Special Publications Unit (SPU)

SPU Producer:	Laura Dowrich-Phillips
Editor:	Peter D. Neptune
Head of Design: Marketing/SPU	Denise Baptiste
Graphic Design/Layout	Sean Simon & Brendon Carriah
Articles Courtesy ATTIC	
Special Publications enquiries:	spu1@guardian.co.tt

Sales

Sales Manager:	Sonja Romany
Account Executive:	Khamraj Ramdial
	khamraj.ramdial@guardian.co.tt


Douglas Camacho - President


James Camacho - Vice Presidnet


Williard P Harris
Vice President General


Diane Baker


Gerald Hadeed


Rani Lakhan-Narace


Baliram Sawh


John Smith


Ray A Sumairsingh


Paul Traboulay

About ATTIC

Established in 1966, The Association of Trinidad and Tobago Insurance Companies (ATTIC) is an association of insurance companies and its members; which includes all life insurance companies, the majority of general insurance companies as well as brokers, adjusters and other companies with a bona fide interest in the well-being of the industry.

Constantly evolving to ensure the growth of the industry ATTIC seeks the best interests of its members. It has helped advance the propagation of learning in matters relating to insurance among its members and the public and works closely with regulators to ensure that members develop and adhere to sound and prudent practices.

ATTIC provides the industry with a 'voice' in times of change. Each year ATTIC continues to make recommendations to the National Budget on behalf of the industry and has established a Code of Ethics to maintain the highest standards of service to our consumers.

The Financial Planning Life Cycle

The days of purchasing one life insurance policy and one deferred annuity are long gone

Human beings tend to do similar things throughout their lifetime, though not necessarily in the same order. We are born, attend school, get our first job, get married, buy a house, have children and of course die.

Financial planning is required for each of these stages in our lives. Whilst the recommended plan may vary with the particular Financial Advisor, the objective remains the same.

With the cost of living rising constantly, as a young adult takes up his/her first job, it is essential that they immediately begin to prepare for what the future holds for them. They should purchase their first Life Insurance policy and start their pension planning. Even though many young people do not recognise this, the younger they start these plans, the better.

In the case of Life Insurance, the premiums are lowest when the applicant is young and healthy

In the case of Life Insurance, the premiums are lowest when the applicant is young and healthy, and since they have many years until they retire, they can afford to start their deferred annuity at a low premium and have a substantial retirement fund.

As we mature, adults soon begin working towards achieving other goals. They begin to consider marriage and, of course, owning their first home. This requires an increase in their life coverage, in anticipation of collateral requirements of a mortgage. As we can see from the present real estate market, this step is indeed a big one and may require a large increase in life insurance.

When the first child appears, parents are normally very concerned about saving for their future, the main priority being their tertiary education. As such, a savings plan would definitely be a step in the right direction. What most parents do not appreciate, however, is that there is a distinct possibility that they may not live to see their child enter university.

Another factor to consider is that they may suffer a critical illness, which will significantly affect their income generating potential, as well as depleting the family savings. At this stage the most crucial financial decision is purchasing the appropriate amount of life insurance and critical illness coverage on both parents, so that in the event of either of them suffering an untimely death or illness, your child's future is financially secure.

The cycle starts over when other children arrive. Hopefully both parents would have progressed professionally and their incomes would have increased proportionately.

At this point in their lives, there is the highest stress on income at a time when they are growing older and approaching retirement. Retirement planning must therefore be re-visited. Premiums need to be increased, taking factors like inflation into account.

Modern day Financial Planning is a continuous process, with a variety of instruments to satisfy different objectives.

The days of purchasing one life insurance policy and one deferred annuity are long gone. Modern day Financial Planning is a continuous process, with a variety of instruments to satisfy different objectives. It is indeed an exciting and challenging time.

MANAGING**RISK** ATTIC

Understanding Insurance:

Automatic Premium Loans where in arrears

The insured purchased a life insurance policy in 1976 from an insurance company. He made arrangements with his bank to pay his premiums by means of a standing order. The insured went away from Trinidad and Tobago for an extended period.

In 2000, the insured became aware of an outstanding loan of approximately $20,000.00 against his policy. He claimed to have made attempts between 2001 and 2005 to get information from the insurance company about the loan but was unsuccessful.

In 2006, he was advised that an Automatic Premium Loan (APL) had been applied against his policy for the months in which the company had not received payments of premium, in accordance with the terms of the policy contract.

The insurance company also indicated that he was advised of the APL from as early as 1998, via correspondence mailed to the same address which had not changed from inception, starting with a loan balance of approximately $6,300.00. The complainant claimed that he did not receive any such letter asked only to pay the loan balance as at 1998.

This request was denied by the insurance company on he basis that the insured had note reported any change of address at any time during his relationship with the insurance company. In fact, his address remained the same to date. Having sent the correspondence to his usual mailing address, they felt that they had satisfied their obligation. Additionally, they had no record of any attempt being made to query the outstanding accumulated loan amount, which increased as further premium loans and compound interest were added over time.

