



Let's be blunt.

Caren Hendrie: BA (Hons), Dip FP, CFP



Let's be blunt ePaper

Why have The Hendrie Group look after your insurance rather than the bank, your industry super, or an online/telephone service?

8 pretty clear cut reasons that are worth the read BEFORE you sign on the dotted line...



When it comes to insurance, most people instinctively focus on premium cost as the differentiating factor between policies and services. While this is understandable, it's also fairly dangerous because it's not usually until something goes wrong, that you learn the true differences.

We've prepared an easy to read, and deliberately blunt paper outlining what you need to think about when considering life insurance:

1. Ensure you're comparing "apples with apples" and not just looking at the premium cost. This means that you need to check benefit periods, waiting periods, buy-back options, increasing cover options, policy definitions, as well as the actual policy itself. These are all extremely important issues if you ever need to make a claim which – let's face it – is the reason you're taking out the cover.

Sometimes a policy might seem to be cheaper, but it's simply that it's an inferior offer.

2. Most financial institutions will only be able to sell you products from companies *they own*, whereas we don't have any ties to the insurance companies we recommend. Furthermore, we assess a range of different companies and policies to find the best one for your individual circumstances. These will include some banks and companies that underwrite some industry funds, but we're not restricted.

You need to be confident the policy is the best one for your needs, rather than the only one on offer.

3. The bank understands your credit position but we have a thorough understanding of your personal finances and business circumstances. We review the specific financial risks you face between now and retirement, and design a *strategy* to protect you from as much of that risk as possible. As part of that strategy we're giving you full advice not just selling you a product.
4. Our service not only includes a formal recommendation based on your individual needs and preparation of the applications, but also assistance throughout the underwriting process. This means that if there are any medical or financial concerns the insurance company has when they're assessing the application, we work directly with the underwriters to get you the best result.

You are our only priority so you can be 100% sure we're working in your best interest. This is the peace of mind you get when the company arranging the insurance for you is not assessing you at underwriting.

5. Most importantly, our service also includes assistance in the event that you do need to make a claim one day. **In fact, this is probably the most valuable part of the service. It means that at a time when you already have enough to contend with, we'll be the ones working directly with the insurance company on your behalf in making a claim.**



There are two main reasons why this is so valuable:

- a. Again, you are our only priority. Whereas with other sources, you have the same company who sold you their policy, now deciding whether or not you qualify for a claim. We will work with the insurance company to get you the fastest and best possible outcome which leaves you free to think about more important things.
- b. We have 4 team members that have bought equity in the company, and very low team member turnover. This means, we'll be the ones helping you with a claim and dealing directly with the insurance company on your behalf.

What are the chances that the person you may deal with at the bank/industry fund/telephone/online service will be the same person helping you with a claim?

6. Television advertising can make the process and cost sound very attractive, but that's often because you don't have anything with which to compare it. We've spoken to a few clients recently who have proceeded with this type of cover and have found that we have been able to get them *better* cover at a *cheaper* rate. This is not surprising, as the "direct insurance" advertised on the TV **is not** cheap and as the underwriting is limited, everyone is lumped in together no matter the health differences.
7. One of the advantages of the direct insurance companies is that it is a simple process and you are covered straight away. Be careful to read the fine print though, as some companies will have a 5 year exclusion for existing health issues.
8. Finally, once the insurance is in place, we have a system whereby we contact you each year to see if any changes need to be made to your policy before you renew it. This is included as part of the original service. We review your circumstances at the time, and make recommendations to change your cover if necessary. For example, if you increase your debt, or your income changes significantly, we can arrange for your cover to be adjusted accordingly. If your debts reduce significantly then we'll arrange for your cover (and therefore your premiums!) to be reduced.

If you can find an institutional offering that meets all the above criteria, and is also less expensive, then our advice is simple - don't hesitate. However, in more than 30 years of being in business, we've yet to come across such a combination...

Insurance is a critical part of your financial security, so it needs to be about comprehensive advice, service, and strategy, not just product sales. So in summary, just make sure your insurance service includes:

- Help at application, underwriting, and claims;
- Regular reviews;
- No potential for conflict of interest that may disadvantage you;
- An insurance company and policy that's best for *you*, not the only one on offer;
- Advice that considers and embraces your entire financial position.

