

# CAN TRAGEDY LEAD TO TRIUMPH?

## - Allistar Walker

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The Christchurch earthquake has been top of all our minds since 12.51 pm on 22<sup>nd</sup> February. No doubt most of us have been impacted in some way – my quip to some relatives overseas was we were more likely to have volcanoes in Auckland rather than earthquakes!

What it illustrates is how vulnerable our lives can be to stuff that happens beyond our control. Businesses caught without adequate business insurance, covering such things as loss of profits, let alone damage will most likely risk going under. People without house insurance are probably ruined. The Earthquake Commission is not designed to make payments to people who haven't paid their (EQC) levy which is included in all house insurance policies.

**Thank goodness for EQC & ACC.** New Zealand's schemes are unique throughout the world, and whether we like to criticize or not, try getting the same benefits in another country for the relatively low cost of our schemes. Some people in California don't even insure their houses as earthquake cover (if available) is something like 1% per year of the house value.

EQC covers insured dwellings that are self-contained and used as a home. It also covers apartments, personal property (but excluding things like cars and art) and includes the land immediately around the dwelling, main accessways and retaining walls within prescribed limits. Fences, paths and swimming pools are among the exclusions. Maximum cover for dwellings is up to \$100,000 plus GST and up to \$20,000 plus GST for personal effects. Non-residential or commercial property is not covered.

In dealing with many businesses, we often find that directors have arranged piecemeal cover and haven't sat down with an Adviser to look at different eventualities or risks as they would relate to their business and personal circumstances. At the end of the day if insurance and properly drawn agreements can fix it, it isn't a problem.

People are the same. We think we are bullet proof until something goes wrong, when it is too late to do anything about it. In examining potential clients existing insurance plans, we often find a similar ad-hoc approach and many can be paying too much and getting too little for the things that really matter.

### **Review your Risk and Insurances – the Round Tu-it**

Do you have a plan in place for your family if an earthquake strikes while you are all at home? Similarly have you reviewed your life, health, income, house and other insurances to make sure your loved ones don't miss out because you hadn't got around to it. We have heaps of 'Round Tu-it's' to send to people, aligned with our guarantee to provide a better package at a better price than your bank.

### **A Process, a Plan and a Review**

A good Adviser will have a defined process designed to produce a robust plan, which will be reviewed on a regular basis. If you haven't been the beneficiary of such a process, I suspect that you are being short-changed. Your life, your earning power, your assets whether a business or home or your family, shouldn't be treated lightly, as you never know when the unexpected might happen.

### **Doing our bit for the Cantabs**

I remember being at Lancaster Park when Canterbury was defending the Ranfurly Shield against a Waikato challenge. The partisanship was all enveloping as the noise was deafening. I now wonder, how those happy Cantabs are, we gave a lift to after the game. Our company has decided to give a portion of all new client income earned over the next 6 weeks from insurance or mortgage work to the ANZ Bank Fund set up for Earthquake reparations. In some ways I guess this is a contribution from the client, without it affecting them financially.

Let us hope that Christchurch will become the Southern Hemisphere's best city destination and then there will be something, we can all be proud of, that is salvaged from the lives lost or ruined.

*Care has been taken to ensure that any information is accurate. No liability is accepted for its use. Enquiries are welcome. Allistar Walker is a Senior Fellow of Financial Services Institute of Australasia and an accredited mortgage/insurance advisor. His full disclosure is available free at [www.mortgagehelp.co.nz](http://www.mortgagehelp.co.nz) or he can be contacted at 410 6023 and [enquiry@mortgagehelp.co.nz](mailto:enquiry@mortgagehelp.co.nz).*