

The Benefits Of Risk Cover



An investor might gain a lot from risk cover because it ensures security in the event of specific occurrences like death, dread disease, or permanent or temporary incapacity. Additionally, it guarantees that one's spouse and family would be supported in the event of one's passing.

It is always a prudent choice to plan for potential future events so that, if and when an unfortunate event occurs one can be at ease and worry less about any financial strain that comes with a major life event.

Below, we will go over a few of the different risk types and their advantages.

Life cover

When you pass away, life insurance protects your loved ones financially. The payment is known as a death benefit, and it replaces any income you may have received while you were still living, particularly if you were the only provider for your family. A high pay-out death benefit can be utilised to cover future living costs, such as your mortgage bond or the university fees for your children. Additionally, it offers security against unforeseen expenses that can occur. Knowing that your dependents will be taken care of after your passing gives you, as a spouse or family member, peace of mind. Please bear in mind this death benefit does not form part and parcel of your estate.

Estate duty

Liquidity in your estate ensures that there is sufficient cash in your estate to cover all debts and costs, bequests, and maintenance obligations. The first step in determining your estate is to make a complete inventory of your assets. Your assets will include immovable and moveable property; vehicles, jewellery, and intangible assets (shares and unit trusts). Your estate will also have to pay executor fees, which are generally set at 3.50% of the value of your estate. There are also winding up costs such as bank charges, transfer fees, valuation and advertising costs which must be borne by your estate. This will give you peace of mind knowing that all of your estate expenses will be covered after your death and that your dependents will be well cared for.

Disability cover

Disability cover guarantees that a person will be eligible for a lump sum settlement if they are unable to work due to illness or accident. Furthermore, it could be used to pay off any outstanding debt, providing some sort of financial relief. In the unfortunate event you become disabled, whereby you are unable to conduct everyday chores, the pay-out could help in adjusting your home or car for accessibility purposes. For instance, disability cover offers financial protection if you are a business owner and are deemed to be disabled and unable to manage your business. Moreover, it ensures that operations will continue while you are recovering.

Dread disease

Being diagnosed with a dread disease such as cancer, heart attacks, strokes, Alzheimer's disease, Parkinson's disease, and more may be a life-changing event and may have a big impact on the quality of your life. Dread diseases are not selective and can affect anyone, although factors such as age, gender, and family history can contribute to your chance. Dread disease cover is an insurance benefit that gives a tax-free payment in the event that you are diagnosed with a severe illness. Most insurers offer dread disease either as a standalone benefit or a supplementary benefit to your life cover. In a situation where you are diagnosed with cancer, there has been a significant improvement in coverage. For example, an insurer will pay 100% of the insured amount for breast and prostate cancer and can pay a portion towards breast reconstruction surgery. You will need funds for your time in recovery to pay for living expenses and often for expenses that are not covered by your medical aid.

Income protection benefit

Income protection covers you in the event that you become permanently injured or unwell and are unable to take care of yourself. This includes ailments and injuries such as mental problems, paralysis, and blindness. Assuming your family will be working and unable to care for you, this coverage allows for you to be looked after by a private nurse, for instance. It is vital to remember that income protection pays out if the condition is permanent. The fact that the benefit of your claim is tax-free is an additional benefit.

The risk covers described above are some of the greatest types of risk cover because they guarantee protection in the event of specific life-threatening circumstances. In summary, risk cover guarantees serenity of mind, income security, and many other advantages.

No matter how modest the risk cover is, it is never too late to acquire one.

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