



BRING IN THE EXPERTS

weekly webinar series

Financial Advice
NEW ZEALAND

NZ Income Insurance Scheme Discussion

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AGENDA

- NZ Income Insurance Scheme Proposal at a glance
- Discussion on your feedback – 8 questions
- Q&A

NZ INCOME INSURANCE SCHEME PROPOSAL AT A GLANCE



Broad coverage for different working arrangements



A four-week notice period and four-week payment, at 80 percent of salary, from employers



Coverage for job losses due to redundancy, layoffs and health conditions and disabilities



A further six months of financial support from the scheme, at 80 percent of wages or a salary



NZ INCOME INSURANCE SCHEME PROPOSAL AT A GLANCE

A case management
service to support people's
return to work



Administered by
ACC

Option to extend
support for up to 12
months for training and
rehabilitation



Workers eligible
after six months
of levy
contributions in
the previous 18
months



Funded by levies on wages
and salaries, with both
workers and employers paying
an estimated 1.39 percent
each

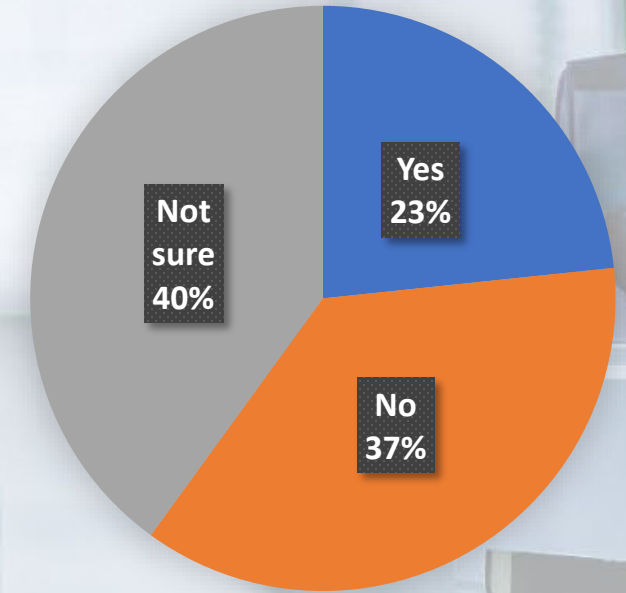
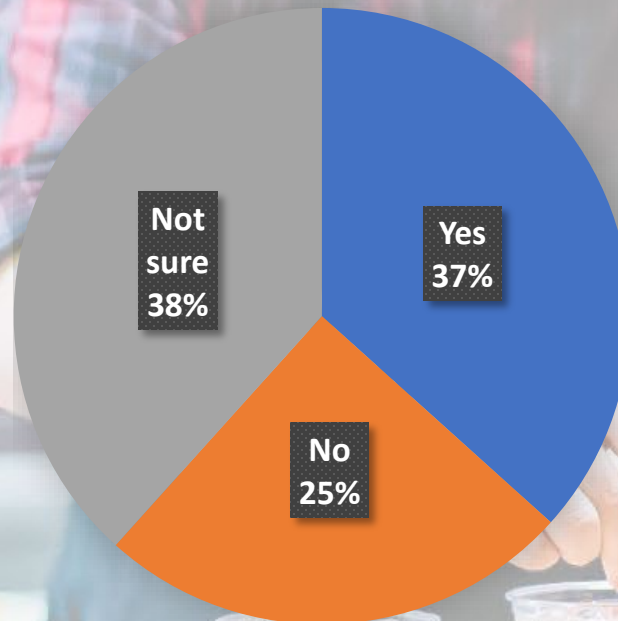
WE ASKED YOU...



1. In principle do you agree with a government income insurance scheme?
2. In principle do you agree with an income insurance scheme which is accessible to all people—regardless of background or history?
3. Do you believe there is a problem to be fixed?
4. If there is a problem, do you believe there is a market solution?
5. Do you believe there could be a collaboration between the private and public sector to provide universal income insurance?
6. Do you believe there are any alternative levers which the government can implement to couch a person who has lost their income?
7. If the scheme was to go ahead are there any changes you would make to the scheme?
 - a. Special unemployment benefit for 6 months once a person has lost their job
 - b. Opt in/opt out
 - c. Employee contributions only
 - d. Employee/government contributions combined
 - e. Access to Kiwisaver for income insurance payments
 - f. Other
8. What do you think are the biggest issues with the scheme?
9. Other considerations....

