



Welcome to the first edition of Ryan & Riordan Insurances' newsletter! We hope to bring you our latest news as well as keep you informed on the world of insurance and financial services. For those of you who may not have met our new addition to the team; Bernard Butler has joined us in recent months as a Corporate and Personal Financial Consultant. Bernard has worked in Financial Services for the last 12 years, previously working for Friends First Life Company as an Account Executive and is a graduate from Waterford IT Business School. We hope you will join us in welcoming Bernard to the team.



**Bernard Butler**  
Qualified Financial Advisor

## In other Ryan & Riordan news...

As 2010 marks the 7th anniversary of Ryan & Riordan Insurances Ltd, and I am delighted to report that the company has gone from strength to strength even in these very challenging times. But like any other business we are looking to build on our past successes and continue to grow into the future.

This is why I would like to introduce our new quarterly newsletter which will hopefully keep you informed of developments within Ryan & Riordan Insurances Ltd into the future

As you may be aware both myself and Denis Ryan have 46 years experience between us in the insurance industry and this allows us to provide our clients with a wealth of experience and knowledge in both the general insurance and the financial services sectors. This means you can satisfy all of your insurance needs with the same person while building a long lasting trustworthy relationship.

We have strengthened our resources with the appointment of Mr Bernard Butler in recent months as both a Corporate and Personal Financial Consultant. Bernard is responsible in looking after our corporate clients and providing up to date advice on pensions and other corporate solutions that assist them in maximising any opportunities that may arise.

The first quarter of 2010 has been a very busy one for us in Ryan & Riordan Insurances Ltd with the roll out of our new office in Cork City at the Atrium Business Centre in Blackpool. We now have 3 branches across Limerick and Cork so we are never too far away if you need us. The opening of this office will help Ryan & Riordan Insurances Ltd to continue to give an excellent service to its existing and new clients in the Cork Region.



**Maurice Riordan**  
Financial Services Director

Our newly constructed website has gone live and can now be accessed at [www.ryanriordan.com](http://www.ryanriordan.com) We would welcome your feedback on the site especially any suggestions which may improve the site even further.

Many of you will be aware that we have developed an excellent Corporate Brochure which gives a brief out line of who we are what we offer and why getting the right financial advice is so important in today's world. If you would like additional copies of the Corporate Brochure please request it by emailing [submissions@ryanriordan.com](mailto:submissions@ryanriordan.com)

At present an industry wide review of the Minimum Competency Requirements for advisors is taking place in 2010 so consumers can be confident that the people providing them with advice are both qualified and competent in the advice been provided. In Ryan & Riordan Insurances all our staff have either attained the relevant industry qualification or are in the process of doing so through examination. This will hopefully give you further confidence that the advice you are offered is provided by educated professionals.





## IRISH ECONOMIC BACKGROUND

**2009** was a very difficult year for the Irish economy. For the full year GDP contracted by 7.1 per cent and GNP contracted by 11.3 per cent. This was the sharpest correction in Irish economic activity since records began in 1950. Consumer spending declined by 7.2 per cent, investment declined by 29.7 per cent, exports of goods & services declined by 2.3 per cent and imports of goods & services declined by 9.3 per cent. Not surprisingly against this economic background, unemployment increased very sharply, the public finances plunged into deep deficit and business and consumer confidence weakened significantly. The two key issues that need to be sorted immediately are credit availability and the burgeoning public deficit.

Credit conditions were very weak in 2009 due to a combination of weak demand and constraints on supply as a result of the banking crisis. In the year to December 2009, total private sector credit outstanding declined by 6 per cent and mortgage credit outstanding declined by 0.3 per cent. The weakness in credit conditions has carried over into 2010. In the year to February total private sector credit outstanding fell by 7.3 per cent and mortgage credit outstanding declined by 0.9 per cent. Credit conditions look set to remain weak over the remainder of 2010. Demand for credit will remain weak. On the credit supply side, the NAMA process is now underway. The initial loans are being transferred at the moment. Given the realistic discounts of 47 per cent on the first tranche of loans, it is clear that bank balance sheets will remain poor despite NAMA and it will take some time for more normal credit flow to resume in the economy. This is not going to happen

in 2010. Ireland had to borrow €24.6 billion in 2009, equivalent to around 11.5 per cent of GDP. Although the borrowing requirement for the full year was slightly better than expected due to a stronger than expected tax take towards the end of the year, a borrowing requirement of almost €25 billion is inordinately large in an Irish context and is not sustainable. The tax take fell by 19 per cent in 2009 and came in €1.4 billion behind target.

