

## WHAT SORT OF INSURANCE?

So you think you have enough cover on yourself? But, do you really? Most of us think nothing will ever happen to us. It happens to other people, doesn't it? Prudent people realise this and make sure that they have sufficient and appropriate life related cover to protect them and or their family. Nevertheless a huge number of New Zealanders are under-insured – she'll be right mate!

Ask yourself this. **What would be the effect on my finances if I or my partner were to die, become critically ill or sick enough not to be able to work for a few months or longer?** If you have a mortgage, children, business or even just need to be able to pay the rent, you will in 99% of cases need some sort of insurance to protect your financial position.

Let's have a look at a few real instances.

**Income Protection:** 32 year old Dave was rushed to North Shore hospital with a suspected blood disorder. He is a building contractor and was finally diagnosed with aplastic anaemia. This required longer hospitalisation and presently up to a year off work. Dave's income protection policy paid and enabled him to maintain his mortgage payments as well as look after his partner and children. There are variable options available with this cover. Check these out with our adviser.

**Trauma Protection:** Dave also had trauma or critical illness cover in his policy. A lump sum of \$25,000 was paid out for this event as well as the income protection.

**Life Protection:** Fortunately Dave is on the road to full recovery and will not need to claim on his life cover, but it was a close call. He had enough cover to

- a) Clear the mortgage
- b) Leave funds to educate his children
- c) Enough extra to give his partner an income for the next five years.

Now that is not excessive cover and Dave is looking to increase this.

**Health Protection:** A good diet and exercise can help a long way to keeping out of doctors surgeries or worse still hospitals. But even then some of us are not so lucky. During a routine health check at age 42, Greg discovered he had high blood pressure. Appropriate tests and treatment was put in place. Some months later he experienced angina pains. He was sent for an angiogram and recommended that if he worked a long life, coronary bypass surgery was necessary.

Over 12 months Greg's specialist and surgery bills totalled more than \$60,000. His health insurance footed the full cost less his \$500 excess.

**Mortgage Protection** is a limited cover usually containing life cover and income protection. The Life portion is limited to the amount of the mortgage and the income protection component limited to the mortgage repayments, plus 10% with some insurers.

Insurance on our lives is a serious business. Relatively it is sometimes a balance between desired levels of cover and affordability. Talk these matters over with an

insurance professional (not a product flogger) who will be able to show you options. If they only deal with one insurer, look for someone who has access to multiple insurers – you will get a better range of options.

Allistar Walker is a specialist mortgage and insurance advisor. His full disclosure statement is available on request at [www.insurancehelp.co.nz](http://www.insurancehelp.co.nz), Ph 0800 005 066.