

MEDIA RELEASE

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THE OMBUDSMAN FOR SHORT-TERM INSURANCE URGES ALL CONSUMERS TO CHECK THEIR
INSURANCE COVER

The Ombudsman for Short-Term Insurance urges all Consumers to urgently review their policies of insurance and to check that they are adequately insured for the specific risks for which cover is required.

Consumers are also urged to ensure that they are fully acquainted with the excess structure applicable to their policy and the manner in which excesses will be calculated in the event of a loss. Particular care should be taken where schedules contain a variety of excesses relating to different types of claims. "Certain insurers apply excesses on a cumulative basis i.e. more than one excess is applied to claims arising from a single event. This can result in the insurer only paying a small percentage of any claim. If you are not prepared to accept the risk associated with multiple excesses being applied, alternative insurance cover should be sought and consumers should not simply accept the first policy offered to them or be guided solely by considerations of price", says Brian Martin, the Ombudsman for Short-Term Insurance. He goes on to say that insurance is in fact a highly individualistic product and should not be viewed as a standard purchase where price is the only variable. "It is paramount that consumers correctly identify their risk profile and obtain the most suitable cover for their specific requirements, before price is considered", says Brian.

Of particular concern to the Ombudsman are certain types of policies marketed as "vehicle insurance" which are often highly restrictive in the cover provided and which contain very onerous terms, which may be almost impossible to adhere to in certain circumstances. Certain policies marketed as "vehicle insurance" expressly exclude liability for certain classes of passengers or even any passengers conveyed in a vehicle. Passenger liability remains one of the biggest risks to which a driver of a motor vehicle is exposed and if no cover for this type of liability is in place, the driver of the motor vehicle could be exposed to catastrophic consequences. Other losses or damages which may not be covered include, theft or loss of the vehicle by false pretences or fraud during any process of a sale, loss of or damage to a vehicle parked on a motor dealer's floor, any place where a vehicle is advertised or offered for sale, damage to any part of a vehicle caused by the vehicle being driven after an accident.

Consumers are urged to seek professional advice if there is any uncertainty as to what may be covered by their policies of insurance and not to purchase products before they are fully conversant with the nature and extent of the cover provided. “Wherever possible, consumers should consult an attorney or registered insurance consultant prior to purchasing insurance products and should update their insurance policies at least every year to ensure that their needs are correctly identified and catered for”, says Brian.

ENDS

(477 words)

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