

**Direct Vs Advised  
Personal  
Insurance:  
Pros and Cons**



# Direct vs Advised Personal Insurance: Pros and Cons

Published by

We've all seen them: the TV ads promising to connect you with a personal insurance policy in just a few moments, without having to submit to rigorous medical testing or questionnaires. You may have even been tempted to sign up there and then - after all, some insurance is better than no insurance and you've just been too busy to give it much more thought.

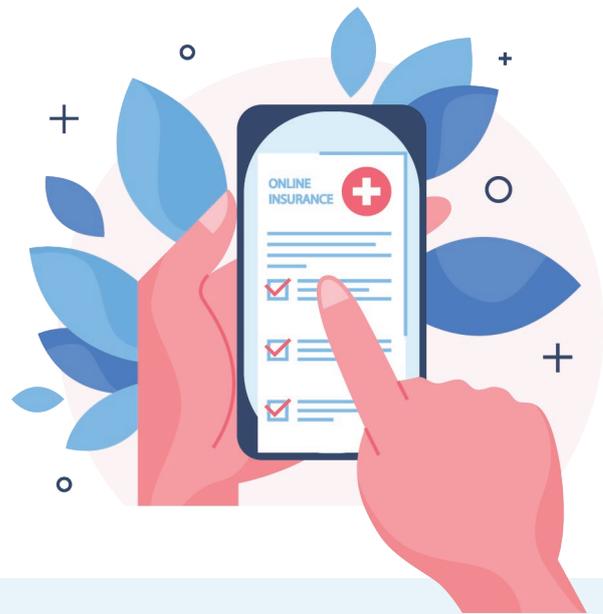
But these insurance policies, which are known collectively as direct insurance, usually have a few undisclosed downsides that can leave you in trouble if you ever need to make a claim.

As your resident team of insurance professionals, we wanted to break down exactly what the pros and cons of direct insurance are - as well as those of its alternative, advised personal insurance - in order to provide you with the information you need to make a smart insurance decision.



# Direct Insurance

Direct insurance is classified as an income protection, total and permanent disability (TPD), trauma or life insurance product that is purchased directly from an insurance provider through an insurance call centre. These policies are usually generalist in nature and often come with a few nasty surprises when it comes time to make a claim.



## Benefits

One of the biggest benefits of direct insurance is the ease and convenience with which you can take out a policy. All it takes is a call to an insurance call center, during which it's unlikely you'll be asked any in-depth questions about your medical history or any pre-existing conditions you may have.

Advertisements for direct insurance often promise that you'll be able to gain coverage instantly and without any invasive medical tests or gruelling questionnaires.

However, just like every other aspect of your financial and personal world is unique, it's rare that you'll be able to perfectly fit into the one-size-fits-all model of insurance that direct insurance providers offer. And that's exactly where direct insurance shows how it can be more trouble than it's worth.

## Downsides

The reality is that being asked questions about your current health, genetic medical history or any pre-existing conditions - which are known across the industry as underwriting - are essential to ensuring you sign up for an insurance policy that will actually provide you with the support you'll need if you ever have to make a claim. The reason that direct insurance policies are so quick and easy to sign-up for is because they rarely include underwriting.

In fact, a lack of underwriting can be used

by a direct insurance provider to avoid paying out on a claim for the reason that you did not officially disclose any underlying health issues, previous surgeries or pre-existing conditions.

Considering that direct insurance can actually end up being more expensive when compared with a retail policy (which is fully underwritten and a binding contract) and without the security of being able to successfully make a claim, direct insurance quickly loses any perks it may have offered.

# Advised Insurance

Advised insurance is an income protection, TPD, trauma or life insurance policy obtained through a specialised insurance adviser. Since advised insurance comes with the benefit of having an experienced financial adviser to help you through it, these insurance policies are tailored to your particular financial circumstances and needs.



## Benefits

Advised insurance has a number of benefits. The first, and arguably the most important, is the peace-of-mind that having a financial adviser by your side can give you. During the process of selecting your advised insurance policy, your financial adviser will sit down with you and explain exactly what your contract does and does not cover you for before you agree to proceed. They can also help you to narrow down your options and make recommendations for which policy may work best for your specific needs and circumstances.

The second benefit of advised insurance is gaining access to an experienced insurance professional who can help you understand and provide advice on the complexities of risk insurance. This can include

walking you through the differences between a level and stepped premium, the value of a reinstatement benefit or whether or not you can pay for insurance through your superannuation to minimise the pressure on your cash flow.

Finally, choosing advised insurance means choosing to have an insurance professional in your corner to help you through every step of the process if you ever need to make a claim. That's right, your financial adviser can help you by liaising with insurers and doctors on your behalf and managing your claim to get you the best possible outcome. And when life throws an unexpected challenge your way, this support can be invaluable in providing you with peace-of-mind and time to focus on getting better.

## Downsides

One of the biggest downsides to choosing advised insurance is that the process of choosing a policy and signing a contract can sometimes be a lengthy one. As part of the pre-underwriting process for advised insurance - which helps make applying for insurance easier in the future - your insurance adviser will require a full disclosure of your health and medical history. They'll then conduct a thorough analysis of your particular financial situation and prepare a strategy paper, known as a Statement of Advice, that will detail the recommendations and options available to you. This process will usually take a few meetings to ensure that the recommendations being made to you will help you to achieve your exact financial goals.

However, while implementing an advised insurance policy can be time-consuming, it also makes sure that you'll never have to worry about whether you have the right cover to protect you and your loved ones, no matter what comes your way.

For us, that added peace-of-mind is worth it every time.

## Would you like to learn more?

---



---

### General Advice Warning

The information contained in this article has been provided as general advice only. The contents have been prepared without taking account of your personal objectives, financial situation or needs. You should, before you make any decision regarding any information, strategies or products mentioned in this article, consult your own financial advisor to consider whether that is appropriate having regard to your own objectives, financial situation and needs.

**Direct Vs Advised  
Personal  
Insurance:  
Pros and Cons**

Writers Guild #4



## \*Notes to the publisher

These articles are only for distribution by members of the Easton Wealth Writers Guild.

The purpose of the Writers Guild is to encourage collaboration of quality content and create efficiencies for all active members.

The publisher/ member of Writers Guild has permission to publish this article under their own name and brand.

Easton Wealth remains sole owner of all right, title, and interest in the content.

Easton Wealth may modify, replace, or discontinue the article or any part thereof at any time, for any reason, with or without notice, in Easton Wealth's sole discretion. Easton Wealth provides the content on an "as is" and "as available" basis.

Special Acknowledgments to:

Contributer - Nicki Stewart

**\*\*Do not include this page in final article\*\***