprehensive income protection. Provides the basic cover of Income Care, as well as a number of additional benefits designed to help the life insured get back to work.		Covers the regular fixed operating expenses of the life insured's business if they are self-employed and totally disabled.
<b>Benefits, features and optional extras</b>	<b>Benefits and features</b>		<b>Benefits and features</b>		<b>Benefits and features</b>
	<ul style="list-style-type: none"> <li>Total Disability Benefit</li> <li>Partial Disability Benefit</li> <li>Recurrent Disability</li> <li>Waiver of Premium</li> <li>Waiver of Premium if Unemployed</li> <li>Waiver of Premium if on Maternity Leave</li> <li>Medical Professionals Benefit</li> </ul>	<ul style="list-style-type: none"> <li>Guaranteed Insurability</li> <li>Cover While Unemployed or On Leave</li> <li>Indexation</li> <li>Reward Cover Benefit</li> <li>Rehabilitation Benefit</li> <li>Extended Cover</li> <li>Unemployment Cover</li> <li>Flexibility to reduce waiting period</li> </ul>	<ul style="list-style-type: none"> <li>Total Disability Benefit</li> <li>Partial Disability Benefit</li> <li>Recurrent Disability</li> <li>Waiver of Premium</li> <li>Waiver of Premium if Unemployed</li> <li>Waiver of Premium if on maternity leave</li> <li>Medical Professionals Benefit</li> <li>Guaranteed Insurability</li> <li>Cover While Unemployed or On Leave</li> <li>Indexation</li> <li>Reward Cover Benefit</li> </ul>	<ul style="list-style-type: none"> <li>Rehabilitation Benefit</li> <li>Extended Cover</li> <li>Rehabilitation Expenses Benefit</li> <li>Accommodation Benefit</li> <li>Family Support Benefit</li> <li>Home Care Benefit</li> <li>Bed Confinement Benefit</li> <li>Transportation Benefit</li> <li>Overseas Assist Benefit</li> <li>Specific Injuries Benefit</li> <li>Crisis Benefit</li> <li>Death Benefit</li> <li>Unemployment Cover</li> <li>Flexibility to reduce waiting period</li> </ul>	<ul style="list-style-type: none"> <li>Business Overheads Cover Benefit</li> <li>Waiver of Premium</li> <li>Indexation</li> <li>Reward Cover Benefit</li> <li>Locum Cover</li> </ul>
<b>Factors to choose</b>	<b>Optional extras</b>		<b>Optional extras</b>		<b>Optional extras</b>
	<ul style="list-style-type: none"> <li>Increasing Claim Option</li> <li>Accident Option</li> <li>Super Continuance Option</li> <li>Cash Back Option</li> </ul>	<ul style="list-style-type: none"> <li>Premium Saver Option</li> <li>Total &amp; Permanent Disability Cover Option</li> <li>Total &amp; Temporary Disability Cover Option</li> </ul>	<ul style="list-style-type: none"> <li>Increasing Claim Option</li> <li>Accident Option</li> <li>Super Continuance Option</li> <li>Cash Back Option</li> <li>Premium Saver Option</li> </ul>	<ul style="list-style-type: none"> <li>Total &amp; Permanent Disability Cover Option</li> <li>Total &amp; Temporary Disability Cover Option</li> </ul>	<ul style="list-style-type: none"> <li>Cash Back Option</li> </ul>
<b>Policy type</b>	<ul style="list-style-type: none"> <li>Agreed Value</li> </ul>	<ul style="list-style-type: none"> <li>Indemnity</li> </ul>	<ul style="list-style-type: none"> <li>Agreed Value</li> </ul>	<ul style="list-style-type: none"> <li>Indemnity</li> </ul>	<ul style="list-style-type: none"> <li>Agreed Value</li> <li>Indemnity</li> </ul>
<b>Premium type</b>	<ul style="list-style-type: none"> <li>Stepped</li> </ul>	<ul style="list-style-type: none"> <li>Level</li> </ul>	<ul style="list-style-type: none"> <li>Stepped</li> </ul>	<ul style="list-style-type: none"> <li>Level</li> </ul>	<ul style="list-style-type: none"> <li>Stepped</li> <li>Level</li> </ul>
<b>Waiting period</b>	<ul style="list-style-type: none"> <li>14 days, 1 month, 2 months, 3 months, 6 months, 1 year, 2 years</li> </ul>		<ul style="list-style-type: none"> <li>14 days, 1 month, 2 months, 3 months, 6 months, 1 year, 2 years</li> </ul>		<ul style="list-style-type: none"> <li>14 days, 1 month, 2 months, 3 months, 6 months</li> </ul>
<b>Benefit period</b>	<ul style="list-style-type: none"> <li>2 years, 5 years, to age 60, to age 65</li> </ul>		<ul style="list-style-type: none"> <li>2 years, 5 years, to age 60, to age 65</li> </ul>		<ul style="list-style-type: none"> <li>12 months per event</li> </ul>
<b>Entry ages</b>	<ul style="list-style-type: none"> <li>Stepped Premium Rate 17 to 59</li> <li>Level Premium Rate 17 to 54</li> </ul>		<ul style="list-style-type: none"> <li>Stepped Premium Rate 17 to 59</li> <li>Level Premium Rate 17 to 54</li> </ul>		<ul style="list-style-type: none"> <li>Stepped Premium Rate 17 to 59</li> <li>Level Premium Rate 17 to 54</li> </ul>
<b>Policy expiry age</b>	<ul style="list-style-type: none"> <li>Age 60 or age 65</li> </ul>		<ul style="list-style-type: none"> <li>Age 60 or age 65</li> </ul>		<ul style="list-style-type: none"> <li>Age 60 or age 65</li> </ul>
<b>Minimum premium (including policy fee)</b>	<ul style="list-style-type: none"> <li>Annual \$300.00</li> <li>Half-yearly \$160.00</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly \$85.00</li> <li>Monthly \$30.30</li> </ul>			
<b>Policy fee (one policy fee<sup>1</sup>)</b>	<ul style="list-style-type: none"> <li>Annual \$61.00</li> <li>Half-yearly \$33.00</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly \$18.00</li> <li>Monthly \$6.30</li> </ul>			

