



## Hibernate... or get ahead?

In the middle of a recession, and in the depths of winter, understandably there is a temptation for many people to hibernate and to some degree put their lives on hold. This is a natural inclination, but one which is unlikely to pay dividends. For where there is short-term discomfort and uncertainty, there is also the opportunity to get ahead, put your house in order and prepare for the better times ahead. So, are you making the most of the 'down' time? In this issue of *Identifier*, you'll find information to help you get the best deal when fixing your mortgage, advice on keeping healthy by exercising during the colder months, a guide to protecting your income with the right insurance products and lessons for investors looking to the future.

John Wood and Anne Chapman

## Make your life easier at claim time

There's enough stress at claim time without having to deal with endless paperwork and questions from your insurance company. So here are six simple steps you can follow to make your life easier should you have to make a claim.



1. **Know your policies** – We all agree that insurance policy documents don't make great bedtime reading. However, it's important to set aside some time to read them thoroughly, so that you have a good understanding of what you're covered for. It may help to make a shortlist of the different companies with whom you have insurance and their contact numbers. It's surprising the number of people who can't remember who their insurer is, or what they are insured for, at claim time. And if you're not sure how your policies cover you, get in touch with your adviser.
2. **Have a back-up plan** – Copies of your policy documents are required at claim time, so easy access to these will speed up your claim process. It's a good idea to make sure that someone else in your household or family knows where all of your documents are kept, so that if anything happens to you they can act promptly on your behalf.
3. **Act quickly** – Phone your insurance company as soon as the event has occurred. You will need to complete a claim form or obtain additional information, so making immediate contact will help get the ball rolling. Most insurance companies will have an 0800 number and many operate extended business hours.
4. **Online forms** – Can't find a form? Use the insurance company's website or call them on their 0800 number. Most will have claim forms to download, saving you time and getting your information into the queue quickly for claims processing.
5. **Information overload** – Give as much information as possible on your claim form. This will save delays later on if the insurance company needs to get back to you for missing information.
6. **Tell your adviser** – Let your adviser know what has happened. They can offer advice and, if necessary, will liaise with the insurance company on your behalf.

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## Lesson for investors – tomorrow is another day...

It's human nature that, as investors, we tend toward the belief that the current market conditions are more than likely to prevail. The latest news is always foremost in our minds and can easily cloud our judgement.

So, when the news is dire, as indeed financial market results have been over the past year or so, investors are inclined to assume that the negative investment climate will continue.

This, of course, becomes a self-fulfilling cycle, as most investors adopt the 'mood of the moment' and are proved to be right. Sometimes when markets really get carried away we hear some commentators describe this phenomenon as a 'new paradigm' or some such thing. In other words, investors have suspended all common sense, and forgotten about the lessons of history!

This partly explains why investment markets tend to 'overshoot' both on the high side and the low side. When enough people believe that today's conditions will continue ad infinitum, the weight of opinion weighs so heavily on markets that they reach extreme highs and lows.

Getting caught up in this behaviour can be costly. We can buy investments when they are over-priced and conversely, sell when the prices are at the cyclic low.

To avoid these costly errors, it can help to seek advice from a dispassionate and knowledgeable third party. Your financial adviser can provide a 'voice of reason' based on observations of markets through these extreme cycles and

sound a warning bell when you are tempted to 'go with the flow' without sound justification.

We all need to resist our normal human impulses, in order to retain our objectivity and make the right decisions for the long-term success of our investment portfolios.



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