

# Looking after the family

When I was asked to write a brief article for *The Gibraltar Magazine* about life insurance, my first thought was to inform the reader of how cheap it is, how easy it is to arrange and how the taxman subsidises the cost by providing tax relief on the premiums. With my next thought came a realisation that everybody knows this. We have seen the articles and the newspaper and television adverts — “protect your family from only £10 per week” etc. etc. So why is it the case that so many people have too little, or no, life insurance?

The *Collins English Dictionary* contains the following definition:

*Insure* [verb] – secure payment of sum in event of loss, death etc., by contract and payment of premiums; make safe (against); make certain.

You will notice that there is no mention of profit or investment return. What I am discussing here is the most basic form of life insurance, the type that was invented many years ago, the type that pays out a lump sum only if the person whose life is covered dies within the term of the policy.

When I am in a meeting with a client discussing their financial planning, I will always ask them if they have any children or other financial dependants. I then ask them how their dependants would cope financially if they, the ‘bread winner’, passed away prematurely. Aside from one occasion when the client looked me in the eye and with absolute conviction told me he was never going to die (I had no answer to this!), the responses are fairly predictable.

One of the many endearing qualities of the people of Gibraltar is that they are family orientated. Many clients feel, quite rightly, that if anything happened to them their family would wish to take on, or assist with, the financial responsibility of raising their children. No doubt, they would do so. Not all families, however, have the resources to take on this role. Those who have adequate finance may have to sacrifice other plans to take on this unexpected new responsibility.

Some clients believe that they already have adequate cover in place. Many people in Gibraltar have



Paul Garner of European Financial Planning Group

Endowment Policies and Savings Plans, the latter often being referred to, although strictly speaking incorrectly, as ‘Life Insurances’. In the

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case of Endowment Policies, these should provide enough money to pay off the mortgage in the event of death, regardless of the investment performance, but nothing more. Savings Plans tend to have some life cover attached to them, but generally only the minimum required to ensure that the premiums qualify for tax relief.

A further, more subjective, reason given for not having life insurance in place is that the client simply does not want to think about it. I often receive a similar response when I suggest to clients that it would be sensible to make a Will. This is quite understandable. Most people are natural optimists and have no time for thoughts of mortality. Statistically, we are right to be optimistic as the vast majority of us will enjoy long lives. Without wishing to be too downbeat however, we all know that tragic loss does occur.

Most clients agree that they should have adequate life insurance whether it is to ensure that their dependants continue to enjoy the lifestyle they have become used to, to assist family members in supporting their dependants should the worst happen or simply to help them sleep at night knowing that they will be providing for their children whatever the future holds.

I understand that taking out life insurance is not something normally done on impulse, like buying a television and is easily put off for another day. Please remember, however, that it is much easier and cheaper to arrange life insurance before the heart attack than afterwards.

## Feetham Appointed Member of FSC

Nigel Feetham, a partner in Hassans a leading Gibraltar law firm has been appointed a member of the Financial Services Commission by the Minister for Finance to replace Dr Onagh McDonald CBE who is standing down after eight years on the Commission.

Mr Feetham was admitted to

the Bar of England & Wales and the Supreme Court of Gibraltar in 1993. He joined Hassans in September 1993 becoming a Partner in July 1999. He is a partner of the International Finance and Banking Department specialising in financial services licensing, regulation and structuring.

One of his key areas of involve-

ment has been in insurance. Mr Feetham helped to draft the relevant legislation that opened the way for the insurance sector to develop in Gibraltar and was also involved in advising the Financial Services Commission on the practical implementation of the “insurance passport”. He has also helped to structure and set up numerous Gibraltar insurance companies and is the director of a number of

Gibraltar insurance companies.

Marcus Killick Chairman of the Commission commented “We are delighted that someone of Nigel’s experience has agreed to join us as a non-executive member. He has been a leading figure in the financial community for a number of years and has played a major part in some of the most significant developments in the Gibraltar finance sector.”