1. Conditions apply. Please see the Personal Insurance Portfolio Product Disclosure Statement (PDS).

# Personal Insurance Portfolio

## Life, illness and disability cover

Pays a lump sum payment should you die, become terminally ill, suffer a medical trauma or become totally and permanently disabled.

Total Care Plan				
	Life Care	Total & Permanent Disability (TPD) Cover	Trauma Cover	
<b>Insurance solution</b>	Pays a lump sum payment on death or terminal illness.	Pays a lump sum if the life insured is totally and permanently disabled due to sickness or injury.	Pays a lump sum if the life insured suffers one of the defined traumatic medical conditions.	
<b>Benefits, features and optional extras</b>	<b>Benefits and features</b> <ul style="list-style-type: none"> <li>Life Care (death cover)</li> <li>Terminal Illness Benefit</li> <li>Life Care Severe Hardship Booster Benefit</li> <li>Financial Planning Benefit</li> <li>Accommodation Benefit</li> <li>Life Care Advance Payment Benefit</li> <li>Indexation</li> <li>Life Care Loyalty Bonus Benefit</li> <li>Nomination of Beneficiaries</li> <li>Life Care Buy Back Benefit</li> </ul> <b>Optional extras</b> <ul style="list-style-type: none"> <li>Guaranteed Insurability Option (Personal Events)</li> <li>Guaranteed Insurability Option (Business Events)</li> <li>Business Safe Cover Option</li> <li>Accidental Death Cover Option (stand-alone or rider)</li> <li>Plan Protection Option</li> <li>Child Cover Option</li> </ul>	<b>Benefits and features</b> <ul style="list-style-type: none"> <li>TPD Cover</li> <li>TPD Cover Severe Hardship Booster Benefit</li> <li>Indexation</li> <li>TPD Cover Loyalty Bonus Benefit</li> <li>Financial Planning Benefit</li> <li>Accommodation Benefit</li> </ul> <b>Optional extras</b> <ul style="list-style-type: none"> <li>Guaranteed Insurability Option (Business Events)</li> <li>Business Safe Cover Option</li> </ul>	<b>Benefits and features</b> <ul style="list-style-type: none"> <li>Trauma Cover – covers 45 defined medical traumas or events</li> <li>Trauma Cover Severe Hardship Booster Benefit</li> <li>Trauma Cover Advance Payment Benefit</li> <li>Trauma Buy Back Benefit</li> <li>Indexation</li> <li>Trauma Cover Loyalty Bonus Benefit</li> <li>Financial Planning Benefit</li> <li>Accommodation Benefit</li> </ul> <b>Optional extras</b> <ul style="list-style-type: none"> <li>Evidence of Severity Option</li> <li>Child Cover Option</li> <li>Guaranteed Insurability Option (Personal Events)<sup>2</sup></li> <li>Guaranteed Insurability Option (Business Events)<sup>2</sup></li> <li>Trauma Plus Option                             <ul style="list-style-type: none"> <li>– 10 additional partial Trauma Events covered</li> </ul> </li> </ul>	
<b>Factors to choose</b>	<b>Premium type</b>	<ul style="list-style-type: none"> <li>Stepped</li> <li>Level</li> </ul>	<ul style="list-style-type: none"> <li>Stepped</li> <li>Level</li> </ul>	<ul style="list-style-type: none"> <li>Stepped</li> <li>Level</li> </ul>
	<b>Cover combinations</b>	<ul style="list-style-type: none"> <li>Life Care</li> <li>Life Care &amp; TPD Cover</li> <li>TPD Cover</li> </ul>	<ul style="list-style-type: none"> <li>Life Care &amp; TPD Cover &amp; Trauma Cover</li> <li>Life Care &amp; Trauma Cover</li> <li>Trauma Cover</li> </ul>	
	<b>Entry ages</b>	<ul style="list-style-type: none"> <li>Stepped Premium Rate 17 to 69</li> <li>Level Premium Rate 17 to 54</li> </ul>	<ul style="list-style-type: none"> <li>Stepped Premium Rate 17 to 59</li> <li>Level Premium Rate 17 to 54</li> </ul>	<ul style="list-style-type: none"> <li>Stepped Premium Rate 17 to 62</li> <li>Level Premium Rate 17 to 54</li> </ul>
	<b>Policy expiry age</b>	<ul style="list-style-type: none"> <li>Age 99</li> </ul>	<ul style="list-style-type: none"> <li>Age 80<sup>3</sup></li> </ul>	<ul style="list-style-type: none"> <li>Age 80<sup>3</sup></li> </ul>
	<b>Minimum premium (including policy fee)</b>	<ul style="list-style-type: none"> <li>Annual \$250.00</li> <li>Half-yearly \$130.00</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly \$70.00</li> <li>Monthly \$25.00</li> </ul>	
<b>Policy fee (one policy fee<sup>1</sup>)</b>	<ul style="list-style-type: none"> <li>Annual \$61.00</li> <li>Half-yearly \$33.00</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly \$18.00</li> <li>Monthly \$6.30</li> </ul>		

