

tr!plejump®

# as life happens

Issue Six Summer 2008



## Welcome...

...to the summer edition of the Triplejump newsletter.

We know that most business owners are so busy responding to the opportunities they see that they overlook potentially the greatest threat to their business: the risk that they – or someone they heavily rely on – may suffer a serious illness or disability, or die prematurely.

Is your business a going concern without you?

At Triplejump we help business owners develop and implement plans to protect their wealth, livelihood and aspirations from Human Capital Risk.

We look forward to learning more about your businesses and how we can help ensure you, your business and your family is protected should the unexpected arise in the future.

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## Two Years On and Going Strong

Triplejump is almost two years old and what a fantastic two years it has been. In this short amount of time we have grown to 16 Franchises around New Zealand and we have plans to rapidly grow over the next eight months to 25. We are very proud of the service and support we provide to our clients and know that we are making differences in the lives of the many businesses and families that are part of the strong Triplejump network.

### So why are we different?

We know how unpredictable life can be. We have learned that sometimes, what we do not know is more significant to the future of a business or our lives than what we do know today. We know it is natural to be optimistic and positive about the future but sometimes defining events happen that change the future.

A key strength of belonging to the Franchise is that it provides us with the most advanced systems and processes in the market giving you the confidence that you are receiving the best and most appropriate advice and solutions possible. Being part of Triplejump also means we are required to undertake intensive training and to maintain our knowledge and skills through ongoing education.

We believe in empowering you to understand your wealth protection needs by involving you in a consulting process with us and then assisting you to understand the solutions that are relevant to your needs. We focus on helping you to think holistically about the outcomes you want to achieve and the inter-relationship of all the components of risk planning that will ensure, should an unexpected event occur your objectives are able to be met.

We do not assume that insurance is the solution. There are many ways to manage risk and one aspect of our consultation process is to explore how you can solve your problems through your own resources. We only recommend that you insure financial risk when it is shown that you cannot manage it yourself.

Triplejump is completely unaligned to any insurance companies – we do not have quota arrangements and we do not accept any soft dollar incentives. You may find it interesting to know that we have turned down cruises, holiday trips and sporting event tickets over the last year because these do not align with our values and ethics about avoiding potential conflicts of interest.

You can be sure you are receiving professional advice around the protection of your wealth, second to none in the marketplace.

### Our future together

We look forward to growing with your business and family and ensuring your risk plans are always up to date and secure for your peace of mind. We know that your business is important to you for your current and future wealth so we help you think about how your business would manage unplanned eventualities so that no matter what happens you can make the best of it.

### Experiences shared

*"I know that if anything happens to either of us we will be well taken care of, including our young daughter, Alyssa. I now have peace of mind that if something happens we don't have to worry about where money will come from, or how we are going to pay for things. Financially, we would have a choice of options rather than being forced into a 'survival mode' or having to rely on others."*

**Megan Skelly, Wellington**

*"I met with my Triplejump Adviser after being referred by a colleague and I was certain I knew what level of cover I wanted put in place based on my prior research. My Adviser listened to my requirements and took me through the Triplejump process and I shared what my needs and aspirations were for my future should I not be able to work or provide an income for my family. The process was fantastic as it made me truly look at my requirements on every level of my insurances. This was a totally different and refreshing experience to anything I had experienced before."*

**Phil Ellison, Auckland**

# Understanding Insurance Jargon

At Triplejump, we ensure that our clients understand each step of their consultation process and the recommended solutions available for their unique situation. We encourage our clients to ask questions about the process and even the terminology as we know insurance jargon can be tricky. Hopefully the information in this newsletter will help you understand some of the 'insurance speak'.

## Underwriting

Underwriting is the process used by insurance companies to determine the terms that they will offer to an individual who requires cover. The price (or premium) of an insurance policy is largely based on the expected number of claims for a group of people according to the statistics of average numbers of death or disablement that could be expected for that group. In life, disability and medical insurance, the underwriter is trying to get a picture of the health of a person to see if they have a standard risk profile. There are normally two aspects to underwriting:

### Medical Underwriting

The medical investigation is to understand a person's predisposition to premature death or disability. The technical insurance term for premature death is mortality and morbidity for disablement. The insurers obtain information about an individual from the application form they complete, their medical records and sometimes from specific medical tests.

### Financial Underwriting

Financial Underwriting is used to assess if the level of insurance being applied for is appropriate to the current income and lifestyle. The purpose is to try to avoid people being made financially better off after a claim – sometimes known as a 'windfall'.

## Weight-to-Height Ratio – Body Mass Index (BMI)

BMI is a tool used to determine a person's weight in kilograms divided by their height in metres squared. If a person's BMI exceeds 30 then typically an insurer will seek further information to determine if a loading will be applied. A factor taken into consideration is waist circumference which measures abdominal fat. For women, waist circumference should be less than 90cm and for men, less than 100cm. A person who has a large waist circumference has a higher risk of developing Type 2 Diabetes.

BMI has its limitations for determining whether a person's weight is ideal or not. It cannot distinguish between lean muscle and body fat which often poses a problem especially for those who are of athletic or muscular build.

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## Patient Medical Attendant's Record (PMAR)

As part of the underwriting process, the insurance company, after reviewing a person's application form, may request a PMAR. The purpose of this is to get a greater understanding from their doctor/s about health conditions that have been disclosed in an application to enable the underwriter to assess if they put the person at greater risk of a claim compared to someone who did not have that condition. A PMA (Patient Medical Attendant) and MAR (Medical Attendant Report) are the same as a PMAR.

## Offer of Terms

An Offer of Terms is an offer from the insurer which is a variation of terms from the standard offer/policy. It outlines what the policy offers for the policy holder and includes information around exclusions and loadings if applicable.

## Exclusion

If a person has an existing ailment or condition before insurance is put in place, the insurer may not provide cover for that condition and this is therefore known as an exclusion. An example of this may be a previous history of back pain. The insurance company will cover the person but will exclude them from making a claim under the policy related to their back. Exclusions should be regularly reviewed with your Adviser as they may be able to be removed from a policy over time.

## Loadings

Sometimes the insurer increases the cost of the insurance to cover the higher risk rather than exclude a condition. This means a person will pay a higher rate than the standard rate for their policy. This is based on the statistical average of a group of individuals who all fit within a certain criteria. They will compare the individual in question against this group and if the individual and their application fits outside of this group then a loading will be applied to their policy. Health conditions that are normally loaded rather than excluded are high blood pressure, raised cholesterol, raised BMI, and abnormal liver function. Loadings can also be reassessed so if improvements are made to the health conditions that caused a loading, then the person can ask the insurer to review them.

## Borderline Standard

The standard is the original quoted rate based on the average of a group of individuals who meet a certain criteria. An individual may have high blood pressure which could potentially be a risk for the insurer should a claim arise but in the big picture is very close to the standard so they mark the person as 'Borderline Standard'.

**tr!plejump**<sup>®</sup>

**As life happens We'll be there**