

# Policyholders must know obligations when lodging a claim

By [Rory Judd](#)

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It is at the point of suffering a loss that the real value of insurance becomes apparent for any policyholder.



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After all, you pay your premiums so that if something goes wrong, the insurance company will sort it out. However, it is essential that every policyholder knows his or her obligations when lodging a claim to ensure a satisfactory outcome.

Insurance is a trust relationship in which both the insured party and the insurer have certain obligations. Generally, when either party doesn't fulfil those responsibilities, problems can arise. Insurance companies are regulated and must align with industry standards and norms.

The Short-term Insurance Ombudsman and FAIS Ombud are there in the event that the policyholder disputes the outcome of a claim or the conduct of the insurance company.

Being clear on your obligations before even taking out a policy can go a long way to being sure that if you suffer a loss, there won't be any problems in getting it remedied.

## Previous claims

If you don't answer all questions and make all disclosures, your cover and therefore future claims could be in jeopardy. For example, by not disclosing previous claims (car accidents, thefts, etc.), a better premium might result. However, if it comes to light after another incident the claim could be affected and even declined.

Specifying exactly what you are insuring and making sure all the details are correct:

- Don't exaggerate, this will both increase your premium and increase the risk of a declined claim.

- Don't underinsure to get a better premium as you will come short if a claim is necessary.

If you have previously had cover cancelled by another insurer it must be declared. If you do not disclose all relevant information and answer all questions honestly, the insurer may be within its rights to refuse your claim or even void your policy.

Your insurance cover is only valid if your premiums are paid, so make sure never to miss a month. By setting up an automatic payment and making sure funds are in your account, you can be sure that if an accident or theft occurs, your insurer will be happy to process your claim.

## **Unlawful acts**

Do not engage in unlawful acts which can void your insurance. Breaking the law can create additional risk of unintended consequences including crashes and injury to self and others. Avoid speeding, negligent acts like illegal U-turns, driving under the influence of alcohol, driving without a valid licence, or driving an unlicensed vehicle.

Some additional things to consider are the following:

- If you have a learner's licence, always drive with a licensed driver in the front passenger seat (or, if not possible, in the seat directly behind you).
- If the insurer specifies a tracking device as part of your cover, be sure it is installed and operational. Notify your tracking company immediately as soon as you are aware of the theft of your vehicle.
- If the place your car is parked overnight changes, advise your insurer.
- If you have lodged a claim, do not undertake repairs to or replacement of your vehicle without written authorisation from your insurer.
- If travelling outside South Africa and your car is financed, your insurance only covers incidents that occur within South African borders. Additional insurance may be required for international travel. Pay your excess. An excess is put in place partly so clients manage their risks better (by taking on a portion of the risk).

The excess is the first amount you are liable for in the event of any claim.

If you feel you have been treated unfairly on a claim after submitting a complaint to your insurers internal disputes department, you can refer your complaint, free of charge, to the Short-term Insurance Ombudsman at 0860 726 890.

## **ABOUT THE AUTHOR**

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