Total Care Plan and Income Care Range are components of Personal Insurance Portfolio, which is issued by CommInsure, a registered business name of The Colonial Mutual Life Assurance Society Limited ABN 12 004 021 809 AFSL 235035 (CMLA).

Please note: this summary is for the use and information of advisers and Commonwealth Bank employees only.

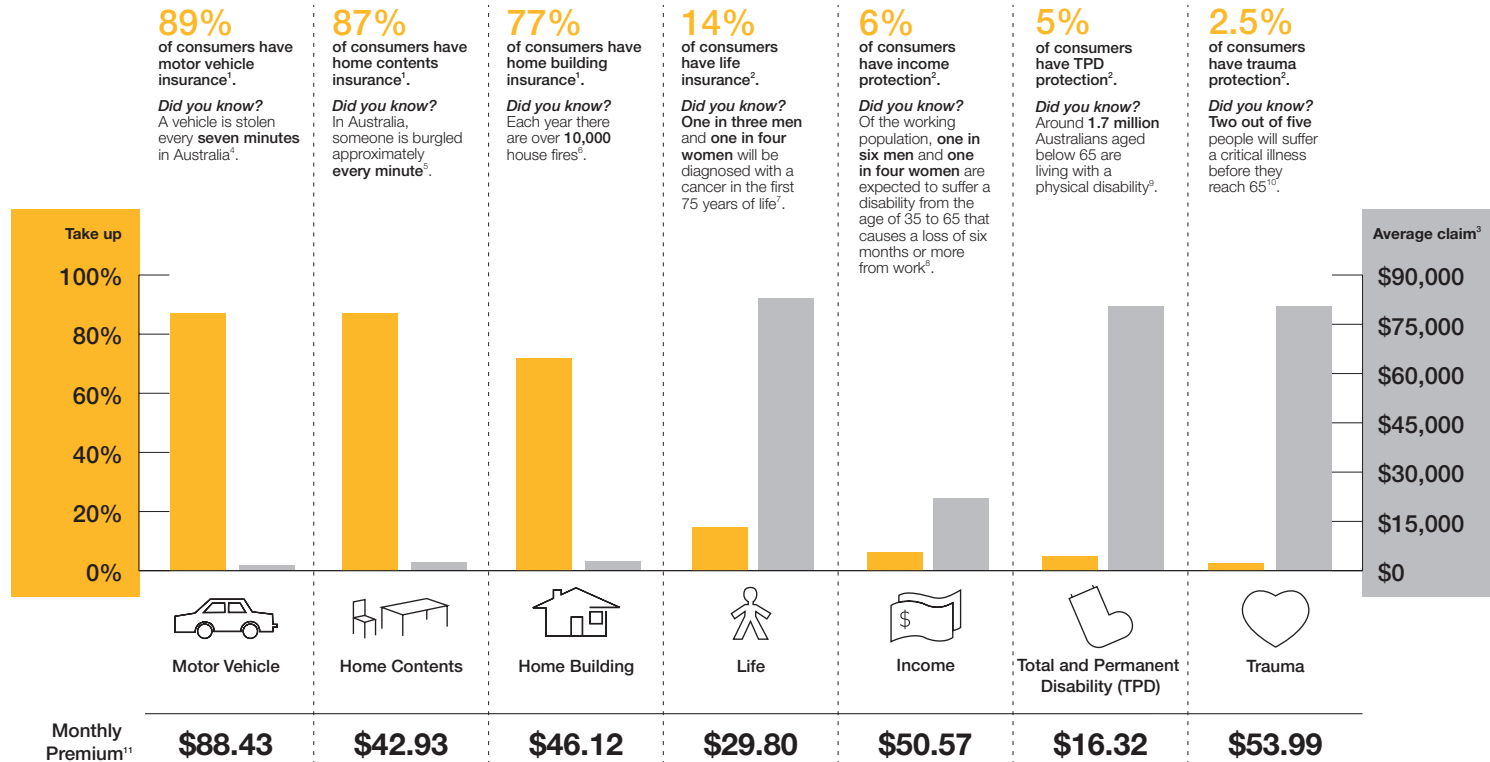
1. Conditions apply. Please see the Personal Insurance Portfolio Product Disclosure Statement (PDS).