Lesson of the case : Consumers need to monitor the payments made against their policies very closely as Automatic Premium loans are a feature of most life insurance policies. In instances where a premium is not received by the insurance company, the outstanding premium will be treated automatically as a loan as long as there is sufficient cash value attached to the policy. This is to avoid the policy going into a lapsed state. Interest will be added to the loan on a compound basis and, over time, the loan balance could erode altogether the cash surrender value of the policy.

Source: Office of the Financial Services Ombudsman

Life Insurance
Frequently Asked Questions

1. Who should buy life insurance?
Anyone who wants to prepare for his /her future or for that of his/her spouse or children should buy life insurance. Everyone (as long as he/she is eligible) should buy life insurance.

2. Why should I buy life insurance?
Three reasons: (1) it provides guaranteed protection that other financial programs do not and cannot provide, (2) it is virtually risk-free and (3) its returns are immediate and adequate the moment you need it.

3. What kind of life insurance do I need?
That depends on your purpose for buying life insurance, whether it is for financial protection, investment, education or estate preservation.

4. Which company should I buy from?
You should buy insurance from a company based on its financial strength and stability, and the assurance that it will be there to fulfill its promises to you.

5. How do I select my agent?
Use the following criteria: (1) credentials, (2) availability and (3) company represented.

6. If I already have insurance, do I need to buy more?
Over time (due to inflation or currency devaluation), the value of your life insurance reduces in real terms. One way of making sure that your coverage always remains adequate for the protection of your family is to upgrade your life insurance coverage every few years.

7. How much life insurance should an individual own?
Rough "rules of thumb" suggest an amount of life insurance equal to 6 to 8 times your annual earnings. However, many factors should be taken into account in determining a more precise estimate of the amount of life insurance needed. Important factors include income sources (and amounts) other than salary/earnings; whether or not the individual is married and, if so, what is the spouse's earning capacity; and the number of individuals who are financially dependent on the insured. It depends on how much you are worth, in terms of assets and financial strength, to your family/loved ones. It also depends on your savings goals for a college education, retirement or other purpose.

8. How does mortgage protection term insurance differ from other types of term life insurance?
The face amount under mortgage protection term insurance decreases over time, consistent with the projected annual decreases in the outstanding balance of a mortgage loan. Mortgage protection policies are generally available to cover a range of mortgage repayment periods, such as 15, 20, 25 or 30 years. Although the face amount decreases over time, the premium is usually level in amount. Furthermore, the premium payment period often is shorter than the maximum period of insurance coverage. For example, a 20-year mortgage protection policy might require that level premiums be paid over the first 17 years.

9. What is term life insurance?
Term life insurance is usually the least expensive and most immediate way of providing your financial dependents with a cash payout at your death. If you are a first time insurance buyer, purchasing a term policy and then converting to a permanent policy a few years later may be an attractive option.

10. What are the most common uses of term life insurance?
Most frequently, term life insurance is purchased: to provide short-term protec

MANAGING**RISK**

ATTIC

tion, either to pay off a loan or provide a death benefit during peak earning years while children are young; by individuals or families who can not afford a permanent policy now, but need temporary protection until it is possible to convert to a permanent plan; to add a large amount of coverage to complement an existing permanent policy at the lowest possible cost.

11. What are the advantages of term life insurance?

Term life insurance pays a death benefit to the beneficiary you name that will:

Cover your final funeral expenses, and; provide a lump sum that can be invested to meet your dependents' on-going needs. You are covered for the full amount of life insurance that you choose for a specified period of time. The insurance can be both convertible and renewable, depending on the policy.

Term insurance traditionally works well to meet temporary insurance needs. Since the initial premiums are generally lower than those for universal life insurance, you can buy higher levels of coverage at a younger age when the need for protection is usually greatest. Term insurance is also an excellent way to cover specific needs that will disappear in time, such as mortgages or car loans.

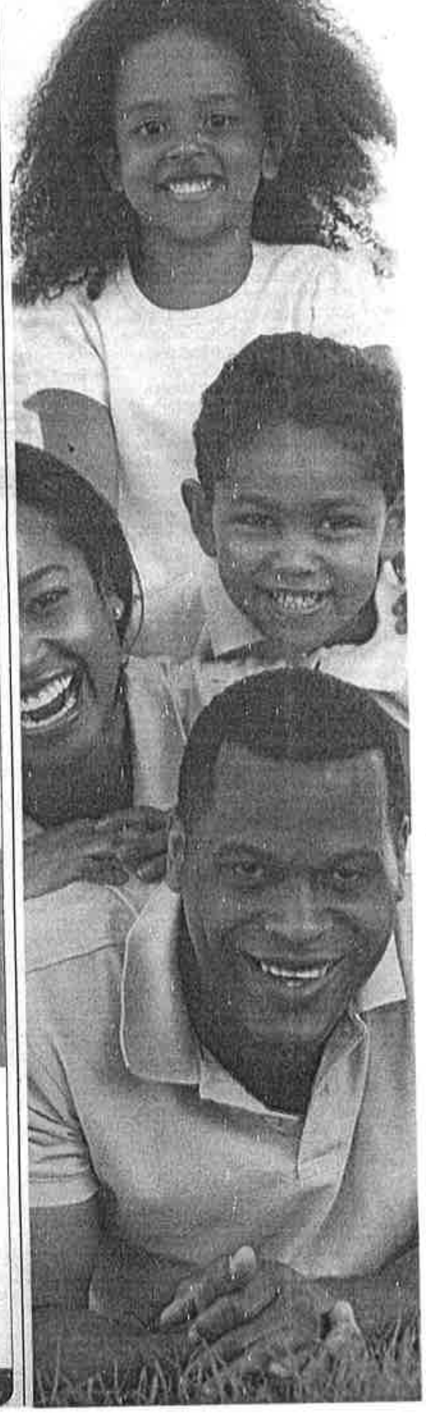
12. What are the disadvantages of term life insurance?