YOU SAID...

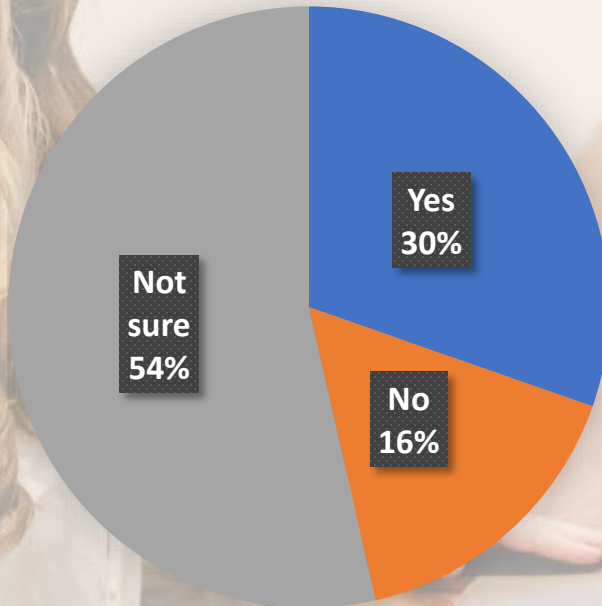
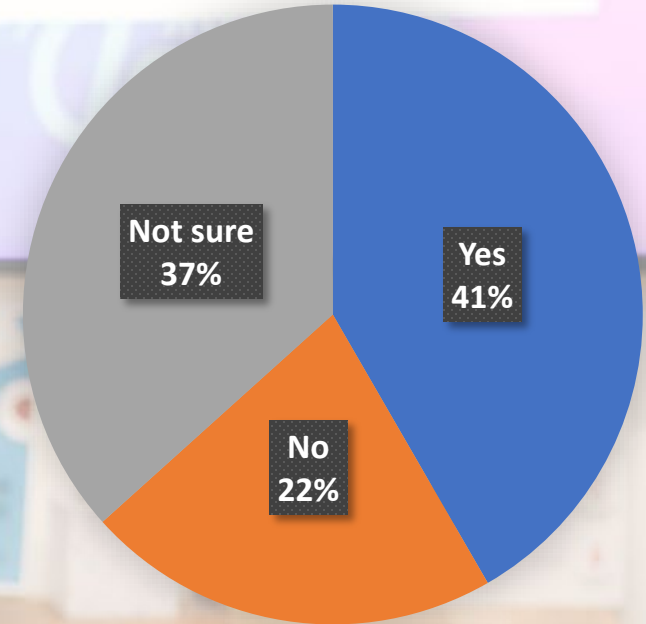
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2. In principle do you agree with an income insurance scheme which is accessible to all people— regardless of background or history?

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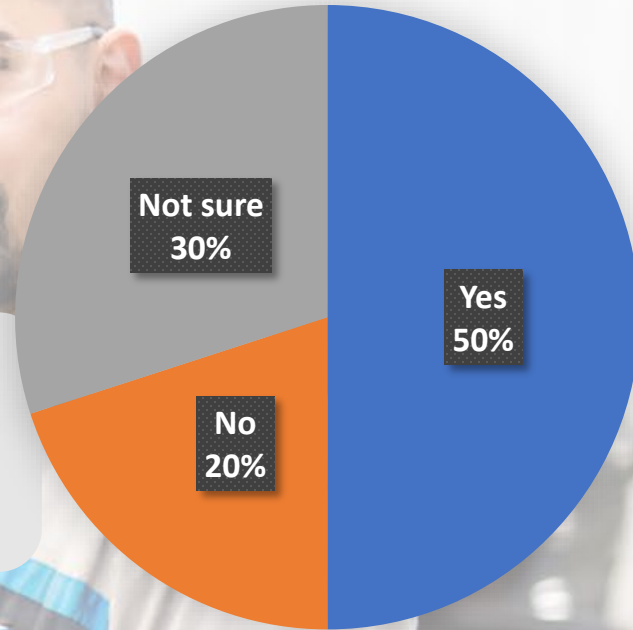
3. Do you believe there is a problem to be fixed?