2. This option is not available on stand-alone Trauma Cover.

3. Loss of Independent Existence cover applies after age 65 for TPD Cover and after age 70 for Trauma Cover.

# What's your most important asset?

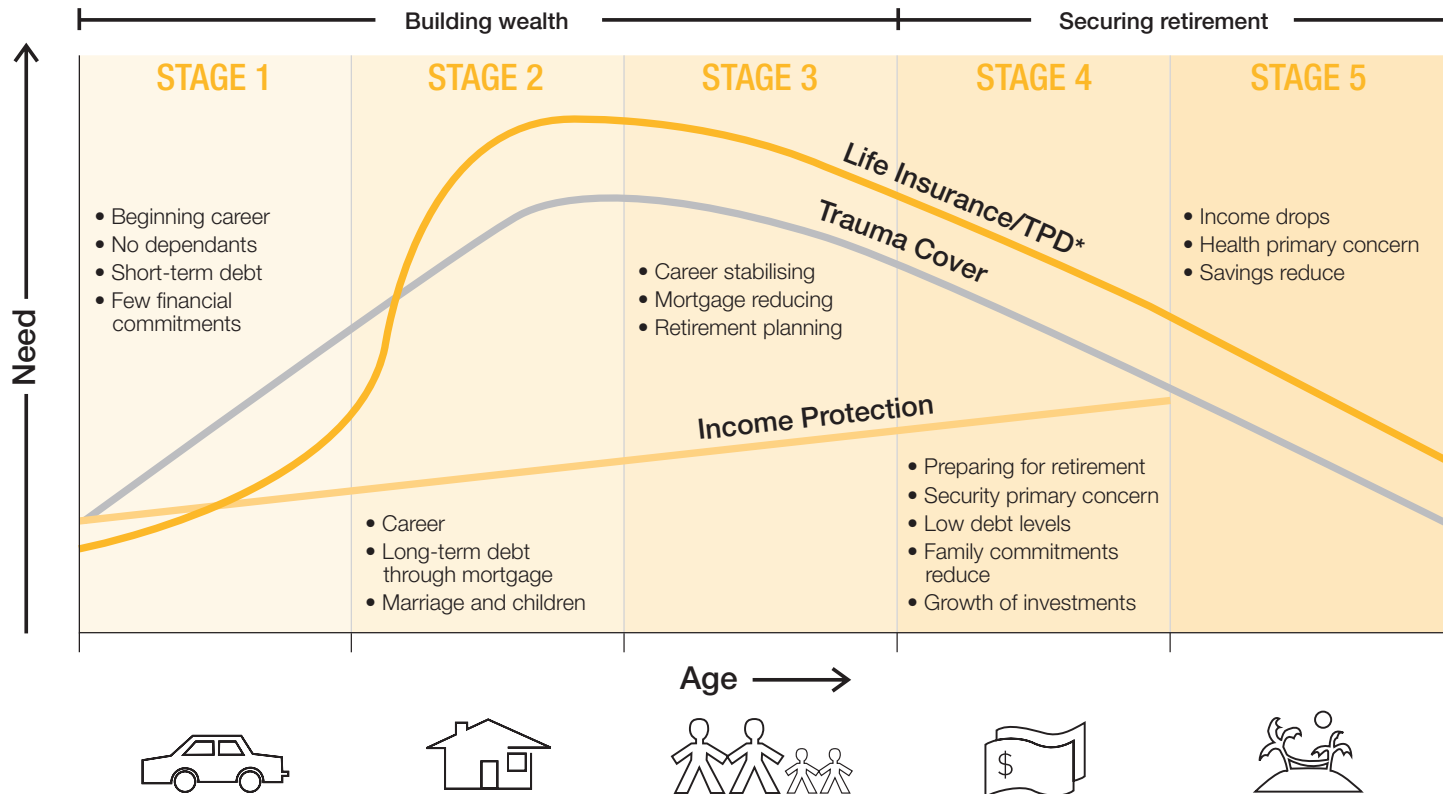
Most people have insurance for their home and motor vehicle, but fail to cover their most valuable assets – their life and their ability to earn income over the long term.