### "the dramatic decline in economic activity is starting to level out".

The weakness in the public finances has continued in the early months of 2010. A deficit of €3.9 billion was recorded in the first quarter of the year, compared to €3.7 billion in the same period in 2009. Tax revenues were running 15 per cent behind last year. Future budgetary policy has got to work aggressively

towards reducing this borrowing total as quickly and as aggressively as possible. Postponing the fiscal adjustment process is not an option because interest payments on Ireland's national debt is rising steadily and will increasingly soak up a significant part of the annual tax take. Interest on the national debt is estimated at €4.4 billion in 2010.

While the Irish economy is still going through a very difficult adjustment process, it is clear that most economic indicators are now suggesting that the dramatic decline in economic activity is starting to level out. However, looking ahead over the remainder of 2010 it is difficult to be terribly confident that the economic environment might get markedly better. The housing side of the economy is still falling in terms of both prices and building levels, consumer confidence and spending will continue to be undermined by wage cuts in the public and private sector, further job losses, further cuts in government expenditure, and the inevitability of further increases in the personal tax burden. On the positive side, the external economic environment is getting steadily better and this will undoubtedly boost the export performance. It is likely that the technical recession will end around the middle of 2010 and that growth will gradually pick up in the second half of the year and into 2011. The recovery is likely to be driven by exports and the fact that domestic demand is likely to level out after a very sharp fall. However, it will take some time for growth to return to levels that will result in positive growth in employment. The Irish economic future looks very challenging and will require sensible policy decisions revolving around the restoration of order to the public finances, continuing to sort out the banking crisis, and ongoing improvements in the competitiveness of the economy.

### IRISH ECONOMIC FORECAST

Average	2008	2009	2010f	2011f
GDP	-3.0%	-7.1%	-1.5%	3.1%
GNP	-2.8%	-11.3%	-3.0%	2.0%
Consumption	-1.0%	-7.2%	-3.0%	2.0%
Investment	-15.5%	-29.7%	-20.0%	3.0%
Government	2.6%	-1.2%	-1.5%	-1.0%
Exports	-1.0%	-2.3%	2.5%	5.0%
Imports	-2.1%	-9.3%	-4.0%	2.0%
Consumer Price Inflation	4.5%	-4.5%	0.5%	2.0%
Unemployment (average)	6.3%	11.8%	13.5%	13.0%

Interest rate conditions remain very accommodative across the global economy. Official interest rates in the Euro Zone stand at 1 per cent, rates in the UK stand at 0.5 per cent and US rates stand in a range of 0 to 0.25 per cent. These historically low levels of interest rates were engineered to deal with an emergency economic situation, but the key central bankers are not yet convinced enough that the emergency has passed to contemplate tightening rates.

Over the coming months we are likely to see a gradual reversal of the quantitative easing, but there would appear no immediate pressure to start tightening official rates. Economic growth prospects

are reasonable but not dramatic; there is still considerable excess capacity across the global economy, and inflationary pressures remain muted.

**"It is likely that the technical recession will end around the middle of 2010"**

Furthermore, there will have to be a strong emphasis on fiscal correction over the next couple of years, so official rate rises are not likely in 2010, but

there would appear to be some limited upside potential in 2011. In the case of the European Central Bank (ECB), it is inconceivable that rate tightening could be contemplated in an environment of such uncertainty in the Euro Area as a result of the Greek crisis.

Once global central bankers become convinced that the recoveries in their respective economies are real and sustainable, they will move to gradually take rates back to more normal levels. We are not in that position yet but could be in 2011.

