Article Side

Life Insurance

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What is Life Insurance?

Life Insurance is a cover that, in the event of your death, your nominated loved ones will receive a lump sum monetary payment. This may be used for paying off debt, paying off a house mortgage, using to pay for funeral costs, or to use for future bills, living costs, childrens school fees and other such necessary lifestyle financial obligations.

Is life Insurance for me?

If you were to die, would your death impact on someones finances? If you have a partner, children or any other dependents who rely on your financial contribution or support, if you have any debt that you do not wish to leave to any family members to pay off, or if you do not want your family members to have to find the finances to pay for your funeral, then you would benefit from taking out a Life Insurance policy.

Taking out Life Insurance is simply one very sure way of ensuring that those loved ones you leave behind in the event of your death will be financially taken care of when you can no longer care for them.

What type of cover do I need?

The type of Life Insurance Cover and extent of cover is very individual, it is dependent on many important factors. Choosing the right Life Insurance Cover does not need to be overwhelming. You simply need to consider the following:

The Payout Amount - How much money will your family need in the event of your death? Your lump sum payment amount needs to be based on such things as how many dependents you have, your current level of debt and other lifestyle costs. Will your partner need to return to work should you die? Do you have young children who will require daycare? Will your family be forced to move out of the family home or would you like the home mortgage to be paid off? Would you like to ensure your loved ones do not have to think about paying off current debts? Do you wish to ensure your children's education costs are covered? Our expert insurance advisers will be able to best advise you on the right level of Life Insurance Cover for your specific needs and can ensure that you get just the right amount of cover without taking out too much and costing you in unnecessarily high monthly premiums, while still ensuring that your loved ones will be well looked after in the event of your death.

The Right Insurer - It is important that you understand the ins and outs of your Life Insurance Cover. Your insurance adviser at imcovered.co.nz will explain all the choices you have with different insurers and will suggest which is the most appropriate insurer that meets your specific requirements. Your insurer needs to be reputable and stable while still offering you competitively priced premiums. There are many options you have which affect your monthly premium including the length of time between when a payout claim is made to when your loved ones actually receive the lump sum payment. Your insurer needs to be flexible with your policy, offering you the ability to increase or decrease your lump sum amount as your situation changes (a new addition to the family, a relationship breakup, an increase or reduction in your debt level, taking a new job, increasing your mortgage).

The Type of Plan - You have a number of choices when it comes to which type of Life Insurance plan you choose. You can choose between 'level' or 'stepped' monthly premiums. Level premiums do not increase each year as your age increases as stepped premiums do. There are advantages and disadvantages to both level and stepped premium plan types. Level premiums start out higher than stepped premium plans but can end up being more economical in the longer term. With many insurers there is also the option to receive a portion of your lump sum Life Insurance payout in the event you suffer a serious illness or injury, such as a stroke, heart attach, cancer, or physical disability. This is very similar to Trauma Insurance but is cheaper than taking out both a Trauma and Life Insurance policy. At imcovered.co.nz our insurance advisers will be able to work with you to ensure you choose the right type of Life Insurance plan for you and your specific needs.

Term Life vs Whole of Life - Term life insurance is the more common type of life insurance on the market today. It is of no cash value (unlike the Whole of Life or Endowment policies). A Term policy is in place for as long as you pay the premiums. There is no investment option with this type of policy, there is only death cover, and for this reason it tends to be cheaper. If you have a Term policy it is only of any monetary value upon a claim (the policy holder has passed away). Whole of Life policies were popular during the 1970's and 1980's along with Endowment policies. These are a mixture of insurance and investment, and are quite complicated with many aspects to them. They can also be difficult to evaluate and the investment portion can be quite limiting.

The Monthly Premium - as mentioned above there are many aspects of a Life Insurance plan that can significantly affect the cost that you pay for the insurance policy each month. If you are looking to take out a Life Insurance policy as well as another policy, such as an Income Protection policy or Health Insurance policy then you will usually be able to make significant savings if you choose to 'bundle' your policies together. Each of our expert insurance advisers at imcovered.co.nz is experienced and knowledgeable on what each of the reputable insurance providers offer to customers and are well informed to be able to work with you to ensure you work out the right plan for your budget. We wish to make insurance financially accessible to all New Zealanders.

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