

Life Risk Insurance Guide

Protect what matters most

Why is Life Risk Advice Important?

Life Risk Advice ensures that:

Your risks are identified

E.g. What would be the impact on your family or business if you passed away or suffered a disability?



Your risks are quantified

E.g. What is the extent of future family income lost in the event of your death or disablement?



Your risks are transferred

E.g. Who is the appropriate insurer to place your risk with to ensure you are suitably provided for should the worst happen?

The key to good protection is the right amount of money, for the right person, at the right time.

Why is Business Protection & Succession Planning Important?

Business Protection and Succession Planning ensures that:

The assets of the business are protected

E.g. If debts are secured by assets, have personal guarantees been considered?



The revenue of the business is protected

E.g. Would the loss of a key employee result in a loss in revenue?



The ownership of the business is protected

E.g. Would the loss of an owner result in a loss in business value?

The Basics of Life Risk Insurance

Life Risk Insurance is used for the following personal and business funding purposes in the event of death, permanent incapacity, major medical trauma or disablement.

PERSONAL



Pay Off Debts

Mortgage, loans & liabilities



Replace Income

Maintain family lifestyle



Childcare Support

Help with care & household needs



Medical & Care Costs

Recovery, nursing & home modifications



Estate Equalisation

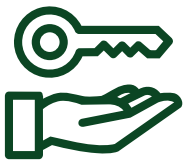
Fair outcomes for beneficiaries



Protect Dependants

Ongoing financial support

BUSINESS



Vesting

Funding to protect the ownership of the business



Safeguard

Funding to protect the assets of the business



Debt Repayment

Funding to repay debts of the business



Succession

Funding to replace key persons of the business



Indemnity

Funding to replace lost revenue or cover increased costs of the business



Compensation

Funding to replace lost business value

How Does Our Advice Process Work?

As Exant Advisory's specialist life insurance partner, Personal Risk Professionals (PRP) works closely with you and your Exant Advisory adviser to provide expert life risk advice and coordinate a life insurance strategy tailored to your individual circumstances.

Our specialist process allows us to work with insurers and their underwriters to implement an insurance portfolio in a timely and cost-effective way that is suited to your needs. Most importantly, Personal Risk Professionals are there to support you throughout the life of your cover and should you ever need to make a claim.

Personal Risk Professionals is Exant Advisory's professional life insurance partner and is responsible for the life insurance advice and associated services provided to you.

Personal Risk Professionals Pty Ltd is a Corporate Authorised Representative of MBS Advice Licence Pty Ltd AFSL 536983

PRP
PERSONAL RISK PROFESSIONALS



1. **Explain & Educate**
   As advisers, PRP invests the time to make sure you understand the key issues before moving forward.

2. **Discover & Accumulate**
   PRP's unique data gathering process allows us to obtain the information required in a timely manner.

3. **Identify & Clarify**
   PRP will quickly identify and clarify what needs to be done.

4. **Present & Prepare**
   PRP will present you with an easy to understand report on the issues identified, along with a plan of action.

5. **Implement & Initiate**
   As advisers, PRP will coordinate the implementation of your plan and initiate what needs to be done with the relevant professionals.

6. **Ongoing Support**
   Once your plan is in place PRP will review it with you to ensure your understanding and make sure it meets your objectives.

Life Risk Advice Methodology



Identify & Quantify

PRP identifies the specific risks faced for your specific circumstances and quantify the impact of those risks.



Structuring & Existing Policies

Given your life risk requirements and current circumstances PRP recommends the appropriate policy ownership structure and whether your existing policies meet your needs.



Pre-assessment & Product Selection

PRP's unique data gathering provides us the knowledge to discuss any existing medical or financial issues with a range of underwriters. Combined with in-depth policy research PRP selects an insurer appropriate to your needs.



Application & Underwriting

PRP completes all applications with our clients using streamlined electronic application engines and arrange all the required medicals, as well as liaising with your accountant for any required financial information.



Policy Implementation

At the completion of underwriting PRP will discuss the outcome and negotiate on your behalf if loadings or exclusions are to apply, ensuring you are fully informed before policies are implemented.



Ongoing Administration & Review

PRP provides ongoing policy administration and service, and offers an annual review to all of our life risk clients to ensure your portfolio continues to meet your changing circumstances.

Seven Types of Life Risk Insurance

The following is a basic guide to the 7 types of Life Risk Insurance products available on the market. They provide funding for your personal asset protection and estate planning and/or business protection and succession planning strategies. We have included with the description of each type of cover a few key considerations which need to be made when structuring these covers.

1. Life Insurance

Life Insurance provides a lump sum payment upon death or terminal illness of the life insured.

Key Considerations

- Who is the appropriate owner for my cover?
- Who is to benefit from this cover?
- What is the intended objective of holding this cover?
- Are there tax implications for the premium I pay or the benefit receivable?