1. Insurance Council of Australia, Consumer Tracking Survey, January 2006. 2. Roy Morgan Research Insurance Report September quarter 2006. 3. Based on Commlinsure 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. Commlinsure Prime Cover example 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 and external security doors and a garage for his car) in Parramatta (2150) NSW. He has taken out Commlinsure's Prime Home Building (\$350K) and Contents (\$75K) which includes a combined policy discount of 10% and is based on \$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 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, TPD (any occupation definition) and Trauma with \$300K TPD 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 16 November 2006.

# Insurance guide to life stages

As your circumstances change, it's likely that your personal insurance requirements will too. The chart below provides examples of when cover might be considered.

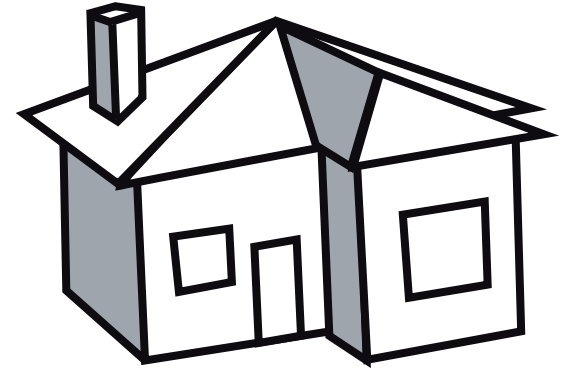


As this information has been prepared without considering your objectives, financial situation or needs, you should, before acting on this information, consider its appropriateness to your circumstances. CommInsure is a registered business name of The Colonial Mutual Life Assurance Society Limited ABN 12 004 021 809 AFSL 235035 (CMLA) and Commonwealth Insurance Limited ABN 96 067 524 216 AFSL 235030 (CIL). CMLA and CIL are wholly owned but non-guaranteed subsidiaries of Commonwealth Bank of Australia ABN 48 123 123 124. Life and Income Protection is issued by CMLA. The issuer of Prime Home and Contents Insurance is CIL. The issuer of Motor Vehicle Insurance is Allianz Australia Insurance Limited ABN 15 000 122 850 AFSL 234708. Product Disclosure Statements (PDSs) describing these products are available at [comminsure.com.au](http://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. \* Total and permanent disability cover is not held past retirement.



# Mortgage owners

Would you rather have a heart attack and lose your home ...



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



# What are the chances of ...

You suffering a major medical illness (e.g. cancer, heart disease) between the ages of 30 and 65<sup>1</sup>?



1 in 3

**PREMIUM**

\$507.50<sup>4</sup>

Your house/contents being damaged or destroyed by storm over the next 35 years<sup>2</sup>?



1 in 2

\$901.50<sup>5</sup>

Your car being stolen (total loss) over the next 35 years<sup>3</sup>?



