

Protect yourself and your loved ones



Insurance Simplified



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## **5: I have life cover through my Employer. So I don't need additional life insurance.**

It is true that some employers may offer group life insurance to members of their staff. This might well be part of your salary package. Typically this cover would be only equal to one or two years of gross salary. While this is a good move on part of the employer, don't you think it's wise to get down your pen and forecast whether or not, one or two years pay as life insurance is really enough to cover your needs?

While in the short run it may satisfy short-term expenditures but what about considering the long-term demands and fluctuations? A reasonable answer to this should suggest to you the need to purchase additional insurance to cover your long term future.

## **6: People with pre-existing health conditions can't get life insurance**

These days, life & health insurance providers have many kinds of insurance policies, some for those even offer to cover some pre-existing ailments/condition. Due to this existing condition(s) you could be regarded greater risk to underwrite. This might mean that your premium may have some loading on it as compared to another healthy person with no ailment history.

## **7: Life insurance is best taken when you are young**

However, most individuals under age 25 are more concerned with paying current bills than acquiring additional ones. While the optimal age to purchase life insurance is under 35, Of course, many people made the decision when they were younger and a good number when they started up their family. Despite this, we still have a vast number of people who opted for life new life policy in their mid 50s and above. These aged people took to this decision for many reasons mainly to assist loved ones in sustaining their inheritance after they might have gone.

Disclaimer: This booklet is intended for general information purposes only . Please seek advise from a qualified professional for advise customized to your individual situation .

## COMMON MISCONCEPTIONS about Life Insurance

### 1: Life insurance is useless if you own property or a running business

Some people believe that an investment in real estate or a good business replaces the need for Life insurance. That is not true because, unlike revenue from Property, life insurance pay outs are generally disbursed without much ado and not taxed upon settlement. Life insurance pay outs could be of great help to your family at the time of hardship and also to keep the best interests of your family long after you are gone.

### 2: I Cannot afford Life Insurance

Life insurance is not a one size fits all. Neither is it a one time exercise. Your life insurance needs to keep up with your stage in life. It can be tailored to make it fit your current budget because the cost of not having some basic cover might be detrimental in the long run if and when something happens.

### 3: Only others gain from it, not me!

The truth is that depending on the type of cover , it is possible to get a pay-out even while you are still alive. The fact remains, you are more likely to benefit from your own life insurance even while you are still living as compared to others when you are dead.

### 4: Life insurance is too complicated for me to understand

A specialist Insurance adviser manages your portfolio to uncover the perfect insurance policy that is just right to meet your needs. Having a professional work for you helps to understand that which seems complicated.

Imagine life to be a circus and you a juggler in it .Your job is to juggle many balls called family, health, work, possessions etc. and keep them in play. Each ball is a very important yet delicate component of Life.... like it were made of glass. If you drop a ball it may be scratched or damaged or worse...it could well be broken to smithereens. Once that happens your life will never be the same again and it will be a lifelong struggle to get “your life back” to where it was before you dropped the ball.

### I don't need Life Insurance!

How many times have we heard this being said by others or sometimes by ourselves?

Yes. One would be right in saying that, because no one needs life /health insurance until they actually need one!!! Strange? Well, Life insurance only makes sense if your death is going to impact someone else financially e.g. your family. If your death isn't going to impact anyone financially then you probably don't need life insurance.

Some of the most common reasons for having life insurance cover are...

- Your family is dependent on you, and in the event of your death you want to provide for their living costs, education etc., until they are able to provide for themselves.
- You don't want to leave the burden of a debt that you have (mortgage or something else) on your family.
- You don't want to burden your family members with funeral costs etc. As the saying goes...the sometimes back breaking cost of a funeral in this modern times can turn the living into “the living dead” metaphorically speaking

Life insurance can ensure your debts are met and allow your dependants to maintain a comfortable lifestyle. It can take away financial worries at a time when dealing with the loss of a loved one is stressful enough. Last but not the least, it allows your family choice about their next course of action.

Ask yourself, If you really love your family...can you afford not to have insurance....for their sake at least....Think!!!!

**Life is valuable, but the value has a value only if it's value is valued**

## LIFE INSURANCE

A life insurance policy is a contract with an insurance company. In exchange for premium payments, the insurance company provides a lump-sum payment, known as a death benefit, to beneficiaries upon the insured's death.

Typically, life insurance is chosen based on the needs and goals of the owner. There are many varieties of life insurance. Some of the more common types are mentioned below.

**Term life insurance** pays you or your chosen beneficiaries the sum assured if you're diagnosed with a terminal illness or die within the period set out by the policy.

**Whole of life insurance** lasts for life provided you keep paying the premiums. Whole of life policies are more expensive than term life policies.

As well as providing cover in the event of death, term life insurance policies usually have other benefits that are bundled in . Some of the most common inclusions include:

**Terminal illness cover:** you can get an advance on all or some of your sum assured if you're diagnosed with less than 12 months to live.

