



## Personal Life Insurance 101

As insurance products become more sophisticated, and are marketed under different names, there is some confusion as to what is available, and what the benefits are. Herewith a brief summary of the most common types of personal insurance available:-

Lump sum Life Insurance is paid on the death of the life insured and is designed to ease the economic burdens created by the death.

Life Insurance is also available as a series of monthly payments for an agreed time. This is known variously as Family Protection, Survivor's Income etc. This form can be useful where, for whatever reason, the intended beneficiaries would not be able to cope with a large lump sum.

A combination of both lump sum and monthly payments can be used.

Living Assurance, Trauma Cover, Critical Care etc are all names for insurance that is paid as a lump sum if the insured suffers any one of a number of serious conditions, the most common of which are cancer, stroke and heart attack, and includes such things as Parkinson's Disease, MS, heart valve transplants, aortic surgery, blindness, paralysis and other life changing disorders, whether caused by illness or accident. The condition does not have to be terminal, and in fact the very first client of ours to have a living assurance claim nearly twenty years ago is still alive and well.

Income Protection replaces an agreed amount of your income if you are rendered unable to work. There are usually offsets for any other income being received e.g. ACC.

Mortgage Payment protection is a form of income protection related directly to the amount of your mortgage payments and as such is not offset by any other income being received.

You can use a combination of this and income protection.

Total and Permanent Disability pays a lump sum if the insured is totally and permanently disabled. The criteria are fairly restrictive so this cover is seldom claimed on, but, correspondingly, it is cheap to purchase. It is also available with an Own Occupation definition providing for a pay out in the event that you cannot ever return to your current occupation.

I will go into more detail about each of these types of cover in subsequent issues. *Jul 10*

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## Investment Outlook



*Need Medical Insurance ?...We are agents for all the leading suppliers*

I believe that we, and the rest of the world, have not yet recovered from the Global Financial Crisis. Much still has to be resolved, including government deficits, possible debt defaults by various companies, and exchange rate problems. Therefore, expect market performance to be patchy. Australian stocks should continue to do well driven by their huge resource base. The NZ share market will probably not do as well, although I expect returns to remain positive. The \$NZ looks set to remain quite high against other

Currencies which will keep returns from overseas markets low, although it will mean that the shares will be relatively cheaper. All in all I would see this as a time to continue to invest into a range of funding options through managed funds, or through a diversified range of investment options. *May 10*

## Business Insurance

*“\$200,000 living cover for an eighteen year old non-smoker would cost as little as \$15 per fortnight.”*

New Zealand has more small businesses per capita than any other developed nation, and less of them are adequately insured than almost any other country. Illness and incapacity are the main reasons businesses fail, yet this should not be, as a business continuity plan will ensure that your business will continue to remain viable through such vicissitudes as the death or disability of a shareholder or

partner, the temporary loss of key people, or someone being struck by a traumatic illness. Within our organization, and through our professional relationships, we have the expertise to advise on the best ways to ensure that as many risks as possible are covered so that your business can survive through the unexpected. An obligation-free interview and report is available at any time. *Oct 09*

## Financial Advisers Act

There are a lot of new rules being promulgated around the upcoming Financial Advisers Act. They will not affect you as clients, and should, in fact, improve service and accountability within the insurance industry. We think we already meet many of the requirements; regular contact, regular reviews, up to date files, conscientious service. However, when we come to see you in future we are going to have to conduct a full fact find/audit to bring our files up to date, even if you have been clients for many years. Please bear with us, it will mean that you can be sure that your insurance programme is as suitable as it can be. *Mar 10*

## People We Trust & Recommend

You will have noticed that from time to time I have mentioned different businesses from which I have received what I thought was outstanding service. Now I would like to expand on that commending to you people in various businesses who have given us good service and who I am sure will do the same for you. These people are not paying to have their names or businesses in our newsletter, nor are they offering “Specials” of any sort. They are not all Fairway clients, so this is not a quid pro quo deal either. They are people and firms we have dealt with who have given

good prices, sound advice, the right products, and friendly, considerate service. In fact, the sort of service we try to provide for you. It is a measure of our confidence in these firms that we are prepared to have our name linked with theirs. If you do contact them, tell them about the Fairway connection. And, if you personally know of other firms and people who have gone that extra distance for you, let me know so that we can include them in our Hall of Fame.

Lib and I went to Dunedin for Xmas with our children and booked some of our stay in a motel we had last stayed in four years ago. Not only did they remember our names, but they were more than willing to supply extra crockery etc for a family meal, and offered us the use of their own (larger) oven so we could cook a full meal. The rooms are spacious, and if you are travelling as a family or group, you can have adjoining up/downstairs units. If you are heading for Dunedin, stay at 858 George Street. That's the name and the address.

And while we are talking motels, the one we always use in Taupo is Baycrest. Very nice rooms, friendly hosts, natural hot tubs, and a heated pool, all close to the lake and town. The tariff is a little higher than average, but the accommodation and the service are well worth the little extra. Where else would you wake up on a frosty morning only to find your host has been around and poured water on your windscreen to get rid of the ice? *Jan 10*

## Life Related Insurance Costs

As stated in previous issues, the price of most types of life related insurance will rise next month when a new taxation regime for life companies will be introduced. This will not affect the cost of your current policies. However, if you are considering adding some cover or levelling the premiums on some of your life cover, contact us urgently so we can get it done before the end of the month. *Jun 10*

**Mortgages:** Remember, Fairway NZ Ltd has skilled mortgage advisers on hand should you require help in this field. *Sep 09*

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On course for the  
future

## Succession

Graham has joined a group of professionals who together have the expertise and experience to provide exit plans for business owners. They include a lawyer, valuer, financier, and facilitator. If you are wondering how to retire from your business, or how to pass it on to

family or staff, or how to sell it, we will be able to help. The sooner you start making preparations, the easier the process is. Contact Graham for more details. *Aug 09*

## Fire and General Insurance

Although we no longer have a permanent Fire and General rep in our office we do maintain links with two brokers who can look after your General Insurance needs. You can make contact with them through our office, and we will always ensure that your service needs are attended to. *Nov 09*

## Emailing Review Letters

If we have an email address for you, from February of next year we will start emailing your review letters. You will always have the right to opt out of this type of communication if you wish. If we do not have an email address for you we will continue to communicate through the post. If you would like to change to email, please let us know your address. *Nov 09*  
Using email will allow us to communicate with you quicker, and of course, save us some money. I know that benefits us and not you, but the more we can save on postage etc, the more other services we can provide. Who knows, maybe we could start up the scratchies again? *Jan 10*