

INSURANCE



What is insurance?

Insurance is a way of financially protecting yourself, your income and your belongings from unexpected events where you experience a loss. For example, if someone breaks into your house and steals your belongings.

How does it work?

Insurance **transfers the risk** of an unexpected event occurring from you to an insurance company (the insurer). In return for a premium (the cost of insurance), the insurer agrees to pay you an agreed amount of money if that event happens. The insurer will give you an insurance policy that details what is insured, how much they will pay you, what is excluded and how much the premium is.

For example, if your car was damaged in an accident and you have a policy that covers damage to your car, you can make a claim to help pay for the repairs. Insurance will not reduce your risks, but you can use it as a financial tool to protect against losses associated with some risks.

Why have it?

It protects you for those unexpected events that may leave you financially vulnerable. For example, if your new car was stolen, you will need a large amount of money to replace it.

What does it cost?

An insurer will charge you a premium for providing insurance cover. Premiums are calculated based on your individual circumstances, the items you want to insure and the amount they are insured for. Factors such as age, gender and location may also contribute to the premium calculation.

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Common types of personal insurance

TYPE	WHAT IT COVERS
Car	There are three types of cover. Compulsory Third Party is automatically included in your car registration. Third Party Property Damage (TPPD) cover is for damage to another person's property. Comprehensive cover includes TPPD and theft or damage to your car.
Health	Covers you for the costs of hospital visits and stays, and medical and dental treatments. The government provides incentives and surcharges in relation to health insurance, for more information go to: www.privatehealth.gov.au/healthinsurance/incentivessurcharges
Home and contents	<p>If you are a homeowner, home and contents insurance provides cover in the event your house and possessions are destroyed, damaged or stolen. You can choose home cover, contents cover or both.</p> <p>If you are renting you are able to cover your belongings if they are stolen or damaged. If you share with others, you can insure just your belongings. It is the responsibility of the landlord to insure the building and the fixtures and fittings that come with the property, such as the carpet. To protect personal and other valuables, an 'All Risks' extension may be needed. A home and contents policy may also provide general liability protection up to \$10 or \$20 million.</p>
Life	Covers you in the event of your death or if you are diagnosed with a terminal illness. A lump sum payment is made to your family or beneficiaries. There are several types, including 'whole of life' and term cover, which provide cover for a selected number of years.
Income protection	Protects your income in the event you cannot work as a result of an injury or illness. You may be able to claim the cost of your income protection premiums as a tax deduction. The best form of cover may be 'non-cancellable' disability insurance.
Pet	Health insurance for your pets. There are three types: accident only; accident and illness; and comprehensive cover. Be aware that cover may only be available for 8 to 10 years and your pet may live much longer.
Mobile phone	Provides cover if your phone or tablet is stolen or damaged (normal wear and tear and preventable damage is excluded). Some policies may even cover reimbursement of unauthorised calls, accessories and mechanical failure.
Motorbike	Similar to car insurance, CTP cover is included in your motorbike registration. You can get cover for damage to your bike and accidental damage to other people's property. When calculating the premium, insurers will take into consideration your age and the engine size of your bike. The lower your age and the higher the engine size of your bike, the higher the premium. To comply with federal legislation, insurers will not insure a 20-year old rider for an engine size above 660cc.
Travel	Provides cover when you are travelling within Australia and overseas for events such as loss of luggage or cancelling your trip. Medical emergencies are included in overseas travel cover. Some policies may exclude certain sporting activities.

ATHLETE WELLBEING & ENGAGEMENT

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Glossary of common insurance terms

Agreed value	Usually relates to car insurance and is the value agreed between you and the insurer
Claim	A request to your insurer to pay you after a loss
Excess	The amount you are responsible for before your insurer pays a claim
Exclusions	Risks insurers will not cover
Insurable risk	Risks an insurer is prepared to insure
Limit of Liability	The maximum amount an insurer will pay
Market value	Usually relates to car insurance and is the value of the car at the time of loss
Policy	Formal written contract of insurance
Premium	The amount an insurer charges to provide cover

Where to go for more information

Understanding insurance – *An initiative of the Insurance Council of Australia*
www.understandinginsurance.com.au

Find an insurer – *A service provided by the Insurance Council of Australia*
www.findaninsurer.com.au

Find a broker – *A service provided by the National Insurance Brokers Association*
www.needabroker.com.au
1300 531 073

MoneySmart – *ASIC's financial guidance site*
www.moneysmart.gov.au/insurance
1300 300 630

Canstar – *Financial comparison site*
www.canstar.com.au

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For more information about the resources available to enhance athletes' personal development, contact Bronwyn Jonathan on 02 6214 1417, bronwyn.jonathan@sportaus.gov.au.