

Dramatic Government Changes to Income Protection Insurance

What you need to know:

- All Life insurance companies are forced to change income protection insurance drastically by the **31st March 2020**
- Dramatic reduction in the period of time and amount of income you can be covered for

What action you have to take:

- If you have this cover already, we will need to check that you've locked in the best cover for you
- If you do not have this cover and you want to protect your income, contact us immediately
- Either way, call us to make an urgent complimentary appointment



**Last Chance
for quality
Income
Protection
Insurance**

Agreed Value Income Protection Policies to be discontinued

The Australian Prudential Regulation Authority (**APRA**) who is the regulator of Australian Life Insurers recently announced a number of measures to force all life insurers across Australia to change the design and pricing of income protection insurance, due to the product's deteriorating profitability.

Effective **31 March 2020**, life companies will no longer be able to offer the very popular and generous 'Agreed Value' Income Protection contracts. Under current rules, you can be paid for an Agreed Value of income at claim time even if your actual income was lower at the time. The Government wants these policies no longer to be offered. This means your payout may be lower than if you were to lock in a soon-to-be discontinued agreed value policy before the end of March.

Benefit periods also to be dramatically reduced

The Government also requires income protection policy benefit periods be limited to 5 years from April onwards. Currently you can apply for a policy that will protect you to age 65 or 70.

What does this mean for you?

If you don't yet have any Income Protection cover

It's your last chance to access the much wider protections of an Agreed Value policy. We strongly encourage you to discuss with us the implementation of the appropriate level of cover prior to 31 March when the current agreed value policies will no longer be available in the Australian market.

If you already have Income Protection cover

Check whether it is an 'Agreed Value' or 'Indemnity' Income Protection policy. Indemnity policies provide nowhere near the same level of protection. We suggest a review of your personal and financial circumstances to see if it is appropriate to change your indemnity policy to an agreed value policy well before the deadline on 31 March 2020. If you have your income protection cover through super, it will need to be reviewed as it is likely to be Indemnity cover. We want to ensure that if eligible, you secure an agreed value policy before they are no longer on offer to new clients ever again.

Next Step



If you want to lock in this benefit before it is removed forever, please contact us **immediately** on (02) 9972 2633 to book a complementary appointment or phone discussion.

Please don't hesitate to contact us if you have any questions.

Please feel free to pass on this email to anyone you know who needs to protect their income.

Remember the Government deadline is March 31, so you will need to take action well before that date.