

When was the last time you consulted your financial adviser to see if your insurances were adequate?

Australia is one of the top (private) wealthiest countries on the planet, meaning its population's individual and family wealth levels are VERY high, per capita. But on the flip side of this wealth, Rice Warner has identified that there is a large risk level reflected in the underinsurance gap that exists in Australia. In layman's terms, this means if Australia was to burn to the ground in an accidental fire, we'd lose most of our stuff and not get it back from our insurances.

The basic core reason of insurance is to provide a level of financial protection for ourselves and our families, should the worst ever happen.

One of the major problems in Australia is there is large amounts of public confusion around insurance, specifically life insurance. This is due mainly in part by poor information and a lack of education in the general public.

Most working Australian's have some level of insurance cover inside of their superannuation, funded by their employer contributions. If you ask the average Aussie about their life insurance or income protection insurance, most believe they are fully covered by their super-related insurances.

But research suggests many Australians do not have an adequate amount of cover in their superannuation policies to provide the support they may should they need to make a claim.

This is also the case for Australian's who hold separate life insurance cover outside of their superannuation. It's simply not enough to cover them if they need to claim. Or they have grown in wealth and not updated their life cover.

The term is 'underinsurance' and if you ask the Insurance Council of Australia (ICA), it's a major problem in Australia.

Underinsurance is the most prevalent in the life insurance space. A survey conducted for the ICA found that the majority of Australian's do not have adequate cover in their life insurance policy to cover them if the worst was to happen.

Vanguard Investments looked at Rice Warner's Underinsurance in Australia 2017 report and reported that the average Australian family would find only 47% of its requirements would be covered if they needed to make a claim through their life insurance policy, or 28% of the amount they would need to maintain their existing standard of living.

This is a major problem because it means the cover they are paying for is not doing what it should be doing.

Australian's are encouraged to consider their life insurance policies in relation to their existing standard of living and expenses that will need to be covered should the worst ever happen.

Consult a financial planner or compare life insurance online using a comparison tool to see how much you can save on your existing policy and

assess the level of cover you would need.

Contacts

MakesCents.com.au

mailto: