



# Do Young People Need Insurance?

**Naomi Ballantyne** asked the younger members of her Partners Life team about insurance if you're under 35.

There's a common perception in New Zealand that insuring yourself is only really relevant once you have a home and kids.

But what about young professionals and entrepreneurs under the age of 35? They're among the least-insured groups of Kiwis, possibly because they feel that they don't have anything to protect.

But is this really the case? We should absolutely question this conventional logic.

I decided to kick-start this process by asking the young professionals in my own business what they have to protect, and why insurance is important to them. Here's what they said:

**Travis, 30, underwriting manager**

"I think that generally people are doing things at older ages now – gone are the days when people are married with a house and kids by 23. Younger people are now much more independent and self-reliant.

"Being independent gives me wonderful freedom – but it also means that if you can't take care of yourself, you're much more vulnerable.

"To me, it's most important to have insurance as a young person, during that time when you have to be your own safety net."

**Min, 27, senior policy servicing specialist**

"Health and life insurance for a young New Zealander is a bit of a foreign concept. Growing up in a country that provides free healthcare for under-13s, free dental care for under-18s, and then ACC, it's hard to place value on insurance – until you need it.

"It's lulled young New Zealanders into a false sense of security. There's a widespread misconception that ACC will financially save us from health mishaps.

"ACC does help a lot of people, but it's also

very limited in the range of problems it can cover, leaving gaps and uncertainty. Insurances like income protection can help to close those gaps."

**Gerhard, 27, marketing co-ordinator**

"I think it's important to understand from an early age that, unfortunately, we're not bullet-proof. Even though the risk financially to me might be less than someone older, it will still have a significant impact.

"I want stability, so if something goes wrong, I'm able to sustain my preferred lifestyle for long enough. If you don't have any cover in place, your ability to keep living your current life and get back on track might be limited – whether that's buying a house, starting a family or even studying.

"Insurances such as disability and trauma covers could sustain your income while you are unable to earn it yourself."

**Sine, 27, underwriter**

"The best time to buy insurance is before you need it. Almost all insurance premiums are affected by age and health.

"It makes sense to me to lock in my youthful good health now.

"The insurance company will accept you based on your health to date, and then anything new that happens to your health after that, the insurance company can help carry that 'baggage' for you."

**Kris, 28, general manager marketing and product**

"Every single New Zealander who owns an asset, has liabilities, or is earning an income has financial risks and insurance needs.

"Young people in New Zealand understand the concept of insurance – after all, we insure our cars and contents. But very few of us understand that our biggest asset as a

young, working person is our ability to earn an income.

"Prior to 35, you're unlikely to have reached anywhere near to your earnings potential.

"An interruption to your ability to earn an income today would not only leave you with an immediate cash deficit, but also jeopardises your career and financial goals.

"If nothing else, you should at least seek advice to understand what your financial risks are, and how an interruption to your life today can affect your future income."

**Common theme with all answers**

As you can see, the answers are as varied as the people quoted, but there is a common thread. Yes, young people do have plenty to protect: their health, independence, current lifestyle, and their potential future lifestyle.

While life insurance might not be needed, trauma, income, lifestyle expenses, and

medical insurances could provide the protection they need.

Protecting against an interruption in income-earning ability while you're young and healthy means future deteriorations in health likely won't affect your premiums or cover.

You can maintain your independence if you have a health event, so you won't need to move back in with your parents. Your current lifestyle can be supported even if ACC doesn't come to the party, and you won't have to defer your future potential lifestyle because of an unexpected health event.

So, if you're young, if you love someone who is young, or employ someone who is young, make sure they get expert advice about their life and health insurance needs.

They can find out what's available, and what might be suitable for them. ●