2. Total and Permanent Disablement (TPD) Insurance

A serious illness or injury can have a significant financial impact on you and your family. TPD insurance provides a lump sum payment if you become permanently unable to work.

TPD policies are generally structured under either an:

Own Occupation definition – where you are unable to return to your specific occupation, or

Any Occupation definition – where you are unable to work in any occupation suited to your education, training, or experience.

The most appropriate structure will depend on your occupation, financial position, and whether cover is held personally or through superannuation.

Key Considerations

- How much financial support would your family need if you could no longer work?
- Is “Own Occupation” or “Any Occupation” cover more suitable for your needs?
- Should cover be held personally or through superannuation?
- What policy definitions, exclusions, or waiting periods apply?
- Will the ownership structure have taxation or estate planning implications?
- Will your cover remain suitable as your career or business evolves?

3. Trauma Insurance

Trauma Insurance was introduced because of medical advances which have increased survival rates after serious medical conditions such as heart attack, cancer or stroke.

Critical illness or trauma cover can be an important supplement to life insurance or can act as a stand-alone product. If a person suffers a critical illness, life insurance won’t help because the person is still alive.

Critical illness cover offers protection by providing a lump sum payment in the event you are diagnosed with one of a range of specified medical conditions.

It can help ease the financial impact of a critical illness on your lifestyle by paying you a lump sum when you need it most, instead of using savings or adding to the mortgage.

This type of insurance can be used to fund the costs of help around the house or even to reduce mortgage payments.

Key Considerations

- Does the cover automatically upgrade to keep pace with improving medical definitions and diagnosis techniques?
- What is the financial impact if I suffer a major medical trauma?
- What are the implications if trauma cover is implemented for a business protection purpose?
- Does the policy provide me with an opportunity to claim upon diagnosis or does a level of impairment or severity need to be met?

4. Income Protection Insurance

Your ability to earn an income is one of your most valuable assets. Income Protection insurance can help replace a portion of your income if illness or injury prevents you from working, helping you maintain your lifestyle and focus on recovery.

Today's Income Protection policies are generally designed to cover up to 70% of your pre-disability income, plus superannuation contributions in some cases. Benefits are typically assessed based on your income at the time of claim rather than when the policy commenced.

Policies and definitions can vary significantly between insurers, making quality advice important when selecting cover suited to your occupation, income structure, and financial needs.

Importantly, premiums for Income Protection insurance held outside of Super are generally tax deductible.

Key Considerations

Before implementing cover, it is important to understand:

- How is your income calculated at claim time?
- What definition of disability applies to the policy?
- How long will benefits be paid for?
- What waiting period best suits your cash flow and emergency savings?
- Are superannuation contributions included as part of the benefit?
- Does the policy provide flexibility for self-employed or fluctuating income earners?
- Will the policy continue to suit your needs if your occupation or income changes?

5. Business Expense Insurance

This is like income protection for the business itself. It covers fixed operating expenses (Usually rent, utilities, salaries of non-income producing staff etc.) if the owner (or another key person) is unable to work due to injury or illness.

This ensures the business can continue to pay its bills even when revenue might have dropped during the owner's absence.

Key Considerations

- What level of expenses do I need to maintain?

6. Living Expense Insurance

Living Expense Cover recognises the value of what you do every day, even if you're not working or you're working part-time. If you get sick or injured, the benefits can help you pay the household bills, pay for some help around the house and even stay on top of the mortgage. It pays an agreed monthly benefit based on your household income if you're significantly disabled.

Key Considerations

- What would the financial impact be on my family if I was significantly disabled?
- How long would I need this financial protection to continue?
- Are there other family members who would financially impact me if they suffered a significant disablement?

7. Active Cover (severity based TPD/Trauma cover incorporating life insurance)

This policy combines traditional Death, Total and Permanent Disability and Trauma insurance cover into one product. The percentage of the lump sum benefit payable is 5%, 20%, 40%, 65% or 100% based on the severity of the health event you suffer.

Key Considerations

- Do you want a policy that pays based on severity versus a defined medical threshold?
- Do you require certainty regarding the benefit payable upon specific events or to meet certain objectives?

The key to these types of insurances is to get the appropriate business and personal advice, to ensure your objectives are clearly discussed and agreed upon. The right advice will ensure that your portfolio of cover is structured to meet these objectives—in line with your specific personal and/or business circumstances.

Seek professional advice from a specialist who will work with your accountant and legal professionals to ensure your portfolio meets your needs.

Our Claims Management Service—Keeping Our Promise

As Exant Advisory's specialist life insurance partner, Personal Risk Professionals manages claims on behalf of clients for insurance policies under its advice.

Our claims service includes:

- ✓ Completion and lodgment of all claim forms.
- ✓ Facilitating the gathering of initial and ongoing medical and financial information.
- ✓ All negotiations with insurance claims managers.
- ✓ Provision of progress reports.

Contact Us



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