



INSURANCE FRAUD

SUMMER 2020

November 17-24 was Fraud Awareness Week and the Insurance Council of New Zealand is urging financial advisers to talk to their clients about insurance fraud.

“We need your help to get the message out”, says ICNZ Chief Executive, Tim Grafton.

“Talk to your clients and explain to them the cost and consequences of insurance fraud. Help them understand that it’s not common and it does have victims—like their mum and their grandad and their neighbour”.

The ICNZ noted the burden that insurance fraud can put on all policy holders but that it can be reduced through care and attention and effective public education

“Sadly, if you’re paying for insurance, then you’re paying for insurance fraud, with a portion of all policyholder premiums covering claims that have been made through deception, dishonesty and dissimulation”, said Grafton.

The ICNZ launched the Insurance Fraud Bureau (IFB) in September which it stated was the country’s first integrated initiative to target insurance fraud through detection and education.

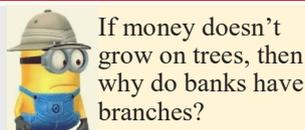
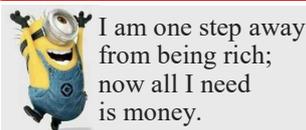
The IFB’s main aim to educate everyday New Zealanders about what insurance fraud actually is and what engaging in it could mean for policyholders.

While insurance fraud is illegal in New Zealand it is common to hear people talk about inflating insurance claims or claiming for accidents that didn’t happen,” said Grafton.

“For some people, this is seen as getting what’s owed to them by their insurer. At the other end of the spectrum, insurance fraud can be a means to financing organised crime.”

The ICNZ represents general insurers in New Zealand.

—RiskinfoNZ, Nov 2019



Money can buy a house, but not a home. Money can buy a bed, but not sleep. Money can buy a clock, but not time. Money can buy a book, but not knowledge. Money can buy food, but not an appetite. Money can buy you friends, but not Love.

WHAT’S NEW IN THE WORLD

Few people realise how fast the population of Africa is growing.

Commentator Doug Casey says he asks knowledgeable people what they think the biggest cities in the world will be at the turn of the next century. They all guess cities in China or India.

But that’s not true. 80 years from now, based on current trends, the largest city in the world will be Lagos, Nigeria.

It’s on track to have a population of more than 90m.

The world’s second biggest city will be Kinshasa in the Congo with about 80 million people.

Dar es Salaam, Tanzania, will be the world’s third biggest city with a population of roughly 75 million people.

“Now all those people have cell phones, and they’re well aware of the fact that the standard of living is vastly higher in Europe and every other part of the world than in Africa. And they’re well aware of the fact that there are welfare benefits of all types if they can get to Europe.

It appears EU’s illegal migration issues are only going to get worse.

—McEwen Investment Report, August 2019

HEALTH INSURANCE COVERAGE JUMPS

Just over 1.4 million New Zealanders now have health insurance, a figure the Health Funds Association says shows that people can see the value in it.

The association has released its statistics for the September quarter.

They show that the number of lives covered was up 0.2% for the quarter and 0.6% to the year to September.

Most of the growth was in the 25 to 40 age group.

Chief executive Roger Styles said employer-subsidised health insurance plans were proving attractive.

“In addition to the availability of wellbeing and wellness initiatives that many of our insurers now offer, health insurance means getting a better level of service through faster access to treatment when it’s needed and increasing options to access treatments and drugs not funded or provided in the public sector,” he said.

The year also saw an increase in the number of older New Zealanders with health insurance, which Styles said was due to the ageing population and an acknowledgement by many policyholders that maintaining their cover was sensible in the face of increasing difficulty accessing public-funded healthcare such as elective surgery.

The number of people aged 65 and over with health insurance grew by almost 1,700 or 1% to 166,400 – around 22% of the 65-plus population.

Styles said claims paid were up to \$369 million for the quarter, an increase of 7.9% on the September 2018 quarter. Claims paid for the year to September 30, 2019 totalled \$1.362 billion, up 7.8% or \$98 million on the previous September year.

Premium income for the quarter was up \$9 million on the June quarter to \$428 million. Annually, premium income rose \$143 million or 9.3% to \$1.659 billion.

—Good Returns, 11 Nov 2019

THE MFAS TEAM OF FINANCIAL ADVISERS



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AFA
Insurance & KiwiSaver 'Class' Advice

Choose a good reputation over great riches; being held in high esteem is better than silver or gold. —Proverbs 22:1

Has it been a while since you have been in touch with your Financial Adviser?

If you would like to have a chat with your Adviser, please contact us anytime at

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or on

04 570 2233

"Running cleared the day's cobwebs from my mind and focused my thinking, and gave me time and space to sort out anything that was bothering me, or to detach and think of nothing at all. When it's pouring rain and you're bowling along through the wet, there's the satisfaction in knowing you're out there and the others aren't."

— Sir Peter Snell

A wise person should have money in their head, but not in their heart. —Jonathan Swift

IRD INTRODUCES NEW TAX OPTION FOR SMEs

Inland Revenue is urging businesses with annual turnover under \$5 million to talk with their accounting software provider or tax agent about an option that allows them to pay provisional tax only when they are making a profit.

The Accounting Income Method or AIM makes managing cash flows simpler because provisional tax payments are based on the business' actual results.

Inland Revenue's Deputy Commissioner for Transformation, Greg James, said we've created a product that takes the guesswork out of provisional tax payments.

"At the moment businesses often have to take a stab in the dark about their projected earnings for the current year.

"When that's off the mark, it can lead to either an overpayment of tax and a long wait for a refund or an underpayment and a penalty charge.

Spotlight on Investing—Booster Private Land & Property Fund

Investment Objective and Strategy

The Private Land and Property Fund's investment objective is to provide investors with a complementary and enhanced risk / return outcome compared to traditional listed property investments. It aims to generate average annual long-term returns of about 8% (before tax and after all fees, charges and costs) over rolling 7 year periods from a combination of income distributions and capital growth. The fund aims to invest primarily in a diversified range of agricultural and horticultural land and property in New Zealand, which may be supplemented with investments in industrial, commercial and retail properties. The fund obtains its property exposure by buying units in the Private Land and Property Portfolio managed by Booster. The underlying fund, may borrow to invest in more land and properties or to develop land or properties already held. The level of gearing can vary between 0-65% of the fund's asset value.

Key Facts (as at 30 November 2019)

Fund Size	\$40.1 million
Inception Date	7/01/2019
Manager	Booster Investment Management Ltd
Supervisor	Public Trust
Fund Type	Portfolio Investment Entity (PIE)
Suggested Investment Timeframe	7 years +

Ask your Adviser for a Product Disclosure Statement

Sir Peter Snell

17 December 1939 — 12 December 2019



At a conference in Hawaii in 1998 with Chris & George MacKay

"The beauty of AIM is that your tax payments are in line with your business cycles and if you go into loss you can collect your refund of overpaid provisional tax immediately."

A series of webinars are being hosted to talk through the benefits for small businesses and explain how it all works.

Three accounting software providers will be offering AIM as part of their package—MYOB, Reckon and Xero.

"We think this could make life easier for tens of thousands of small businesses but now is the time to check if it suits your circumstances. We suggest they talk it over with their tax professional or software provider".

—Kelly Greg, Good Returns, 11 Nov 2019

We make a living by what we get, but we make a life by what we give. —Winston Churchill

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Disclosure Statements are available on request and free of charge