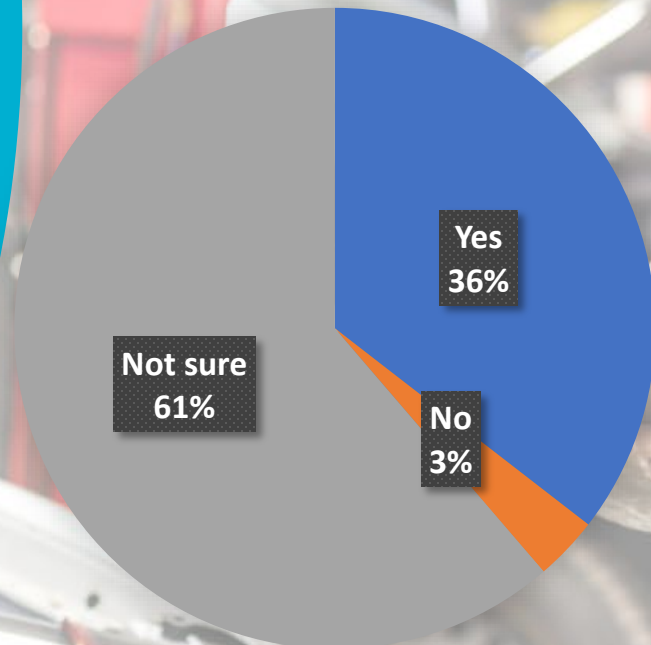
4. If there is a problem, do you believe there is a market solution?

YOU SAID...

5. Do you believe there could be a collaboration between the private and public sector to provide universal income insurance?



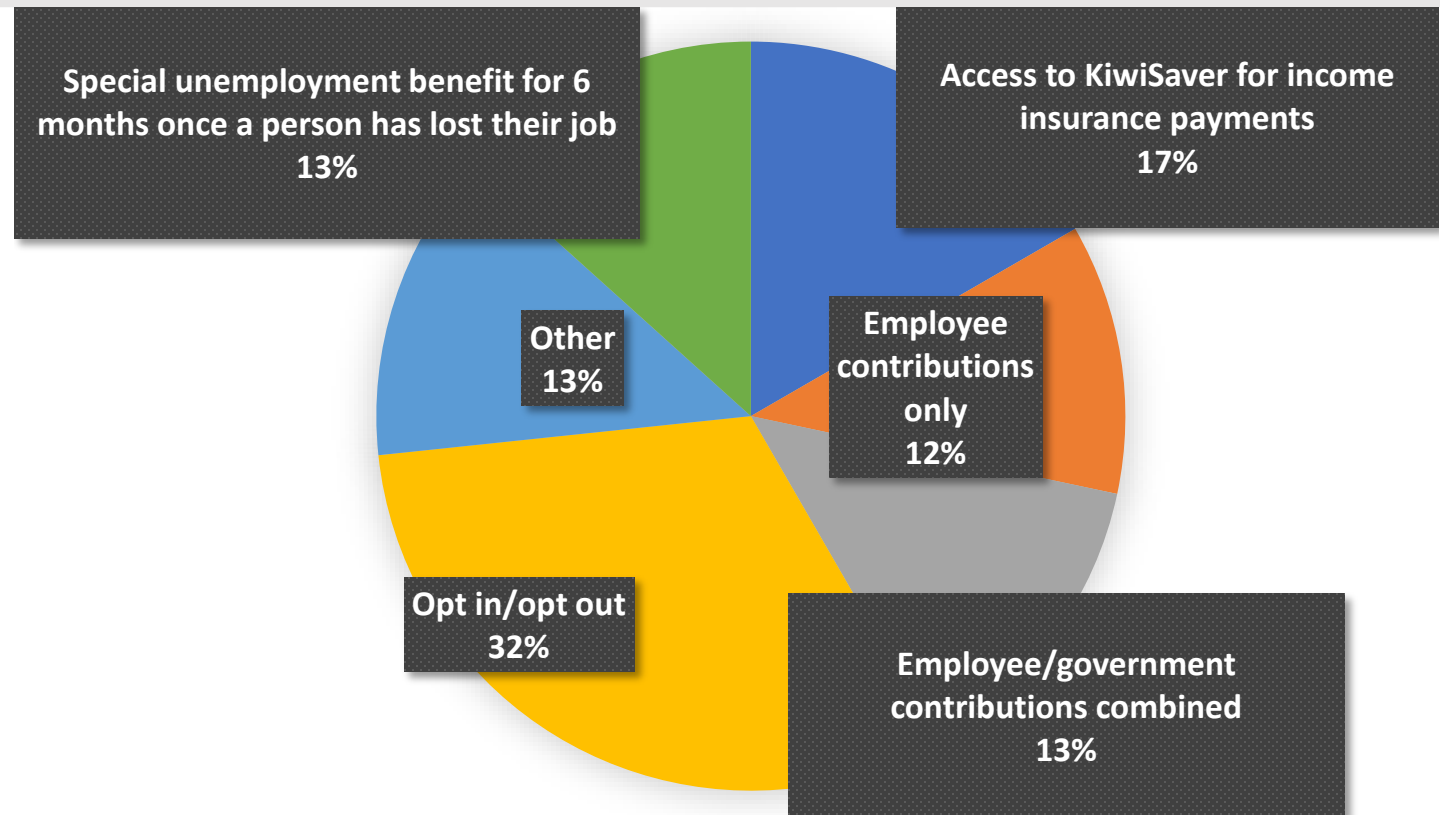
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YOU SAID...

