

Trauma insurance

Helping you recover

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- Would you have sufficient savings to cover large out-of-pocket medical bills?

 - Could you afford to reduce your working hours if you needed to improve your health?

 - Could you afford for your partner to take some time off work to look after you?

What is trauma insurance?

When you suffer a serious illness, the impact on your life is likely to be enormous. The financial impact can also be devastating if you're not adequately prepared for it.

Trauma insurance provides you with a lump sum payment if you suffer an insured major medical trauma. The actual events covered vary between insurers, but some of the most common ones include:

- Heart conditions.
- Neurological conditions — dementia, motor neurone disease, Multiple Sclerosis, muscular dystrophy, paralysis, Parkinson's disease and stroke.
- Blood disorders — aplastic anaemia, medically-acquired HIV, occupationally-acquired HIV
- Cancers and benign brain tumours.
- Organ disorders — like chronic kidney/liver/lung failure, coma, loss of hearing/speech, major head trauma, severe burns.

Each of the above insured events is usually medically defined within the policy, and the definition must be satisfied to be eligible for a benefit payment. For example, it is not sufficient to simply be diagnosed as suffering from cancer, the type and severity of the cancer must meet the definition within the policy.

What this means to you?

The payment of a lump sum from trauma insurance is designed to help you and your family obtain the financial support you need to get through a major illness without the financial upheaval.

This money can help you:

- pay for the best medical care, both here or overseas
- access the full range of rehabilitation services
- pay for someone to come and help you around the house
- change your lifestyle if required (eg reducing your working hours or taking an extended holiday).
- help with mortgage repayments.

Insurance policies will often vary in their features and benefits, so you should work with your financial adviser to choose a policy that suits your needs and your budget.

Case study

Jenny and Paul were both working full-time and earning a combined income of \$160,000. With no children, they were working hard to build their nest egg and pay down their significant mortgage.

When Paul was diagnosed with a potentially life-threatening heart condition, his doctor told him he urgently needed surgery. He also faced the prospect of up to six months off work.

If Paul didn't have income protection, the couple would have faced the prospect of surviving on Jenny's income alone. They would also have to pay Paul's out-of-pocket medical expenses on top of the mortgage repayments and everyday bills.

Fortunately, Jenny and Paul had spoken to their financial adviser about protecting their lifestyle in the event of sickness or injury. As a result, they had both taken out income protection and trauma insurance.

Because he was unable to work, Paul's income protection paid him a monthly benefit equivalent to 75% of his regular salary until he returned to work. Paul's heart condition was also an insurable event under his trauma insurance — meaning the couple received a lump sum of \$150,000.

This money helped the couple with their mortgage repayments, and pay all Paul's hospital bills. It also allowed Jenny to take some unpaid leave to look after Paul at home.

What are the chances?

Cardiovascular disease (CVD) is the leading cause of death in Australia, with 43,603 deaths attributed to CVD in Australia in 2013. Cardiovascular disease kills one Australian every 12 minutes.¹

¹ www.heartfoundation.org.au/information-for-professionals/data-and-statistics/Pages/default.aspx

Contact Financial Solutions Victoria Pty Ltd for further information on 03 51532507 or visit www.finsolvic.com.au