

Rural Launch

Triplejump has continued its stellar growth into 2010, now expanding to 19 franchises throughout New Zealand and with more set to come. Our expansion inevitably has seen the growth of our franchise network into the provincial regions where the rural sector makes a significant part of the wealth of those communities.

As our advisers met with their local farmers we quickly recognised that similar to the SME business sector, farms had significant exposure to the loss of the farm owner and key people however there was little to offer them in the way of effective insurance solutions to meet their needs.



Consequently a project team within Triplejump invested over 12 months working closely with farmers and farm consultants to develop an insurance solution tailored to the farm environment that would meet the financial needs that the farm, the farmer and the farming family might face from death and disablement.



New Zealand is a world class agricultural player, employing over 6.5% of the population and contributing 5.5% to NZ GDP, and with over 80,000 farm enterprises throughout the country. Tragically then, that in the year to June 2009 there were 31 fatal accidents on New Zealand farms and that level remains high, despite decreases in other industries. In a typical year nearly 300 farmers suffer accidents which result in them being unable to return to work for over 12 months.

Like most privately owned businesses in New Zealand farms are critically dependent on a few key people. And yet farmers, otherwise so focused on anticipating and managing risk, admit they tend to downplay the possibility and potential impact of being badly injured or falling seriously ill.

A farm typically has higher debt, poorer cash flow and more complex succession issues that increase the financial risk the owners face as compared to other business sectors – differences that the traditional insurance solution have failed to acknowledge. Products available have not been designed with the unique farm environment in mind.

Triplejump wanted to create a meaningful solution – one that ensures that should anything catastrophic occur the farm would have the appropriate cash flow available to keep operational whilst supporting the family and helping to facilitate the succession plan or buyout between owners.

Agribusiness was launched in December 2009 and already a number of farmers throughout New Zealand have undertaken the Triplejump needs analysis process and have implemented risk management solutions through the Agribusiness product.

If you would like to know more about the services and solution we can offer your farming clients please talk to your local Triplejump franchise.

Triplejump Launches Plan Fee Option

Charging a fee for professional expert advice is nothing new in the business world – lawyers and accountants to name a few have charged fees for centuries and this type of remuneration is widely accepted by their clients. In the life insurance industry remuneration has been based on payment of commission by the insurer when a policy is issued. It has long been argued that this gives rise to advisers working for their own interests – if they don't sell a policy they don't get paid. It has also encouraged a 'transactional' insurance service because an adviser only gets paid if the client can be convinced to buy some insurance.

Triplejump follows some fundamental principles:

- A client is not sold a policy unless they have undertaken the Triplejump needs analysis process and have received their Triplejump Risk Plan – we will not do transactions without analysis and advice
- Insurance is only recommended as a solution if financial risk is identified and it can be shown that the client cannot manage the risk through their own resources
- Insurance is only a part of the risk management solution – legal agreements, estate planning and business structures are also critical
- Triplejump is unaligned to all insurers and minimises commercial remuneration terms that may create conflicts of interest – perceived or real

as life happens



Triplejump advisers invest many hours of work to consult, analyse and prepare the risk plan and the outcome of this work may involve recommendations that require fee work to be completed by other professionals or may result in the assessment that there are no insurance requirements.

We are clear that there are two quite separate parts to the work we do for our clients:

1. Consultation and Analysis

2. Implementation

Remuneration through insurer commissions recognises the work we do in the implementation and ongoing management of insurance policies but it does not recognise the work that we complete in the consultation and analysis.

Following consultation with professional advisers who refer their clients to us and with the clients who have received a risk plan we believe that it may enhance the markets' perception of our professionalism if we separate out the remuneration for our

services. From March 2010 onwards clients can choose to engage us on a fee basis to undertake the consultation and analysis if they prefer. If they decide to implement insurance recommendations in the plan and we receive commission for that work we will rebate the fee due back to the client.

Fee's for advice is definitely not the 'norm' in the life insurance sector and we appreciate many clients will prefer not to pay. They will have the choice – but we believe that over time as the market matures more and more clients will choose to reduce the conflicts of interest that a commission only model can be perceived to create – and elect to engage with advisers who offer a fee based model. The plan fee structure will not be based on 'chargeable hours' but a simple, standard payment structure for Personal and Business Plans.

We are confident that Triplejump leads the market in risk management advice related to Human Capital Risk in SME's and personal risk and the introduction of fee based advice is another 'Hop, step and Jump' to take our industry into professionalism.

Close Up – Non Disclosure

Recently TV3's Close Up screened a story about a woman who was declined a claim under her insurance policy for non-disclosure.

The woman had purchased an insurance policy through her bank 13 years ago to cover the mortgage on the family home. She filled out the application on her own.

More than six months previous to applying for the insurance she had a fatty cyst removed from her breast which was benign. She did not disclose this on the application form.

While her insurance application was being processed she had a routine mammogram which was normal. She did not advise the insurer of the mammogram.

When some 13 years hence she sought to claim against the terminal illness benefit in the insurance policy the insurer declined the claim on the basis of non disclosure – she should have disclosed the cyst and advised the insurer of the mammogram.

Some important lessons come out of cases such as these and reinforce the importance of clients receiving professional advice and having an adviser who is working in their best interests.

1. Clients often want us to send them the applications to fill out on their own. It is well known that people applying for insurance 'self assess' their previous medical treatment and conditions and dismiss many things as not being important and therefore don't disclose them. Triplejump believes it is our clients best interests if we are with them when they fill out the insurance applications to ensure that there is full disclosure.

2. Because this woman had completed the application through a bank teller she did not have an advocate who worked on her behalf when she needed a claim assessed. The family invested months of time and money trying to fight their way through the claim. Although there is information that may not have been provided in the Close Up story based on the information that was screened it seemed questionable that this case should have been declined for non-disclosure. A key test of non-disclosure is whether it was material – material is something

that had the insurer known would have altered the terms of the cover provided. If the woman had disclosed that she had a benign fatty cyst removed and that she had had a routine mammogram which was normal the insurer would more than likely have provided the cover without exclusions or terms (related to those conditions). The fact that this claimant did not have an advocate – in this case an insurance adviser working in her behalf – she was unable to apply the law of insurance to justify her claim.

3. Clients often don't understand their duty to continuously disclose relevant information while their application is being underwritten – when they are applying for cover without an adviser these facts can be overlooked leading to non-disclosure.

Triplejump is an advocate for our clients. We will not only work hard to ensure that our clients provide all the required information on the application form but we will also work hard to ensure that claims are paid. We have substantial knowledge of insurance law and can access the necessary people both inside and outside insurance companies to ensure that our clients are treated fairly.

It's the Triplejump difference – Advice Service and Support.

Source: Triplejump Limited. ACC New Zealand

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