1 in 13

\$575.00<sup>6</sup>

1. Pricing Dread Disease, Institute of Actuaries of Australia 1994.

2. Insurance Statistics Australia 2006.

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

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 (2030).

6. Based on average national 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.



**Are you prepared financially if cancer affects you?**

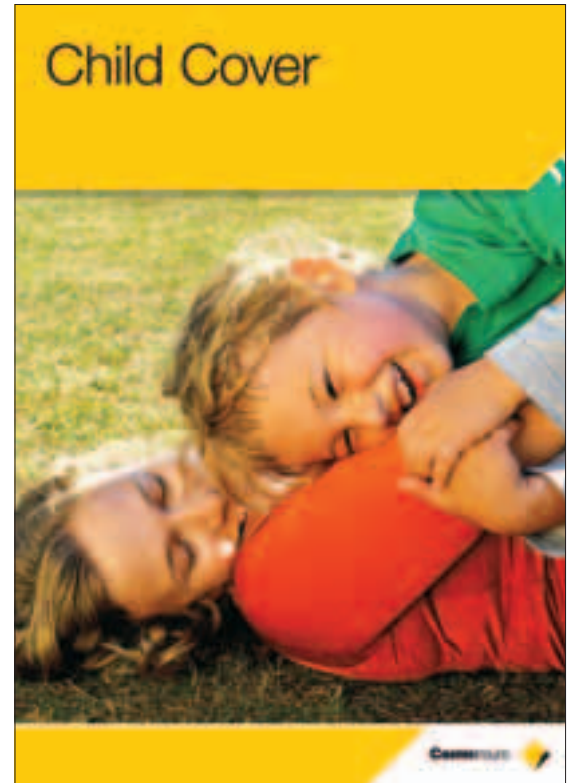
Source: Cancer in Australia 2001 – Australian Institute of Health and Welfare and Australasian Association of Cancer Registries 2004.

# Who needs Child Cover?

- Over one million children aged 0-14 years were admitted to casualty in 2004/05<sup>1</sup>.
- 200,000 children fall critically ill each year in Australia<sup>2</sup>.
- 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 died<sup>3</sup>.
- In 2002/03 injury was the second most common reason for hospitalisations for children aged 1-14 years, responsible for approximately 66,000 hospitalisations<sup>4</sup>.

**CommInsure understands how important it is to get your child the best medical treatment if they suffer from a traumatic condition such as severe burns or a major head trauma. CommInsure's Child Cover Option provides you 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.

# Tom's story

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 and he declined indexation.

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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 that Tom was reliant only on his wife's income.

Tom was paid a Trauma benefit of \$300,000 from his policy which assisted with Tom's 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, suffering a major head trauma. Tom was relieved that, as a result of the Trauma policy, he was awarded another Trauma benefit of \$300,000.

**Trauma cover – you can't afford to live without it.**



# Leona's story

Leona is a personal assistant and has an income of \$50,000. She is involved in a car accident and her injuries have left her totally and permanently disabled. Because she has an Income Protection policy (with the TPD Cover Option at no extra cost), she is entitled to receive a claim payout of \$3,125 per month. Alternatively she could choose the lump sum benefit which would pay out \$487,500. Leona discussed this with her financial adviser and made the decision to take the lump sum payment because the overall benefits are more favourable. The calculations which her financial adviser discussed with her are below.



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

## 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.



# Greg's story

Greg (35) works as an electrician. Whilst driving home from work Greg is involved in a serious car accident and suffers a major head trauma which leaves him permanently disabled.

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Greg suffers weak limb movements on his right hand side and will be unable to work in his own occupation as an electrician.

Greg lives on the third floor in a small block of units and the only access to his unit is via the stairs. This is not an ideal situation for Greg, who experiences pain when he has to walk up the stairs. Upon his release from hospital, Greg commences looking for a unit with ground floor access. Greg owns his unit so there could be a delay before he receives the proceeds from the sale and is able to put a deposit on a more suitable apartment.

Fortunately for Greg, in the case of severe disabilities such as major head trauma, CommInsure will waive the requirement that the insured be prevented from working in their own occupation for a period of three consecutive months due to sickness or injury.

CommInsure will pay Greg his TPD benefit from day one, which gives Greg the necessary cash when he needs it the most.



# Protection for your business

Adequate business protection insurance can help the business owner to minimise the risk caused through death or disability.

