

The Red Letter



July 2010

What's going on at RED?

Something that's been occupying our thoughts and time in recent months is the Financial Advisers Act, coming into force on 1 December this year. Among other things, the Act requires that advisers doing our sort of work become authorized. For most advisers this means acquiring a new qualification - the National Certificate in Financial Services (Level 5).

The registration and authorization scheme is a great step forward in raising industry standards and we fully support it. Because we've always worked to high standards we know that Alan, Abby and Bruce will have no trouble passing the exams but even so there's been plenty of study undertaken at RED and we look forward to celebrating when they've all got their certificates.

Our office -youngster- Sam, has told us that she and her partner will be heading to the UK in September to begin their OE. Sam's been with us for three years and in that time she has become very knowledgeable and competent and she's got to know many clients so we will certainly miss her. We wish Sam and Nathan all the very best.

Cheryl has been busy checking all the information on our client files so most clients will have been in touch with her recently and we'd like to thank you all for helping with this project. As we become more reliant on electronic records it's essential that we keep contact information up to date so we can stay in touch with you.

Donna's recent project has been obtaining testimonials from among our thousands (ok, maybe not quite that many) of satisfied clients. She's had fun meeting with people and helping them draft statements about our brokers and you can see on these the RED website. Donna says it's been a very positive experience learning just how well people think of us all at RED.

In March Abby tried a new venture, running an after-work get together for young women. It was an opportunity for some networking, we had a wonderful guest speaker, Naomi Ballantyne, who has founded three different insurance companies, and Abby was able to inform people about her role as an adviser.

Remember Eyjafjallajokul?

This item (from Time Magazine, 20 April 2010) got us thinking:



Tuesday, Apr. 20, 2010

“ We get some people who say, 'Is it too late to buy insurance?' It is. ”

BOB CHAMBERS, operations executive president for CSA Travel Protection, saying that calls from travelers who are stranded in Europe by the volcanic ash jumped over 50% in a week

Timing is so important in insurance and young, healthy people often think that insurance is unnecessary UNTIL í í í í í .. So if you know someone in that category let them have the opportunity to talk with us about planning for volcanoes. If it's not likely to happen then it's not going to cost a lot to insure but the benefits are huge if there's an eruption.

Market Conditions



After enjoying a strong 18 months the European debt crisis has triggered further uncertainty in world share markets. This seems to be the pattern for all investment areas at the moment - 2 steps forward and 1½ steps back. Diversification among all asset classes is vital!

Despite the difficult times, in the last twelve months some of our Aegis investors have achieved returns of over 20%, reinforcing my belief in the work we do in the funds management field.

It's all about the benefits

Every industry, including insurance, is competitive and we know we've got to stay on our toes to continue deserving your business. Recently you've probably been aware of a lot of promotions promising to reduce the premiums you pay for covers like Trauma and Income Protection and we'd like to make a comment.

Red Risk Managers is not in the business of finding the cheapest insurance in the market; we pride ourselves on offering the best cover to suit our clients' needs and we will only ever recommend policies that score among the top three as rated by independent ratings agencies.

When people take cheaper policies they usually do so without advice and it's not until claim time that they discover the policy is carefully written to exclude just about everything that could happen. The devil is in the detail and we at Red take great care to know what policy wordings mean so that we are never in the sad position of having to tell a client that their valid claim has been declined.

By all means compare what's on offer but do let us show you the value in the products we recommend; don't be lulled into a false sense of security simply because two policies have the same name.



How to be a non-drinker

It's about 12 years since I made the life-changing decision to stop drinking alcohol. I've never regretted it and I never want to go back but one of the challenges is finding decent alternatives for social situations and I've become quite good at it. Since my clients' health matters to me, here are my suggestions for reducing your alcohol intake -

De-alcoholised beer is common overseas (in fact it was all you could buy at the Rugby World Cup in Paris) My favourite is called Bitburger Drive, which you can buy in Wellington at Regional Wines or on-line at www.devinehealth.co.nz Devine Health also has a range of de-alcoholised wines which are worth exploring.

If you get some de-alcoholised sparkling wine from Devine Health try adding a few drops of bitters. It cuts the fruitiness and gives the flavour a bit more edge.

An easy and refreshing cocktail to mix at home is Shott Passionfruit syrup with a dash of bitters and topped up with tonic.

At Moore Wilsons you can buy Angostura Orange Bitters, a nice citrusy flavour which I like with tonic.

Cheers, salut & bottoms-up from

Alan



Some further thoughts from Alan.....



Exciting New product—Life Care

One of the companies we work with, Fidelity Life NZ Ltd (the only wholly NZ owned Life Assurance company) has a product known as Life Care. The feature benefits are a multiple Critical Illness policy that can pay out up to five times for critical illness/trauma claims.

I've been looking after people's insurances for over forty years and, among all the policies I've seen in that time, this is a policy that really excites me. Fidelity Critical Illness benefits are rated very highly by the Independent Rating Agencies and I look forward to sharing details of the policy when we next meet for a review.

Reviewing Policies

The importance of up-to-date Critical Illness/Trauma Insurance was shown to us in recent times.

In the last three months we have seen a number of clients experience serious health setbacks. One client received a full settlement of \$300,000 from a policy arranged less than 12 months ago. We had replaced two of his older policies which, if they had still been in place, would have resulted in a claims settlement of \$30,000 (if the sum assured had been the same).

Policies are being upgraded constantly and it is imperative that you have the best possible policy wordings and benefits. Ensuring this is part of our ongoing commitment to our clients during our policy review meetings.