

Insurance and low income earners

Many low income families, including single parents, struggle to work out whether it is worth paying for insurance policies for their home, their contents and their car. Many policies are unaffordable, with expensive annual premiums and high excesses if you make a claim. Most insurance companies prefer a single annual payment for the policy or offer monthly payments which can still be expensive and impractical. Here are some hints that may help.

Financial Hardship

Many insurers have introduced measures to assist people in financial hardship. Insurers can help with monthly payments rather than a single yearly payment, or allow you to pay the excess off over a three or six month period. There are products being created to cater for people on low incomes. The Insurance industry has a Code of Practice which includes a section on financial hardship.

Good Insurance

Good Shepherd Microfinance's "Good Insurance program" works with Australia's largest insurance companies to create affordable and simple insurance policies for people on low incomes. These products enable people to insure their household belongings or cars, so they're protected if things go wrong.

Insurance policies developed with Good Insurance:

- ◆ Are designed for the customer
- ◆ have affordable premiums with no or negligible excesses, and
- ◆ have flexible payment options available.

Essentials by AAI, developed by Suncorp, is a Good Insurance product that allows customers to comprehensively insure their car, their home contents or both. Customers can choose to pay premiums annually, or in monthly or fortnightly instalments, and can use Centrepay to manage payments. You may be eligible for this product:

- ◆ If you have a healthcare card
- ◆ receive Centrelink payments, or
- ◆ have a household income of \$48,000 or less (excluding superannuation).

Visit www.essentialsbysuncorp.com.au or ask Good Shepherd Microfinance www.goodshepherdmicrofinance.org.au



Car Insurance

Comprehensive insurance may not be worthwhile if your car is worth less than \$7000. Low value cars can be insured with third party insurance which covers the other driver if you have an accident and is cheaper. Third party will NOT cover your car if you are at fault, which leaves you to pay for repairs or having to replace your car. Many people do not realise that **third party insurance includes the Uninsured Motorist Extension that will cover your car for up to \$5000 if you are not at fault and the other driver is uninsured.**

Essentials has a product designed for low income consumers with low value cars. It allows you to comprehensively insure your car for up to \$5000 and pay fortnightly with no excess on claims. If you are in an accident and you are uninsured or only have third party, see your local community legal centre. They can negotiate with insurers and lawyers and may be able to get you out of a debt if you are in financial hardship. If you are currently paying for a motor car accident where you were at fault, you should definitely visit a legal centre for advice.

Tenants and Contents

Many tenants decide it is not worth insuring their contents. However with more low income families living in rural and regional areas there is a greater risk of losing everything in a fire or flood. There are now policies for tenants which have a lower amount insured, and policies that allow you to cover just a few items like the refrigerator or electronic devices. Again Essentials will provide really good value and affordable contents insurance.

If you are a tenant and have an accident with a fire in the kitchen or a flood in the bathroom, or your ex-partner damages the property, seek advice from a legal centre. Many insurers will agree not to ask you to pay damages if they know you are in financial hardship.

Your home

After a break up some women feel they cannot afford to continue to pay for insurance on their home. If you are in this situation, see a financial counsellor and find a way to pay for home insurance. ***If your home is damaged by a fire or flood you may be left with an expensive mortgage that is worth more than your property. This is a big risk!***



Thanks to *Denis Nelthorpe*, Chief Executive Officer at WEstjustice Community Legal Aid for this article.