## Loan Cover

To provide the business with sufficient cash to preserve its asset base, i.e. to repay or reduce debts, free up cash flow and maintain its credit standing, if a business owner dies or becomes disabled.

## Key Person Revenue Cover

To provide the business with sufficient cash to compensate for the loss of revenue and replacement costs, if a business owner or key employee dies or becomes disabled.

## Buy-Sell Cover

To provide the outgoing owner or their nominee with sufficient cash for the transfer of equity to the continuing owners, if a business owner dies or becomes disabled.

## Business Overheads Cover

To provide for 100% of your fixed business expenses, if the business owner becomes disabled due to sickness or injury.



# Bill and Ben's story

## Securing your business loan with the family home

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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 \$265.60\*.



\* Premium projection based on male, 40 age next birthday (ANB), non-smoker, \$200,000 life insurance. Annual premium is quoted as at December 2006.

# Stan and Oliver's story

## Restructuring the business

In 2003, Stan and Oliver started a business together, called ABC Pty Ltd. 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 is no agreement about the share of 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 looks to sell her shares to an outside party, but as there are problems with the business, she has difficulty obtaining a fair value. Wilma is forced to work in the business with Stan in order to support herself and the family.

Stan resents her being part of the business since she has no expertise in the industry. He feels he is 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.

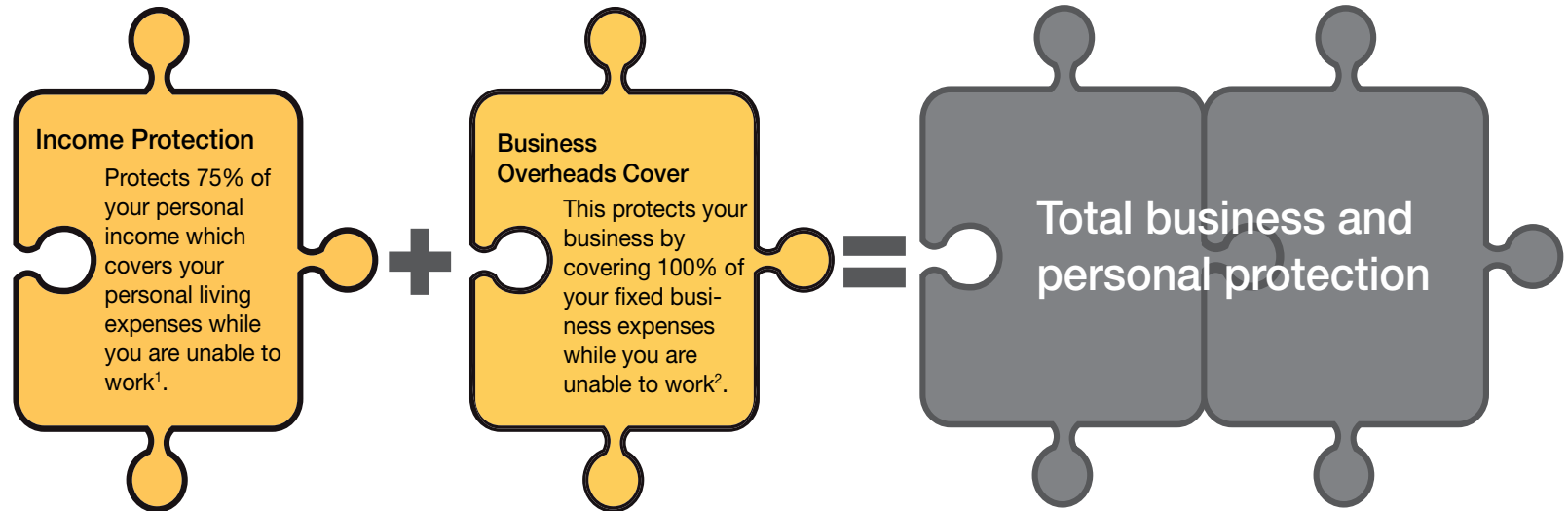
An appropriate amount of insurance would be \$750,000 life insurance for Stan and Oliver, representing the purchase price for each of their 50% of the business. For around \$1,621.90 total premium, the business could have transitioned smoothly to Stan.



\* Premium projection based on male, 37 ANB, non-smoker, \$750,000 life insurance (\$570.55 annual premium including policy fee) and male, 37 ANB, smoker, \$750,000 life insurance (\$1,051.35 annual premium). Both lives insured occupation is Business Manager – office only, earning \$100,000 p.a. or more. Premium is quoted as at December 2006.

