



Life & Wealth Issues

Bulletin keeping you up to date on current issues, risk protection and wealth creation

Christmas Edition



Kevin's Comments

Kevin Seque, Managing Director, KSL

Well another year has flown by and two weeks from now I will be "in residence" in K Block in Tahunanui Motor Camp with our camping friends of 23 years!! I have been reflecting on the past 12 fast months and share with you some thoughts.

I have always been a believer in doing what you want, rather than what you have to do, to make a living. My passion is for direct contact with clients and in selling products with integrity, which people genuinely need or want. Having spent 38 years so far in the financial service industry, I plan to spend my next 10 working years continuing to provide this worthwhile and satisfying service to my clients.

Over the past 12 months I have moved from selling and marketing new insurance policies to offering a second opinion audit service. In my new capacity, I frequently find that people have been sold inflexible insurance policies which do not meet their current needs. My skills and experience enable me to expertly assess a client's current situation, addressing all financial risk areas including debt and personal guarantees, and provide a complete review.

I have learnt over the years that insurance is a 'grudge' purchase. Nobody wants to actually pay for it; they want only the support and peace of mind it offers in times of trauma. Good insurance is designed to deliver money to the right people, precisely when you need it: at death, sickness or disablement.

To keep your insurance up-to-date, you should ask yourself:

- When did you last review your insurance programme?
- Do you know whether you have the right cover to meet your current needs in the event of you or your spouse/partner, or one of your children being diagnosed with a cancer, stroke or heart attack?
- What happens if you or one of your family drop dead tomorrow?
- What will the financial impact be on you, your family and your business if any of these events happened?

Product Enhancements – Not Retrospective

Over the past three years, there have been many changes to policies which reflect our society's changing attitudes to lifestyle

and occupations. Many new product enhancements do not retrospectively apply to old contracts.

Recent campaigns undertaken by insurance companies and advisers like KSL have aimed to encourage clients to upgrade their policies to take advantage of new terms and conditions. Not all clients have taken up this opportunity. I have had to advise some unfortunate clients who had not upgraded and have since experienced life traumas that, had they taken up the offers, they could have received Trauma payments. The difference in premium costs to upgrade is sometimes inconsequential, but the benefits are significant.

Second Opinion Audits

I am finding that premiums are generally very competitive and the majority of insurance companies have appropriate credit ratings and claim-paying capacity to meet most situations. However, it is the willingness to pay out on claims, and the important 'fine print' policy terms and conditions which really make a difference, that vary between the companies. Many people who own insurance have not been made aware of the variety of specialised products available and rely upon the good faith and advice of the insurance agent whose opinion is typically biased. This is where I, as a disinterested third party, can provide a valuable second opinion audit.

Product Assessment and Selection

I will continue to select and recommend insurance products based on my extensive personal research, 38 years' experience and products I own myself for my personal insurance programme.

In my view, many insurance agents rely too heavily upon the research and recommendations from rating agencies, without diligently researching the product themselves to ensure it is the most appropriate for the client, rather than being selected on the basis of the commission payable to the agent. Decisions about recommended policies often have less to do with product and company comparisons and are rather more about soft commission incentives such as overseas trips, production bonuses, off-shore conferences, golf days and business lunches.

There can't be anything much worse than being diagnosed with cancer or some other life-changing ailment – and then, finding out that your insurance policy did not cover the condition. A few dollars extra premium paid to the right insurance company might well have got you a benefit paid. My second opinion audit is designed to help you deal better with such a negative life event.



Income Protection Pitfalls

If you are still receiving income, own a business and become incapacitated through illness or accident, you may not receive what you think you are insured for.

- Has your income fluctuated with the recession?
- Will you receive what you think you are insured for if you have a claim?

Check if you have an "agreed value" sum insured or an indemnity/variable benefit contract. My second opinion audit of your income protection policy will provide you with claims certainty.

- Does your policy have the major burns upgrade?
- Is your policy limited to 10% or 20% of the sum insured for extended benefits, or do you have a fixed maximum of \$10,000 or \$20,000?
- Does your Trauma policy cover cardiac arrest?
- Does your policy specify loss of use of only two limbs to become a quadriplegic?
- Does your policy have exclusions in the fine print for use of alcohol or drugs in nominated conditions?

After medical attention, money is what you need immediately to enable you to deal with trauma or disablement. You don't want fine print getting in the way of a claim.



Trauma Insurance Pitfalls

Some more questions to ask yourself:

- Does your policy provide early stage cancer benefits?
- Does it include melanoma and ovaries?

If your Income Protection or Trauma insurance policies have not been upgraded in the last three years, your contract probably is out of date.

My second opinion audit could protect you from financial disaster.



Property Investment

We still provide advice on investing in residential property. If you own your own home and have an equity of more than \$100,000, and your household income is over \$80,000, talk to Kevin Seque about wealth creation through investment property. Aurum has entered into a supply agreement with Stonewood Homes as its builder of choice in the South Island.

Current Opportunities:

Wellington: Aotea

200 sq metre house and land packages from \$465,000. Rental assessment from \$475 - \$550 per week.

Wanaka: Luggate Park Show Home

300 sq metres, 4 bedroom home to be operated as show home. Valuation TBC. Cost price \$650,000. Guaranteed rent \$500 per week (12-month contract with two 6-monthly rights of renewal). Market value of rental \$450 per week.

Nelson: Richmond – Stonewood Homes – Show Home opportunity

Valuation \$550,000; Cost Price \$543,000. 4 bedroom Executive Home. Guaranteed rental \$600 per week; (12-month contract with two 6-monthly rights of renewal). Market value of rentals \$520 per week.

Christchurch: Pegasus

We have several land and house packages available in Pegasus Town. Ranging from \$460,000 to \$575,000. Rental assessment \$450 per week.

Christchurch: Linden Grove

200 sq metre house and land package \$463,000. Rental assessment \$430 per week.

First seminar on Aurum Property Systems for 2010:

6pm, 11th February 2010. Venue: Stonewood Homes Showhome, 204 Main North Road, Christchurch

New Website: Check out our newly designed website at www.ksl.co.nz

Finally, I wish you all a happy and safe festive season and look forward to working with you in 2010.

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