

■ MONEY

Consumers get R95m back in claims battle with insurers

Most Ombudsman for Short-Term Insurance complaints are resolved in favour of the insurers, so read yo

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Dissatisfaction with settlement values is at the heart of most motor vehicle complaints, with credit shortfalls on vehicle loans a dominant issue. Picture:

The office of the Ombudsman for Short-Term Insurance (OSTI) put R95m into the pockets of insurer insurers in most cases.

The OSTI's 2019 annual report, released on Wednesday, shows that the ombud received 10,367 com number in five years – and closed 9,167, which is about 300 less than the previous year.

Most complaints (49%) received last year related to motor vehicle claims, followed by complaints a commercial claims (8%), and household contents claims (6%). The remaining 17% of complaints we cover, such as travel insurance, all risks, mobile device cover, or hospital and medical gap cover.

Most complaints (56%) were resolved within four months, though it took between four and six mo six months to finalise 24% of them.

Of the 4,492 complaints relating to motor vehicle claims, 73% were for damage following an accide breakdown comprised 8%, with complaints about theft and hijack claims also comprising 8%.

The annual report says dissatisfaction with settlement values was at the heart of most motor vehic loans and uninsured accessories were dominant issues. A credit shortfall occurs when there is a ga under comprehensive car insurance) and the amount you owe on your vehicle loan to a finance ho

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- OSTI CEO Edite Teixeira-Mckinon

Standard, comprehensive motor vehicle insurance will not necessarily cover the total amount you according to the annual report.

Should your vehicle be stolen or written off in an accident, the credit shortfall can be crippling because you must ensure your policy includes cover for the credit shortfall and any accessories you have been using. If they are also financed, the OSTI advises. This cover is usually offered at an additional premium and subject to conditions and exclusions.

Last year, 19% of disputes over motor vehicle claims were resolved in favour of consumers, and the remainder in favour of insurers.

Homeowners insurance claims

The OSTI considered 1,843 complaints about homeowners' insurance claims. Most of these related to water damage. The report says 30% of these claims were rejected on the basis that wear and tear, gradual deterioration or a likely or proximate cause of the damage. This reason for rejecting claims is the main basis for consumer complaints about homeowners insurance, the report states.

If the damage for which you claim is attributed to the poor condition of the property, the policy may be void. The ombudsman's report says.

Edite Teixeira-Mckinon, CEO at the OSTI, says that as a consumer you need to understand your cover and the damage, no matter the cause.

"A lot of these policies are taken out when consumers obtain their bond and don't apply their mind to the details. You have to do more work. When you go to a direct insurer, they tend to disclose more than those who hand you a policy. You should read the insurance policy until you have a claim."

She says a common example is that of a poorly maintained roof, whether it has missing or cracked tiles, gutters that have shifted, or sealant that has perished, the homeowner has a duty to maintain it.

In general, the OSTI bases its assessment in these cases on information contained in expert reports. The report notes that the burden of proof lies with the insurer if it rejects a claim based on an exclusion or a lack of "causal connection" between the condition of the property and the damage.

Another big cause for complaints about rejected claims was insurers stating that there was no insured event. The burden of proof falls within the scope of the cover it provides. In other words, the cause of the damage must be covered by the policy and conditions. Here, the burden of proof is on you – you must provide evidence and demonstrate that the damage is covered.

Only 15% of homeowner's insurance complaints were resolved in favour of consumers, and the remainder in favour of insurers.

Household contents insurance claims

Theft and burglary claims comprised 67% of complaints on household contents cover considered by the ombudsman last year, according to the annual report.

The calculation of claim settlements was the primary cause for complaints, as in the previous year. The report says insurers often dispute replacement values and proof of ownership of the items claimed.

The second cause of complaints was insurers rejecting claims because their underwriting criteria for cover were not met. This is when an insurer says you must have certain minimum security measures, such as a burglar alarm, burglar gates, but you did not comply. The ombudsman advises that you review your policy documents and conditions of cover.

Complaints relating to damage caused by power surges increased from 3% in 2018 to 6% in 2019.

Teixeira-Mckinon says cover for damage caused by a power surge used to be quite common but many consumers are not aware of it. Claims were increasing due to load-shedding. She says that now, if you want this type of cover, you need to pay an additional premium for it.

Since it's not easy for insurers to acquire new clients, your insurer is likely to want to keep you as a customer.

The annual report states that only 18% of household contents insurance disputes were resolved in favour of consumers. R2.9m for these consumers.