



## Do I need Trauma cover?

Being able to focus on your recovery after suffering a trauma event is going to be your primary concern. Having trauma insurance can relieve your financial worries and allow you to do this. You probably have some questions about this type of insurance you'd like answered.

### What is trauma cover?

Trauma cover pays an agreed lump sum if you suffer a serious illness or injury that is covered in the plan you take out.

The lump sum payment can help you make the adjustments to your lifestyle that you may either want, or need, to make after suffering a trauma event.

### Why do I need it?

Nobody likes to think about the possibility of suffering a serious illness or injury in the future. You can't foresee this happening, but you can make plans to help support yourself should the unexpected happen. Having trauma cover can provide you with some comfort to know that if something does happen at least you don't have to worry about money.

As advances in medicine and technology continue, more people are surviving trauma events where in the past they may not have. And with people living longer, your chance of suffering a trauma event is increased.

As the chances of something unexpected happening are increased, along with the likelihood of your survival, you will want to have a plan in place to maintain your lifestyle and financial independence.

### Won't my private health insurance cover me?

Generally speaking, health insurance helps you pay for your hospital expenses and medical treatments, along with any extras cover you decide to take out.

What you generally don't think about is if you were to suffer a major medical crisis there are a lot of other expenses that you need to be able to provide for as well. You may have immediate care needs, like alternative or specialised treatments that fall outside of the scope of your health insurance. You could also have ongoing treatment needs like rehabilitation equipment or specialised therapies. Not to mention you probably won't be working for a period of time, but you still need to be able to cover your ongoing living expenses and debt repayment.

### What if I just risk it?

A lot of people decide not to take out insurance because they believe "it's too expensive" or "it won't happen to me". Before making a decision it is worthwhile having a look at some of the facts.

Here is some information on the biggest medical ailments suffered by Australians.

- 1 in 2 men and 1 in 3 women will be diagnosed with cancer before the age of 85<sup>1</sup>.
- More than 60% of patients will survive 5 or more years after they receive a cancer diagnosis<sup>1</sup>.
- Around 3.67 million Australians are affected by heart, stroke and vascular diseases<sup>2</sup>.
- 1.1 million Australians are disabled long-term by heart, stroke and vascular diseases<sup>2</sup>.
- 90% of Australian adults have at least one modifiable risk factor for heart, stroke and vascular diseases and 25% have 3 or more risk factors<sup>2</sup>.

### Do I need to be working to take out Trauma cover?

No. Unlike income protection insurance, you can take out trauma cover when you're not working. This is because the payment of a claim is based on you suffering one of the trauma conditions listed in the plan, rather than your inability to work.

**Trauma cover can be a good option for a non-working spouse. If you are unable to protect yourself with income protection because you currently aren't in the workforce, protecting yourself and your family against major medical traumas can be achieved through trauma cover.**

## What types of conditions will I be covered for?

You should check the Trauma cover plan you are looking at taking out to see what conditions you are covered for. You will probably want to make sure you have cover for the most common trauma conditions like cancer, stroke, heart attack and coronary artery surgery. Talk to your financial planner about the difference between the definitions the insurance companies have. This will help you understand in what situations you will be eligible to make a claim.

## I already have TPD cover, how is Trauma cover different?

TPD and Trauma cover are both living insurances. This means the money is paid to you in the event of you suffering a serious disability or trauma event.

TPD cover pays claims when you are totally and permanently disabled - mostly this means when you suffer an illness or injury that means you are never going to return to work. Traditionally it also takes a longer period to pay, for example many insurers have a 6 month waiting period.

Whereas Trauma cover provides cover for major traumatic events like heart attacks, cancer, stroke and coronary bypass surgery. The cover is designed to help you deal financially with your trauma condition, focus on your recovery and return to work.

## How much cover do I need?

Talking to a financial planner to do a proper assessment of your wealth protection needs is a good idea. You might want to think about an amount that will cover you for increased medical costs, immediate and ongoing care needs, along with enough money to provide an income to cover your daily living expenses and debt repayment.

## Am I covered through my employer's super fund?

Most super funds don't provide Trauma cover, it is generally only available outside of super.

## How much will it cost?

Your insurance premium will be based on your age, smoking status and the amount of cover you choose.

For example, you could feel more financially secure having \$200,000 of Trauma cover which would cost you around \$30 a month<sup>3</sup> for a basic level of cover.

## How do I apply?

When you apply for Trauma cover with an insurance company they will generally require you to answer a number of questions on your occupation, health, pastimes and hobbies. They ask this to assess the risk in them providing you with trauma cover.

If they determine there is additional risk in offering you cover they may charge you an extra premium for the increased risk, or they may not cover you for certain events and offer you a normal premium rate.

## Need more information?

Everyone has different financial needs. And to find the best wealth protection solution, you may need professional financial advice. Talk to your financial planner or call AMP Customer Solutions on 133 888.

1. Australian Institute of Health and Welfare, *Cancer in Australia: an overview* 2006, 2007.
2. Australian Institute of Health and Welfare, *Heart, stroke and vascular diseases Australian Facts* 2004, 2004.
3. Based on a 35 year old male accountant, living in VIC, non-smoker, paying annual premiums for Flexible Lifetime® - Protection Trauma Standard cover with AMP.

### What you need to know

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