# Why Income Protection is not enough

An important message for self-employed people. Having only Income Protection means that your income will be replaced but must be used to pay business expenses. A comprehensive protection plan includes Business Overheads Cover.



1. Superannuation, vehicle lease and expenses can be added in.

2. Examples of expenses covered: P&I business loan repayments/rent, business insurance premiums, rates and utility charges.

# How has CommInsure helped?

## In 2005, CommInsure:

- helped over 1,850 families cope with the loss of a loved one, paying \$166.5 million in death claims
- paid 2,164 people \$95.9 million during sickness and injury TPD/Trauma claims, and
- assisted over 3,300 income protection customers with \$66.9 million via regular payments

**CommInsure pays an average of \$6 million per week in claims.**



“We believe in protecting the lifestyle of Australians. In 2005 alone, we paid out \$150 million in retail risk claims.”

Simon Swanson  
Managing Director of CommInsure

# Income Protection claims

In 2006, Commlnsure paid the following:

Sex	Age of the claimant	Occupation	Approx. period policy in force prior to payment	Monthly benefit	Cause of claim	Benefit paid to date	Benefit period
Male	45	Chef	7 months	\$4,000	Depression	\$258,000	Age 65
Female	42	Managerial	3 years	\$3,700	Breast cancer	\$53,661	Age 65
Female	48	Plant manager	4 years	\$4,500	Neck pain	\$35,000	Lifetime
Male	59	Carpenter	10 years	\$2,500	Myocardial ischaemia	\$92,000	Age 65
Male	50	Bobcat operator	1 month	\$3,200	Lower back	\$272,000	Age 65
Female	34	Fashion designer	5 years	\$2,585	Chronic fatigue	\$120,000	5 years
Male	63	Cardiologist	9 years	\$9,000	Parkinson's disease	\$315,000	Age 65
Male	46	Painter	18 months	\$2,000	Fractured arm	\$6,000	Age 65
Male	53	Consultant	7 years	\$8,000	Stroke	\$15,700	2 years
Female	31	Nurse	2 years	\$2,700	Fractured tibial plateau	\$7,500	2 years
Male	40	Builder	18 months	\$3,000	Back pain	\$43,500	2 years

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

# Trauma and TPD claims

In 2006, CommInsure paid the following:

## Examples of Trauma claims

Sex	Age of the claimant	Occupation	Approx. period policy in force prior to payment	Type of claim	Amount paid	Cause of claim
Male	51	Managing director	8 years	Trauma	\$1,200,000	Heart attack
Female	43	Motel manager	1 year	Trauma	\$104,000	Breast cancer
Male	54	Builder	3 years	Trauma	\$325,000	Stroke
Female	37	Accountant	5 years	Trauma	\$186,000	Ovarian cancer

## Examples of TPD claims

Sex	Age of the claimant	Occupation	Approx. period policy in force prior to payment	Type of claim	Amount paid	Cause of claim
Male	30	Factory worker	2 years	TPD	\$106,000	Mental disorder
Female	52	Advertising manager	6 years	TPD	\$329,000	Osteoarthritis
Female	40	Administration manager	11 months	TPD	\$56,000	Severe cord compression
Male	47	Electrical contractor	18 months	TPD	\$67,350	Severe rheumatoid arthritis

Source: CommInsure personal risk claims data, August 2006.

# Insurance facts

To be eligible for cover, you must be ...

Type of cover	Age
Income Protection	17-59
Trauma	17-62
TPD	17-59
Life	17-69
Child Cover	2-16

Premiums are calculated using a number of factors, including ...

- Health, age and gender
- Height and weight
- Occupation, smoker status
- The premium rate option you select
- Type and amount of cover
- Sporting and recreational activity

# Next steps

## You ...

- Information for a needs analysis
- Application/personal statement
- Medical exams (if applicable)

## Adviser ...

- Needs analysis
- Statement of advice with recommendation of type and level of cover
- Ongoing review

## CommInsure ...

- Underwriting
- Policy issue<sup>1</sup>

1. If financially and medically approved by CommInsure underwriting.

### Important information

CommInsure is a registered business name of Commonwealth Insurance Limited ABN 96 067 524 216 (CIL) and of The Colonial Mutual Life Assurance Society Limited ABN 12 004 021 809 (CMLA). CMLA and CIL are wholly owned subsidiaries of the Commonwealth Bank of Australia ABN 48 123 123 124. Commonwealth Bank of Australia does not guarantee the obligations or performance of CMLA or CIL or the products they offer.