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## Welcome!

Welcome to the December edition of the RI Toowoomba Insurance Newsletter. This newsletter is designed to inform our clients about the different products available in the market place that may be relevant to your situation.

In this issue we cover four common mistakes that can be made when purchasing personal insurance and some information on insurance for small businesses.

Kind regards,  
**Jeff English**

CEO & Senior Financial  
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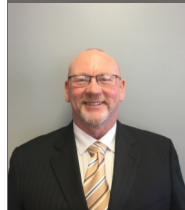
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## Running a Small Business? Make sure you are properly insured

**Running a small business is hard work. The last thing you need is to lose it all because of poor insurance choices.**

### Do your homework

First you need to work out what needs to be covered. There are the obvious things such as plant and equipment, the less obvious things such as public liability, professional indemnity, and finally protecting the financial performance and position of the business on the sudden loss of a key person.

Policies should cover a wide range of eventualities and each business should have a policy package specifically geared to its needs. People are the most important assets, and the success of the business may hinge on key personnel.

Business expense insurance can cover certain fixed business expenses, and key-person insurance can protect the financial performance in the event of a key person or business owner dies, is permanently disabled or suffers a traumatic event.

### Insufficient coverage

Owners risk losing control of their companies, serious financial losses, and complex partnership

problems by being uninsured, or underinsuring against something going wrong.

Having the wrong kind of insurance is equally risky and ultimately a waste of money, which is why it's necessary to seek advice on the right insurance for your business. It's also important to regularly review and update your insurance, especially when your business grows or changes.

### There is always tax

You do not have to pay capital gains tax (GST) on a business insurance settlement, provided you tell the insurer before making the claim what proportion of the premium you can claim GST credits for, which will be the part that relates to business purposes. But remember, your accountant should assess all taxation matters. Working together with your financial adviser to determine what insurances can be put in place is an important consideration when running a business.

*The Insurance Council of Australia, [www.understandinsurance.com.au](http://www.understandinsurance.com.au), and the Australian Taxation Office, [www.ato.gov.au](http://www.ato.gov.au), have more information*

## RUNNING A SMALL BUSINESS? MAKE SURE YOU ARE PROPERLY INSURED

### 1 DO YOUR HOMEWORK

Work out what needs to be covered e.g. plant and equipment, public liability, professional indemnity, and the sudden loss of a key person.

### 2 INSUFFICIENT COVERAGE

Seek advice for appropriate insurance for your company. Regularly review and update your insurance to avoid being underinsured.

### 3 SEEK PROFESSIONAL FINANCIAL ADVICE

Work together with your Financial Adviser to determine what insurance is right for your business.



## Insurance Claims are all part of our service

I am sure you have seen advertisements lately on the television and heard on the radio from a variety of law firms, offering to take up superannuation and insurance claims on your behalf.

But a lot of people may not be aware that we, as financial advisers can assist you with your claim as part of our service to you and for a fraction of the cost being charged by these firms.

We can assist with all claims, even claims under another provider and outside insurance and superannuation companies.

If you have had to stop work due to any injury or illness we will be able to assist in assessing if you may have a claim.

Please contact our office to arrange an appointment with our risk specialist to discuss your individual situation and get the ball rolling on your claim.

# Four common mistakes when buying insurance

If your life insurance policy is in a drawer gathering dust, your family could be in for a nasty shock in the event of a claim. Here we outline some pitfalls to avoid when taking out cover.

## 1. Buying on price rather than cover

No-one wants to pay too much for cover but the purpose of buying life insurance is to ensure your family won't be left to fend for themselves in the event of your death.

Cheap policies can be riddled with potential issues, so read the fine print and look into the capacity of the insurer to pay, policy exclusions and dispute handling processes.

## 2. Not considering insurance outside super

Many people make the mistake of thinking that life insurance cover through super will be enough. Most super funds provide a default level of cover but this is often well below the level required.

In some cases, people could be caught unaware that their insurance cover had lapsed if and when they changed jobs and switched out of the fund. However, on the plus side, since the introduction of Choice of Fund, it is easier to carry over and elect to use your own superannuation fund when going into a new job. An individual's insurance cover within their super fund remains intact as long as they remain a member of that fund.

When it comes to insurance within superannuation it's also important to remember that premiums are paid from what is effectively your retirement savings, which can impact your overall super balance on retirement and when you begin drawing down on your savings.

## 3. Failing to get proper advice

Life insurance policies are easy to obtain these days and it can be tempting to buy policies online or from a teleprovider. However, policies that are quick and simple to obtain may be declined at claim time for reasons such as non-disclosure, exclusions or hidden clauses.

Sitting down with a qualified adviser means you can benefit from unbiased advice on a broad range of policies that can be tailored to your individual requirements. The adviser will also discuss issues you might not have thought of- for example will your insurance policy be owned by you, your spouse, both of you, your super fund or a trust or corporate entity?

## 4. Failing to review cover when circumstances change

There are certain key events in life when it is imperative to take a fresh look at your insurance coverage. Have you married or divorced or has your spouse passed away since you last reviewed your policy? Have you become a parent or have your kids left home? Have there been any changes in your financial circumstances such as an increase in income, more debt or paying off a mortgage? All these are factors to consider when determining the level of your cover.

No-one wants their families to be left high and dry in the event of their death. Taking the time to consider your life insurance today may be your greatest gift to your loved ones tomorrow.

Source: RI Article Hub



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