



## **COMMINSURE STUDY FINDS MOST AUSTRALIANS NOT COVERED FULLY BY INCOME PROTECTION INSURANCE**

**14 March 2005:** A national study has found the majority of Australians are not well protected against loss of income should illness or injury prevent them from working.

According to the CommInsure Income Protection Insurance Study<sup>1</sup>, 67% of Australians have either no income protection insurance or they have income protection cover for up to two years as part of their superannuation. The study also found that if they lost their income, two in three Australians aged 25-49 who are currently working would rely on government welfare for financial support. Half of those people surveyed with a mortgage or dependent children don't have any income protection insurance.

With one in three Australians expected to be off work for more than three months during their working life due to illness or injury<sup>2</sup>, they are leaving themselves open to a worrying situation and possible financial difficulties should illness or injury causing loss of income occur, according to CommInsure's Managing Director, Simon Swanson.

"When it comes to insurance, income protection is either overlooked or misunderstood," said Mr Swanson. "Most people surveyed are not aware that income protection is generally tax deductible, and, in the case of an injury or illness that prevents one from working, can provide payments up until the age of 65."

Mr Swanson urged Australians to learn more about income protection insurance as the study revealed that a high number of people (79%) with income protection insurance\* believe they are adequately covered if they were unable to work.

"Many of those with income protection insurance\* (55%) are unaware of how long payments from it would continue - for someone with a long-term injury or illness this may not go very far, as cover under compulsory superannuation is only provided for up to two years," he said.

"With about 116,700 Australians today permanently unable to work due to illness or injury<sup>3</sup>, people need to be aware of what level of protection they will receive should they require income cover."

The CommInsure study also revealed that 46% of respondents who do not have income protection insurance\* say they do not have it because they felt it was a waste of money, while 51% feel an accident or long-term illness was unlikely to happen to them, compared to the statistical likelihood that one third would be affected. When asked how long they would be able to continue their current lifestyle if their salary stopped, nearly 40% of those without income protection insurance said three months or less.

Mr Swanson said the results of the survey pointed to the need for developing and improving the financial literacy of everyday Australians – the key aim of the Commonwealth Bank

<sup>1</sup> Income Protection Insurance Study. This Newspoll study was by telephone in February 2005, among a nationally representative sample of 467 respondents aged 25-49 years who work full-time or part-time.

<sup>2</sup> Institute of Actuaries, Interim Report of the Disability Committee, 2000.

<sup>3</sup> Australian Bureau of Statistics: Persons not in the labour force, Australia – 6220.0, 2003.

\* Those with income protection insurance are defined as those who have it either as part of their compulsory superannuation or organised by themselves or someone else

## **Commonwealth Bank**

Commonwealth Bank of Australia  
ABN 48 123 123 124  
Communication, Community and Reputation  
GPO Box 2719  
Sydney NSW 1155  
www.commbank.com.au



Foundation's various programs - to help people prepare for and then achieve their financial aspirations with an improved understanding of the dynamics in the financial environment. The Bank has been involved with financial literacy education and student banking since 1931 and conducts regular research with parents and children on matters covering many aspects of understanding finance.

"CommInsure is a registered business name of The Colonial Mutual Life Assurance Society Limited (CMLA)"

### **COMMINSURE INCOME PROTECTION STUDY HIGHLIGHTS\***

#### **Australians with income protection insurance**

- 67% of working Australians aged 25-49 either have no income protection insurance or only have it as part of their compulsory super
- One-in-two working Australians aged 25-49 (51%) either do not have income protection insurance, or do have it but feel they are not adequately covered.
- Over one-in-two working Australians aged 25-49, (57%) say they have income protection insurance, either as part of their compulsory super (30%) and/or organised for them by themselves or someone else (27%).

#### **Lack of awareness**

- 55% of those who claim to have income protection insurance are unaware of how long their income protection insurance payments will continue for if injury or illness strikes
- Common reasons for respondents not having income protection insurance include not feeling they can afford it (63%), feeling that an accident or long-term illness is unlikely to happen to them (51%), thinking it is a waste of money (46%) or saying they don't know enough about it (47%)
- One quarter say they do not have income protection insurance because they are covered by their life insurance.

#### **Knowledge of income protection insurance**

- Only 39% of working Australians aged 25-49 know that income protection insurance premiums are generally tax deductible
- 40% of working Australians aged 25-49 aren't aware that income protection insurance can provide payments to a claimant up until the age of 65, if they are still suffering an illness or injury at that age.

MORE/.....

## **Commonwealth** Bank

Commonwealth Bank of Australia  
ABN 48 123 123 124  
Communication, Community and Reputation  
GPO Box 2719  
Sydney NSW 1155  
[www.commbank.com.au](http://www.commbank.com.au)



### **Survival without salary**

- When those who do not have income protection insurance were asked how long they would be able to continue to live at their current lifestyle if their salary cheque stopped, nearly four-in-ten (38%) said 3 months or less
- If they lost their income, many Australians aged 25-49 who are currently working would rely on government welfare (66%) for financial support or family members (58%).

### **Financial responsibilities**

- 50% of working Australians aged 25-49 have a mortgage on their home, and 55% have dependent children
  - Half (51%) of working Australians aged 25-49 with a mortgage do not have income protection insurance and conversely 49% do have income protection insurance
  - 52% of working Australians aged 25-49 with dependent children do not have income protection insurance and conversely 48% have income protection insurance.
- This Newspan study was conducted by telephone in February 2005. The study was conducted among a nationally representative sample of 467 respondents aged 25-49 years who work full time or part time.

**ENDS**

### **For further media information please contact:**

Steve Cookson  
Communication, Community and Reputation  
Telephone: (02) 9378 2504 (business hours)  
Email [cooksos@cba.com.au](mailto:cooksos@cba.com.au)