

Miners' Insurance

Insurance an essential tool for resourceful miners

There are a number of reasons why working in the mining industry is very different to many other occupations.

Not only is it a fast-paced, high-pressure environment, mining workers are often forced to live a long way from their loved ones – which is one of the reasons miners don't always stay in the industry all their careers.

Compared to many other occupations, mining can also be dangerous. Whether working above or below ground, mining workers are often exposed to risks associated with heavy machinery, vehicles, working underground and working with explosives.

Despite improvements in workplace safety over the last decade, the mining industry still had 2,395 serious workers compensation claims in 2008/09¹. The most common causes of these claims were muscular stress (33%), falls, trips and slips (23%) and being hit by moving objects (19%) – things that can always happen on mine sites.

Mining is also one of the riskiest industries in terms of fatalities, with an average of 7.4 deaths per 100,000 workers in 2008/09. That's more than three times the national average of 2.3¹.

Combine these threats with the risks everyone faces in their day-to-day lives – like cancer and heart disease – and it makes sense for miners to have a contingency plan for sickness or injury.

So how well are you protected against the financial consequences of death, sickness and injury?

When you have an income, debts, and a family to protect, life insurance is a vital back-up plan for any miner. And it pays to get specialist advice from someone that understands the unique demands of your industry.

What is life insurance?

Life insurance encompasses a number of different types of insurance covers, including life insurance, income protection, total and permanent disability (TPD) insurance, and trauma insurance.

- **Life cover** pays a lump sum if you die or are diagnosed with a terminal illness. The lump sum can be used to meet final expenses, pay off the family mortgage so that your family isn't left without a home, fund future child education fees and set aside money to meet your family's ongoing living needs.
- **Income protection cover** pays up to 80% of your income if you can't work because of sickness or injury. This money is essential in helping to meet your ongoing living needs, including meeting your mortgage repayments, when you are ill.

- **TPD cover** pays a lump sum if you are totally and permanently disabled. The payout provides a funding mechanism to repay debts, pay medical bills and modifications to your home and motor vehicle as well as meet life time living costs.
- **Trauma cover** pays a lump sum if you are seriously injured in an accident, or if you are diagnosed with one of a number of serious medical conditions, like cancer and heart attack. The proceeds can be used to meet medical treatment costs as well as provide financial support in a time where a spouse may wish to take time off work to nurture their ill partner.

If you're a business owner working in the mining industry, you can also take out business expense insurance – helping you cover fixed business costs like equipment leases, insurances, and some employee salaries (often excludes income-producing employees).

With so many different types of life insurance available, it's important to discuss your own life insurance needs with a financial adviser.

How much does life insurance cost?

A 30 year-old excavator operator can take out \$500,000 Life Insurance plus Income Protection of \$8,000 a month for less than \$5 a day. This example is based on a male, non-smoker, Income Secure Standard, 90 days waiting period, and 6 year benefit. (Source:OnePath Life Limited, ABN 33 009 657 176, March 2011).

There are also a number of tax concessions associated with life insurance.

For starters, you may be able to hold your life and TPD insurance cover inside super. This means you can use your pre-tax salary to pay your premiums.

Another benefit specific to income protection and business expense insurance is that the premiums are generally tax-deductible.

The best way to design an affordable insurance strategy that protects your family, your income and your debts, is to speak to a financial adviser.

¹ 'Key Work Health and Safety Statistics, Australia' – Safe Work Australia, 2010

Note to advisers - Please ensure that you satisfy your disclosure obligations in relation to financial products, services and advice when uplifting and using this material.

This information is current at March 2011 but is subject to change. It is prepared by OnePath Life Limited (OnePath Life) ABN 33 009 657 176 AFSL 238341 for adviser use only.