**Jim Power, Chief Economist,  
Friends First, April 15th 2010**

## INTEREST RATE FORECAST

	APRIL 2010	End-2010f	End 2011f
Euro Zone	1.0%	1.0%	1.75%
United States	0-0.25%	0.25%	2.0%
United Kingdom	0.5%	0.5%	1.5%

## 5 REASONS TO RECOMMEND RYAN & RIORDAN INSURANCES

1. We're your local insurance broker; we have three branches across the Cork / Limerick region so we're never far if you need us
2. Our advisors alone have over 60 years industry experience; we know how to recognise your financial needs and deliver on them
3. We pride ourselves on impartial, independent best advice along with competitive rates
4. We're a one stop shop for all your insurance & financial service needs
5. We carry out free financial reviews within just one hour with no obligation to purchase our products



# Protect Your Business, Protect Your Income

**If you own and run your own business you will understand that planning is everything. From business resources to customer service and cashflow, careful planning of each and every aspect of your business will stand you in good stead no matter what the business environment or the challenges you face.**

But have you planned for the possibility of a serious illness or injury that prevents you from running your business and earning an income? How would your business cope and how would you be able to pay for your household mortgage, electricity and gas bills and the expenses of day to day living? As a business owner you are responsible for funding your pension, so how would you continue to ensure that it will meet your needs when you retire?

You probably already have some form of life insurance to ensure that, in the event of your untimely death, your dependents' financial needs will be taken care of. However, during your working lifetime, you are far more likely to suffer an illness, disability or injury which leaves you unable to work for 6 months or more. In fact, this is exactly what happens to 1 in 6 of Irish workers.

**"have you planned for the possibility of a serious illness or injury?"**

Many employees will be entitled to some form of sick pay from their employer which will tide them over the first few weeks or months of an illness or disability. Most workers would then qualify for State Illness Benefit which will provide a small financial cushion. At just €10,286 a year for a single person and €19,610 for a typical Irish family in 2009, State Illness Benefit is unlikely to meet the financial commitments associated with our 21st century lifestyles. If you run your own business, however, you are highly unlikely to

qualify for sick pay or State Illness Benefit. This means that if an illness or disability leaves you unable to earn an income – you are on your own. So, given the risks, shouldn't planning for the possibility that illness or disability could leave you unable to earn an income be right at the heart of your business plan? Fortunately there is a product which is designed to protect business owners from the financial risks associated with an illness, injury or disability. It's called Income Protection and it is a form of insurance which ensures that your financial commitments will be looked after in the event of you suffering any illness, injury or disability which leaves you incapable of running your business and earning an income.

With Income Protection you pay a monthly premium which is based on your income, your health status and the level of benefits you are looking for. Your premiums qualify for tax relief at your marginal rate. Usually you can choose to protect up to 75% of your income and index link your premiums and benefit levels to ensure that your cover keeps pace with your lifestyle and financial commitments. To help with your business's forward planning, you can also take the option of fixing your premiums for a set period.

Should you suffer any injury, illness or disability preventing you from running your business and earning an income, then subject to medical assessment and following a waiting period of your choosing, your Income Protection policy will pay you an alternate income up to 75% of your gross income at the time you fell ill or suffered an injury. This payment will continue until such time as you are ready to return to the workplace or until you reach retirement age.

This alternate income should allow you to cover your domestic financial commitments and continue to contribute to your pension until such time as you are fit to return to running your business once more.

One of the biggest benefits of Income Protection is that it does not simply

pay you an alternate income when you are unable to work. Most policies are designed to assist your return to running your business as quickly and seamlessly as possible. Occupational therapists and workplace consultants are available to work with you to arrange any changes in work practices required to accommodate your return.

If your illness or injury prevents you from returning to your previous role, then your policy provider may offer a career change consultancy service to assist you in finding an alternative career direction.

**"Most policies are designed to assist your return to running your business as quickly and seamlessly as possible."**

As a business owner you will be used to turning to experts such as accountants and solicitors for specialised advice. So when it comes to Income Protection it makes sense to contact your financial advisor for advice about choosing the right cover for you and your business. Like any expert, they are best-placed to review your circumstances with you and choose an Income Protection policy that meets your needs. Although relatively straightforward, Income Protection offers a variety of benefit levels, waiting periods and premiums so it's worth taking the time to properly consider your options with the guidance of your advisor.

Above all, however, Income Protection gives you the peace of mind of knowing that no matter what happens, your financial commitments are covered. Because that peace of mind frees you to concentrate your energies on running your business, Income Protection can be worth its weight in gold.