

## Life insurance in one click

You can now take out life insurance online in less than 10 minutes, but you may be paying dearly for it.

**L**ife insurance policies are now available online direct from the insurance company. Application and approval is quick and easy; no medical assessment or blood test is required. But life insurance broker Lifebroker warns some of these policies are very expensive compared with fully underwritten life insurance (death cover) policies usually sold through a broker or financial planner.

Fully underwritten policies are more difficult to take out as they usually involve filling out a health and medical questionnaire and sometimes undergoing a medical assessment.

A price survey undertaken by Lifebroker found that the premium for a 30-year-old non-smoking couple for a sum insured of \$500,000 can range from about \$590 to about \$1280 among five companies selling life insurance directly. While the cheapest policy is not much more expensive than a fully underwritten policy, you would be getting a very bad deal with the most expensive one.

Alternatively you can take out life insurance through your super fund. A recent *CHOICE* report (March, 2009) found this is the

cheapest way to take out life insurance – since your fund buys insurance in bulk, they can pass the savings to you.

So when taking out life insurance, check the following.

- What is the sum insured and is it appropriate for your needs? GIO's direct policy only offers cover up to \$400,000, while the direct policy from Allianz offers up to \$1.5 million. You may be able to get higher amounts through a life insurance broker.
- What are the exclusions? Some exclude pre-existing conditions.
- Will the premium stay the same or will it increase each year? Some policies significantly increase their costs as you get older.
- If you take insurance through your super fund, make sure the cover continues even if you switch funds. Most companies allow this but may charge a higher premium as the policy converts to a fully underwritten one when you leave a super fund.

For more information and sample premiums, see our feature on credit protection insurance in *CHOICE*, March 2009, or go to [www.choice.com.au/money](http://www.choice.com.au/money). ■