**Funeral costs cover/bereavement support:** your policy's beneficiaries can apply for an advance to cover immediate costs such as funeral expenses.

**Children's funeral costs cover:** you get a limited payment to cover funeral costs if your child dies from accidental injury. Some policies also cover death from certain illnesses.

**Increase sum assured for major events:** you can increase your sum assured without having to provide further medical information if you experience a major life event. Although it varies from policy to policy, common events include getting married or divorced, having children or taking out a home loan.

**Financial advice cover:** you or your policy's beneficiaries can get financial advice (up to a limit) if the insurer pays out the sum assured.

## TRAVEL INSURANCE

One can face a lot of the problems if things go wrong on your trip. This could range from lost luggage , cancelled flights to medical emergencies.

A Travel Insurance policy provides cover for those pesky unexpected events.



## CONTENTS INSURANCE

Contents insurance covers the financial cost of repairing or replacing your household personal possessions and furnishings, such as curtains, furniture, white goods, stereo, TV, computers and other electrical appliances, clothing, jewellery, sporting equipment and even toys. Contents insurance policies are also quite popular with anyone renting a property.



## TRAUMA COVER

Trauma Cover is also known as Critical Illness Cover .It provides a lump sum of money to cover immediate medical expenses and other financial needs when a critical illness or injury occurs. Trauma cover pays a agreed amount to cover you for many different issues .

Trauma might come in all sorts of ways – but they all have the same massive impact on a person’s life. Things covered by this policy, like significant illness, injury or medical procedures – whether that’s cancer, a heart attack, a stroke or an angioplasty – probably mean you wouldn’t be able to work the way you could before. And how might you afford the extra costs for your care. This is where Trauma Cover can really help.



## DISABILITY INSURANCE

Predicting the future is pretty hard, but preparing yourself for its twists and turns isn't - like insuring yourself with disability cover. Chances are your family relies on your ability to work. Whether that's as the money earner or as the home maker supreme – your family needs you. But what if you became permanently disabled and were unable to do what you do. Total and Permanent Disability insurance (aka TPD) adds an extra level of financial security – which can make a huge difference in such a tough time.

It can pay out a lump sum to help you and your loved ones financially. You can use this however you choose, from paying off your mortgage to investing the money to create an income.



## CAR INSURANCE

Car insurance protects you from the financial risks you could incur by hurting someone or damaging their property with your car. It can also cover damage to your own vehicle, either from an at-fault accident or from other perils, like fire, falling objects, animals or theft .

When it comes to insuring your car, you might want all the bells and whistles or you might just want the basics. Whichever you need, an appropriate Vehicle cover provides three options that help make repairing or replacing your car simple and hassle-free. Comprehensive cover, Third party fire and theft or just Third party are the options that are generally available.



## HOUSE INSURANCE

Your home is your castle. Serious damage to your home is expensive and can be disruptive to your family, your lifestyle and maybe even your business. In most cases, as well as paying to repair or rebuild your home, a range of extra benefits and full replacement options are available that can help you get back to normal as simply and quickly as possible.

In New Zealand, many insurers offer house insurance based on a maximum sum insured amount, rather than the floor area of a property.

Your sum insured needs to be enough to rebuild your home to the same size and standard. So it's important you get this number right.

It's your responsibility to work out your sum insured amount and advise your insurer. Otherwise, you could find yourself underinsured.



## INCOME PROTECTION

After a serious accident or illness, you may need time to recover. That's where Income Cover can help. It can pay you a monthly benefit while you are unable to work.

Income Cover can help ensure money keeps coming in if you're unable to work as a result of suffering a total disability due to serious illness or injury.

Income protection insurance provides you with a monthly payment to replace lost income if you are unable to work because of sickness or injury.

Some policies will cover up to 75% of your pre-tax income. Payments are made on a proportional basis equivalent to your loss. Many policies also include comprehensive rehabilitation and other benefits to help you get better sooner.



## MORTGAGE PROTECTION

Mortgage protection Insurance pays off the mortgage in the event of your death. It keeps a roof over the heads of the people you leave behind, by helping to pay off the debt .

Mortgage protection cover can protect your mortgage payments in the event of illness, disability or involuntary redundancy. Mortgage Cover may assist with payment of your mortgage in the event of permanent disability or critical sickness.

Mortgage repayment benefit does not have any offsets against benefits like ACC claim, sickness benefit, WINZ benefits received by the insured unlike the Income Protection Cover during the claim period.



## HEALTH /MEDICAL INSURANCE

### Public Vs Private Healthcare

Studies show that there has been a strong trust in ACC and the public health system.

However due to an aging and growing population, there is an increasing strain on public resources resulting in delays for treatment .

Of 280,000 people requiring elective surgery, 170,000 (more than 60%) did not even qualify to join the queue for public treatment.

### Average length of time from first GP referral to surgery (days)

Public patients **144 days**      Private patients **45 days**

**Private health insurance provides you with access to treatment when you need it, without long wait times.**