As its name implies, term insurance only provides you with life insurance protection for a specified period of time.

Term life insurance premiums gradually increase as you grow older. Coverage terminates at the end of the term and may become too expensive to continue on a permanent basis.

The policy does not help you accumulate money for use at some later time in your life.

If you miss a premium, the policy will lapse.



Health Screening at Different Ages

Health screening tests are done to determine the possible presence of a disease or other health problem. Health screenings are often conducted routinely as a preventative measure, or may be done when there is reason to suspect a particular health problem exists.

It should be noted that there is no universal agreement as to which tests should be performed for health screening and when they should be performed. Individual doctors and insurers may have their own philosophies about health screening tests. Individuals should consult their doctors and insurers for information specific to their needs.

For men and women, health care providers have established a set of recommended screening tests depending on the age of the patient. In addition, the frequency of some health screenings depends on risk factors of the patient.

Eye tests (every three years) and dental exams (twice a year) and hearing checks are recommended for everyone.

WOMEN

For women between the ages of 20 and 39, the following screenings are recommended:

Pelvic exam: every year.
Pap Smear test: every year until three satisfactory tests have been completed, and then at the doctor's discretion.
Breast: at least every three years.

For women between the ages of 40 and 49, the following health screenings are recommended:

Blood pressure: at least every two years
Cholesterol test: every five years
Breast exam: every year
Pelvic exam: every year
Pap Smear test: every year (or at the doctor's discretion)
Mammography: every one to two years (depending on risk)
Fasting plasma glucose test: to check for the possibility of diabetes, every three years after age 45

After age 50, women should have the following screenings:

Blood pressure: at least every two years
Cholesterol: every five years (or every three years starting at age 65)
Breast exam: every year
Mammogram: every year
Fecal occult blood test: every year
Pelvic exam: every year
Pap Smear test: yearly (or at the doctor's discretion)
Bone mineral density test: once as a baseline
Fasting plasma glucose test: for diabetes, every three years
Thyroid-stimulating hormone test: every 3-5 years starting at age 65
Colorectal cancer test: every five to ten years

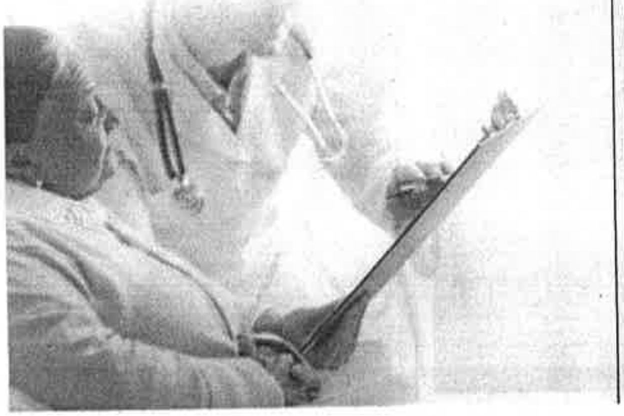
MEN

For men between the ages of 20 and 39, the following screenings are recommended:

Blood pressure: at least every two years
Cholesterol: every five years

Men between the ages of 40 and 49 should have screenings for:

Blood pressure: at least every two years
Cholesterol: every five years
Fasting plasma glucose test: to



check for the possibility of diabetes, every three years after age 45

Men who are 50 years or older should have the following screenings:

Blood pressure: at least every two years
Cholesterol: every five years (or every three years starting at age 65)
Skin exam: every year
Digital rectal exam: (to check for the possibility of prostate cancer) every year
Prostate specific antigen (PSA) test: every year
Fasting plasma glucose test: (for diabetes) every three years
Colorectal cancer test: every five to ten years

Health screenings are important for early detection of diseases or other possible health problems. Any suspected problems should be reported to a health care provider immediately. Health screening exams have played a principal role in preventative health care for a wide range of common diseases and some that are not so common. Frequently, data from health screenings give scientists a way of measuring disease trends and the success of early treatment.

GET SCREENED!!

Read more: Health screening, Information about Health screening http://www.faqs.org/health/topics/72/Health-screening.

Health screenings are important for early detection of diseases or other possible health problems. Any suspected problems should be reported to a health care provider immediately.