

# Take Charge of Your Financial Destiny

**Financial Planning. Mortgage Management. Asset Protection**

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- [www.alfredchia.com](http://www.alfredchia.com) – Reader's Guide

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Financial Question of the Month

## Assuredly Insured

A few months ago, when the rains were coming down on Singapore by the gallons, most people simply stayed away from Orchard Road when it poured. But for the unfortunate people who stay in the low-lying areas of Singapore, it's difficult to remain calm when it rains heavily.

Some of you would have good reason to worry – one of my clients came home to find himself wading through water at least 10 inches high. His carpet, furniture, TV and other electronic equipment were damaged, and the total amounted to at least \$40,000. He was almost at a loss of what to do.

What would you do if your home was flooded? Would your first thought be to turn to your insurance company? There's probably something that you've paid for in the fire insurance that will cover this, right?

Unfortunately, if you really went for only fire

insurance, you will find yourself sorely disappointed with what the insurance company *can't* do for you. Even though fire insurance is required by the banks that you took a housing loan with, and is covered under your Management Corporation Strata Title if you live in a private condominium, a fire insurance only covers the cost of restoring the structure of the building.

This means that you will not get any help from your insurance company unless the flood managed to damage the *structure* of your property. Even if it did, you would not get any help in restoring what's inside – your furniture and fittings.

But what's more likely, a flood hitting your house, or fire and theft? And if you stay in a high-rise building, have you thought about water damage from rainwater overflowing from the roof or water seepage on common corridors?

Whether you stay in a low-lying area of Singapore or not, the latter 3 – fire, theft

and water damage – are more than likely to occur than a flood (Choy!) But these 3 common risks also do more damage to the *inside* of your home than to the structure, and your basic fire insurance does not offer enough to recover what might be lost. An insurance that *does* offer enough coverage, however, is optional, and generally known as "Home Content Insurance".

There are two versions of Home Content Insurance – Insured Perils and All Risks. As the main decision-maker of the house, you probably dismissed each scenario in turn as you read the description.

"Insured Perils" cover:

- Fire,
- Lightning,
- Domestic Explosion,
- Impact by road vehicles,



- Theft by violent or forcible entry,
- Specified natural disasters such as floods, windstorms, earthquakes, and
- Riots and strikes”

Did your eye just skip the entire paragraph? Please go back and read it again. You might not think that you’ll need to insure your home against these Perils, but they are more common than what most people believe. An All Risks insurance covers the above Perils, and more, and might even cover damage caused by your son toppling the TV over.

And lastly, there is Home Emergency Cover, which covers any assistance or repairs due to a domestic emergency.

Whichever option you decide to go for, always make sure that you know the exclusion list.

One quick example:

Many policies state that theft is an insured peril only if it involves “forcible entry or exit”. These policies then do not cover thefts that occur if there was no force used in the break-in. Valuables, paintings and antiques might also be excluded from the insurance policy. Other policies, on the other hand, will cover theft in all scenarios, and also enter your valuables on record for insurance.

To work out which cover you will need, it would be wiser to make an inventory of all your possessions to see if you want them insured. You can also make use of this list in the event that you have to make a claim.

In the end, there are many types of insurance policies available, and choosing the right policy means that you need to know what you want to insure. Selecting the right policy will also mean that you save money because you have 1 right policy instead of a few to cover different aspects of your home.

Our experts at SingCapital would be able to understand your needs and recommend the appropriate type of coverage, with the most competitive premium.■

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# www.alfredchia.com – Reader's Guide

The website has grown from a simple idea of just a blog to a full website of quite a few sections.

Here's a guide for all my readers so you can easily find what you're looking for.

- **Home**

An amalgamation of everything in my website placed on the front page. Click on any of the bold blue underlined words to jump from the home page to view more of information that catches your eye.

- **About Alfred Chia**

The same way you find out more about a friend before you decide to lend him money, this is the page where you can find out more about me.

- **Grow Rich Solutions**

This page was created as a one-stop solution for readers to learn new things, ask questions and calculate your loans.

- **Clear Your Financial Doubts**

Even with all the tools out there, the only way to really be sure of your position and progress is to lay out all your cards, and to ask for an honest opinion. Submit your question about finance here.

- **Published Articles**

Like the title says, I'll put up new articles in my website.

- **Financial Calculator**

The latest addition is the working Mortgage Calculator, a tool to calculate your Monthly Home Loan Repayments to see if your current loan is helping you, or if you need to reprice or refinance. Fill in the numbers without commas and spaces and press calculate.

- **Mortgage And Grow Rich**

Everything about the book is found under this page. The hint for the password to redeem the Financial Worksheets can be found here.

- **Preview Mortgage And Grow Rich**

If you'd like to recommend this book to your friends but forgot to bring the book, just give them the link to this page.

- **Special Bonus For Readers**

When you have figured out the password to unlock the bonus for readers, head to this page and use the password to redeem the worksheets. Fill in your email address, name and phone number and hit the "Redeem" button.

The server will send you a confirmation link, and then take a day at most to process the form, giving you access to the worksheets soon.

Do note that signing up for the mailing list puts you on a different list from the Reader's Bonus list and vice versa. Check which list you've signed up on – receiving this email means that you're on the mailing list. Better yet, sign up to both lists to fully embrace the knowledge that I can give.

- **Money Blog**

New financial vehicles appear almost every day and keeping up with the latest news can be overwhelming. Here I'll keep you updated as much as I can with my blog posts.

- **Financial Seminars**

Keeping yourself up-to-date takes more than one person. I'll organise the seminars to pass out information, but I'll need you to come to absorb the information. Sign up for the mailing list here to receive email blasts about new seminars, courses and talks.■

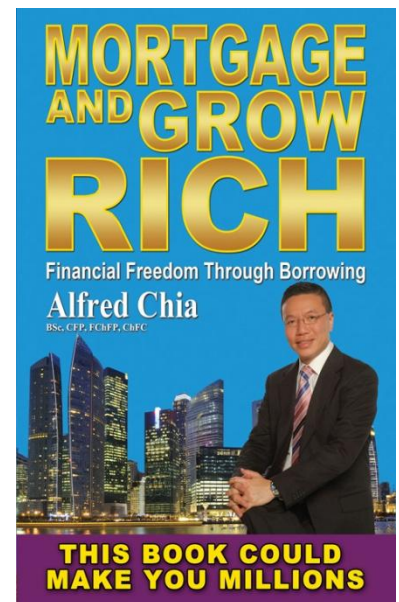
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## Winners Of The Autographed Copy Of Mortgage And Grow Rich!

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Jessica Koh  
9876XXXX  
Alex Tan 9008XXXX  
Auw Tsun Chieh  
9677XXXX

*Congratulations! You will be contacted to collect your autographed copy soon.*



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We're on the  
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See us at:

■ [www.alfredchia.com](http://www.alfredchia.com)

## Financial Question of the Month

I have a housing loan of \$1.2 million for the next 30 years. Keeping in view the present environment, as I accumulate spare cash along the way of up to 500K, should I pay off the loan first or re-invest in another property first? Tks.

~ W. Tan

Hi W. Tan,

As I don't have enough facts, I can't give you a full recommendation, but here are some things that you can consider:

As the interest rate environment at the moment is still very low, you might want to reprice or refinance your housing loan to take advantage of the low interest.

If you can do that, you can then consider investing your funds into investment vehicles that can generate returns higher than the interest. You should, however, invest based on your risk profile.

To the question of re-investing in another property:

It will really depend on your general financial health status. You should do comprehensive financial planning before making any investment decision.

I hope the pointers above are useful, and thanks for visiting my website.

~ Alfred Chia

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