**Life Insurance Explained**

## **What is life insurance?**

Life insurance is more than just vital financial help for those you leave behind when you pass away. It can also provide what we call 'living benefits’, or financial support if you’re in an accident, become seriously ill and can’t pay the mortgage, or put food on the table for the family.

The general term ‘life insurance’ refers to the range of insurance that include:

* Life insurance (sometimes known as death cover)
* Total permanent disability insurance
* Trauma insurance
* Income protection insurance

**Common events you can choose to be covered for**

Here are some of the events you can choose to be covered for under a Life Insurance policy:

* **If you pass away:** your family receives a lump sum payment. This is generally available under a Life Insurance policy.
* **If you’re diagnosed with a serious critical illness such as a malignant cancer or you suffer a severe heart attack:** you receive a lump sum payment. This is generally available under a Trauma Insurance policy.
* **If you’re permanently disabled and unable to work:** you receive a lump sum payment. This is generally available under a Total Permanent Disability Insurance policy (TPD).
* **If you’re temporarily unable to work due to illness or injury:** you may receive a monthly benefit of up to 75% of your regular income. This is generally available under an Income Protection Insurance policy.

## **How much life insurance do I need?**

Your ideal level of cover is the one that best suits you and your family’s financial needs. Things to consider are:

* If you were to pass away, how much would your family need you to leave behind to make sure that they are still financially comfortable and are able to make payments like mortgages, school fees etc?
* If you were out of action tomorrow, how much would you need for you and your family to live comfortably?
* Do you have any major debts/liabilities?
* Does your partner work?
* How many kids do you have? How old are they & how long would they need to be supported?

Adding up the amounts above can give you a feel for how much your family would need to help cover your monthly expenses if you were to pass away or were out of action and not earning your income. The most important rule of thumb is to avoid being underinsured.

Help if you get cancer. Help if you’re critically injured. Help if you’re critically ill. Trauma Insurance is the financial protection that provides ‘breathing space’ to get better, access available medical treatment and spend valuable time with your loved ones. In short, you’ll have funds to help your recovery.