7. If the scheme was to go ahead are there any changes you would make to the scheme?

- a. Special unemployment benefit for 6 months once a person has lost their job
- b. Opt in/opt out
- c. Employee contributions only
- d. Employee/government contributions combined
- e. Access to KiwiSaver for income insurance payments
- f. Other



8. WHAT DO YOU THINK ARE THE BIGGEST ISSUES WITH THE SCHEME?

The levies collected will never reach the right party. As small businesses we don't need another levy.

Govt inefficiency and lack of accountability will make this expensive for the tax payer

The cost that is applied to everyone with no choice to join. The short-term illness support of 6 months what happens then?

The lack of incentive for a person made redundant to find another job quickly

It encourages you to be made redundant rather than fired and it will end up costing the scheme.

Details to what they will cover, but only a proposal at this point. Must include all pre-existing conditions

Additional cost for employers

Claim processing/offsets for those with personal cover

8. WHAT DO YOU THINK ARE THE BIGGEST ISSUES WITH THE SCHEME?

Would seem to be a huge logistical exercise. Employer contributions would need to be tax-deductible.

”
Supposedly run by the government only

“
NZ already has social welfare benefits that provide when someone loses their job.

“
Are there thresholds for the 80%? or unlimited ? There should also be some benefit in actually having personal I.P ?

”
It will increase the burden of employers which will result in a higher living cost.

“
Potential for people to "play" the system to make a claim, Abusing the system instead of finding new employment

I think the biggest issue is the government is involved in too much. There is something called personal responsibility.

OTHER CONSIDERATIONS

Clients not being able to afford to keep private insurance that may be more comprehensive



It isn't insurance as it doesn't price the risk of being made redundant based on skill level.

Already unemployment and redundancy payouts. What does the employer get if their business fails?

Overall lack of detail

Could a % of income be put aside by employers (pre-tax) as a benefit to staff ?

Do we not provide a welfare safety net already in the form of an Unemployment Benefit. Maybe that should be increased? .

Moral hazards? How will the proposed scheme affect employment claims and resolution thereof?

How this type of insurance would cross over with existing income protection insurance with redundancy clauses

People with existing Income insurance with long term cover to age 65 may end up cancelling their personal insurance.

THANK YOU!

The PowerPoint will be available to our members under your membership account.

