

# WHY BOTHER INSURING YOUR ASSETS?

## - Allistar Walker

None of us like paying out insurance for an event that may never happen. But the disturbing question is 'What if it does?' Then there are all those probing questions that insurance companies ask. In the mind of the customer, that can often seem like they are looking for reasons not to insure you or to load that insurance.

All insurance companies would like to insure you and they all would be happy to pay you out in the instance of an insurable event. They enter into a contract with you under the common law duty of the utmost good faith which requires the applicant to disclose any fact which could influence a prudent insurer in determining whether to reject or to accept the risk and if so on what terms. This is the same whether you are insuring your home, contents, car or life and income.

Your income or ability to earn is probably your greatest asset, so it would make sense to insure or protect this to some extent. Let us look at the more complicated life related insurances.

### Common Questions that clients ask:

#### 1. Do I have to tell the company everything about my medical history?

Yes, you do. This is important information which helps the company assess your application and can affect the terms of cover it is prepared to offer you. Everyday coughs and colds can be excluded.

If you do not give the company the information it may avoid your policy and decline to consider a claim.

#### 2. Why is it that my doctor says I can't work but the company won't pay me?

The company will only pay you if you meet the definition for "disability" in your policy. This definition is different for each policy eg your policy may cover you if you cannot do your job any more, or it may only cover you if you can never work in any job ever again.

This question is different to the question about whether you have a medical condition or problem. You may not be able to work, but still not meet the definition of "disability" in your policy.

#### 3. How much information can the company ask me to give when I make a claim?

You must give the company enough information to prove you have a valid claim. However, the company is entitled to obtain further information, which may include specialist medical reports or further financial information. Often this can be an ongoing process, as the company may need to ask for information from a number of people. Your Advisor will help you through the claim process.

#### 4. What is a pre-existing condition?

This is defined in the policy. There are many different definitions for pre-existing conditions. Some policies may define them as any medical condition traceable to a condition you had before taking out the policy, even if you did not know you had it. It is crucial to disclose these to the insurer, or you risk any subsequent claim being voided.

Some will, after time, cover certain pre-existing conditions as a loyalty benefit. It is also worth remembering that if you suffer an injury or sickness, or develop a condition while you had insurance cover and you subsequently change to a new company, it is likely this will be treated as a pre-existing condition and no cover will be provided for it.

#### 5. Is it fair that my insurance does not cover for pre-existing conditions?

Generally, companies specifically exclude cover for pre-existing conditions or any associated treatment, because pre-existing conditions pose a higher risk to the company and the greater likelihood of a claim.

Any hassle in taking out insurance is far less than the hassle you will have if you had reason to claim without it. Talk to your advisor or check out our own claim that for life related insurance we guarantee to be more cost effective than your Bank, unless your health has deteriorated since taking out your original policy.

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