



What is Trauma Insurance?

Trauma insurance pays you a lump sum on the diagnosis of a specified non-pre-existing illness or injury, generally including heart attack, stroke, cancer, and paraplegia.

Trauma insurance was created when it was realised that medical advances were resulting in patients increasingly surviving major health problems, but that the financial cost of survival was prohibitively high for patients (e.g. medical costs, medicine, time off work, rehabilitation etc). In other words, patients didn't lose their lives... they lost their life savings instead.

This means that most families are carrying significant financial risk should the unexpected happen. The big question you have to ask yourself is: 'Would your family be able to maintain their lifestyle if you suffered a serious illness and, while unable to work, faced substantial medical and rehabilitation expenses?' If your answer to this question is no, you need to consider transferring that financial risk to an insurance company.

What is trauma insurance typically used for?

If you become seriously ill, a trauma insurance payout can free you up from financial worry. It's to help you get well sooner by paying for things such as:

- Meeting medical, pharmaceutical, specialised therapies and rehabilitation costs not covered by your health fund
- Paying for a carer
- Funding modifications to your home that may be necessary due to permanent disability (e.g. replacing stairs with ramps)
- Repaying debt
- Topping up your Income Protection policy payments
- Paying for extended time off work (so you can fully recover before you return to work).
- Topping up your income if you decide to go back to work only on a part-time basis
- Using your payment to create a cash reserve to boost your retirement savings or fund a family holiday.

'Standalone' or 'linked' policy?

You can choose a 'standalone' trauma policy or a trauma policy that is 'linked' to your life insurance policy.

A 'linked' policy is generally cheaper than 'standalone'.

With 'standalone' cover, if you make a claim, other insurance cover you have with the insurer won't be affected.

With 'linked' cover, if you make a trauma claim there may be an equivalent reduction in your linked Life insurance benefit.

Caution on policy definitions

You should choose a policy which defines 'trauma' in a way which suits you.

Some policies cover a broader range of medical conditions than other policies.

And some policies pay out in the early stages of illness while others wait until later before they pay out .

The Facts

- 160,000** New cancer cases in Australia*
- 1 in 2** Australians diagnoses with cancer by age#
- 45,000** strokes annually in Australia^
- 70%** survive beyond 12 months after a stroke, but with varying disability levels^
- 24%** of death accounts from Cardiovascular disease in Australia (202-2024)**

* Australian Institute of Health and Welfare (AIHW), Cancer Data in Australia 2024-2025 update
Cancer Australia national incidence modelling (2023-2024)

^ AIHW Stroke and cardiovascular disease updates (2024)
** ABS Causes of Death Australia (2024 release)