

Reminding Families of Insurance Benefits for Funeral Expenses

Reminding families of an automatic insurance benefit they may not have considered can help families pay for the funeral service they desire for their loved one.

According to newly released provisional mortality rate figures from the Australian Bureau of Statistics (ABS), there were 190,394 deaths registered in Australia in 2022 – 15.3 per cent more than the historical yearly average. Death by cancer, Alzheimer's disease, diabetes, and cardiovascular disease, continue to be on the rise, and sadly, Covid-19 is a contributor to those statistics.

Private health insurers are now predicting a triple pandemic ahead of Australia's flu season this year with a mixture of the flu, Covid-19 and other viruses making this coming winter worse than in 2022, with a higher rate of hospitalisations. Since the pandemic began, almost 20,000 people have died as a result of a Covid-related illness.

As the cost-of-living increases, families are finding it difficult to put food on the table and pay the bills, let alone put funds aside for the future or end of life expenses. So, while half of us are intent on prepaying for our own and our family's funerals to ensure the least possible disruption to loved ones, the other 50 per cent are either



not planning ahead or can't afford to. But if the unexpected happens and they haven't prepared, how will they pay for their funeral?

While crowdfunding has become a popular option to source funeral funds, it is by no means the safest way to ensure funeral expenses are covered. International research highlights some universal means of securing the payment of funerals. The top three ways include: 1. Savings and investments. 2. Prepaid funeral plans. 3. Life insurance plans. A prepaid funeral continues to be a secure form of payment for funeral homes. As well as being a set cost for the individual, it also allows them to choose exactly the service they prefer.

In Australia, the average death cover or life insurance policy is approximately \$300,000 and most working Australians have life insurance automatically included within their superannuation fund. However, ironically, industry research highlights that less than 40 per cent of people are aware of this.

Often informing families to consider checking the deceased's life insurance, can make a significant difference for them to be able to afford the funeral service they

really desire for their loved one. It may also mitigate debt risk for the funeral home.

Times are indeed tough for many families, and those who don't have life insurance or haven't prepaid for their funeral, often have no other choice but to choose a lower value funeral service in desperation, and/or the funeral home is left with the debt. This can be a very emotionally stressful time for a family and for the funeral director alike.

A life insurance claim is very different to funeral insurance. Of late, funeral insurance has received some bad press, namely because of premium increases and values. In contrast, life insurance in a superannuation fund, can be very economical.

Given the life insurance belongs to the deceased, the family often feels obliged to attribute the claim proceeds to the funeral service. This not only helps the family pay for the service they desire for their loved one, it also helps mitigate the funeral home from the risk of bad debts.

It may also lead the remaining family member to consider their own circumstances, and given they have the funds, it becomes an approach for the funeral home to engage the family about a pre-arrange funeral conversation.

Life insurance claim advocate, Bruno Muraca – Director of AFRM Claims Advocacy suggests reminding families that the deceased may have had default life insurance in their superannuation fund as this may not have been considered. Also, the claim payment is normally complete in approximately 30 days, which helps both the family and the funeral home.

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