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‘She’ll be right’ attitude great - but leaves Aussies underinsured

2007 AXA Protection Report

Wednesday 10th October, 2007

Australians feel less threatened than most other people in the world when it comes to life risks such as serious illness, accidents and disasters according to a global report released today by life insurer AXA.

The 2007 AXA Protection Report is a global study that compared attitudes to life’s risks and rates of individual insurance take-up between Australia, Belgium, France, Germany, Hong Kong, Italy, Japan, Spain, Switzerland, the United Kingdom and the United States.

The report found Australians know they’re taking life risks but don’t like thinking about them and are underinsured against them. It also showed two in three Australians are fully aware that their level of insurance coverage is either inadequate or nonexistent.

Asked which serious life accidents might happen to them, Australians were the least concerned in 8 out of 10 categories including serious illness, serious car accident, serious financial problems, domestic or sports accidents, unemployment, natural disasters, work accidents and terrorism.

The survey showed that 64 per cent of Australians are failing to adequately insure their most important asset – themselves. On average, we are underinsured by \$112,000.

Michael Rogers, General Manager Financial Protection at AXA says: “We are taking on more and more debt in Australia with our mortgages, cars and credit cards. Serious accidents and illnesses do occur and it’s important for Australians to think about how they would protect both themselves and their families if they couldn’t repay their debts.”

Clinical psychologist John Cheetham says this report should challenge our long held attitude of ‘she’ll be right mate’.

“Our laidback culture shines through in this report. Much about Australia’s carefree attitude to life is admirable but when it starts to affect our families and our lifestyle, it can develop into something that looks more irresponsible and financially hazardous.

“Underinsurance may well challenge the psychological health and wellbeing of many Australians. Unlike house and car insurance, life insurance isn’t protecting something tangible, so the risk isn’t as obvious as a scratch on the car or the house being broken into,” he said.

Cheetham says those under 35 years of age in particular are blissfully ignorant about hard economic times; “If you entered the workforce after 1992 you would have never experienced a major economic downturn, hence their positive outlook on life and the economy,” he said.

Another key finding was the false sense of security that Australians have when it comes to their insurance needs and reality.

“Most of us think about insuring the major bread-winner but if something was to happen to the primary carer of the home, the financial consequences are often dire,” he said.



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Although the survey found the level of underinsurance globally was a concern, Australia was the most adequately insured in the survey.

“The first barrier to protection insurance products is simply that people never thought of getting insured. Surprisingly the cost of insurance is not the barrier.

Mr Rogers points out that life insurance is less expensive than most insurance products we take out on our cars, homes and health.

For a 40-year-old non-smoking male to take out \$500,000 of life insurance, it would cost \$7.85 a week and for a female it is even cheaper at \$6.36, but for a home valued at \$600,000 insurance can cost between \$17.30 and \$24 per week and for a standard new vehicle anywhere between \$12.10 and \$26.90 per week.

“Like all types of insurance, life cover can give you peace of mind, but it is alarming to discover the number of Australians who don’t consider protecting their lives,” he said.

“Many of us have a minimum level of cover through our employer, but in most cases this is not enough because it does not take your personal circumstances into consideration,” he said.

The report also identified the ‘trigger points’ when life insurance is considered, such as getting married or buying a house. It showed that Australians only tend to think about financial risk when they assume a high level of responsibility, for example 17 per cent once they buy a house and 16 per cent when starting a family.

John Cheetham said: “It is sad to see that only a small percentage of Australians think about financial risk. Unexpected events in our lives create accelerated levels of anxiety and re-evaluating our financial protection is a very practical way of helping to alleviate anxiety in troubled times,” he said.

The survey also found:

- When asked what they cared about most, health was the number one issue for Australians and for the 10 other countries surveyed, followed by lifestyle in retirement and home ownership
- Asked about which life accidents might occur to them, serious illness topped the list
- Australians were more active than respondents from any other country surveyed, 54 per cent said they exercised to stay healthy
- Australia is the only country to show a distinct pattern of discussing life risks with third parties over family and friends when compared to the global average. 33 per cent said they would talk about life risks with a financial adviser, third behind France and the United Kingdom
- 60 per cent of Australians said they had a will, well ahead of the UK (49 per cent and the U.S 48 per cent)



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The things we think may happen to us.....

Serious illness	Serious car accident	Unemployment	Work accidents	Serious financial problems
1 France	1 France	1 Germany	1 France	1 France
2 Japan	2 Germany	2 France	2 Switzerland	2 Germany
3 Switzerland	3 Switzerland	3 Hong Kong	3 Germany	3 Belgium
4 Germany	4 Belgium	4 Japan	4 Japan	4 Italy
5 Belgium	5 Japan	5 Switzerland	5 Spain	5 Japan
6 Italy	6 Spain	6 Italy	6 Belgium	6 Switzerland
7 USA	7 Italy	7 UK	7 Italy	7 USA
8 UK	8 USA	8 Spain	8 USA	8 Hong Kong
9 Spain	9 UK	9 USA	9 UK	9 UK
10 Australia 	10 Hong Kong	10 Belgium	10 Hong Kong	10 Spain
11 Hong Kong	11 Australia 	11 Australia 	11 Australia 	11 Australia 

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