

# Be honest

By **BRIAN JOSS** Sep 2, 2020



A claimant who submitted 12 claims for R300 000 over three years has had her latest claim for loss of possessions rejected by her insurer on the grounds of non-disclosure of the previous claims. The insurer also voided the policy.

Bending the truth to reduce the perceived risk came back to bite the woman when the former Ombudsman for Short-Term Insurance, Deanne Wood, upheld the insurer's rejection of the claim and its decision to void the policy.

The rejection was upheld on the grounds that the insured misrepresented material information about her previous losses.

She claimed for the theft of her laptop and camera from the boot of her car late last year.

During underwriting, the insured was asked to disclose any losses she had suffered in the preceding three years (26 November 2015 to 26 November 2018). She said she had one burglary which occurred in November/December 2017 to the value of R20 000.

An assessor was appointed to validate the claim and discovered that the underwriting information provided by the insured was not correct. She found that the insured failed to disclose additional claims submitted to her previous insurer during the relevant three-year period.

The ombud said that from the database it was established that 12 claims with a total value of R291 499 were recorded in the insured's name. Between 18 February 2017 and 1 November 2018, the insured submitted a total of seven claims relating to household contents and portable possessions eventually causing the previous policy to be cancelled based on an "unfavourable claims history".

In her latest claim, the insured informed the assessor that her laptop and camera were previously stolen in 2013. She stated that they were both subsequently replaced and never stolen again until the reported incident. The assessor discovered that the insured claimed for similar items with her previous insurer after 2013 and was compensated for that loss. The current insurer argued that the insured intentionally provided misleading information relating to the claimed items.

The insurer, citing the relevant sections of the policy wording, told the woman: "We may refuse to pay a claim under this policy or cancel the policy from the date on which you have deliberately or dishonestly tried to take advantage of us. We may also take legal action against you. If this happens, you will have to repay all amounts which we previously paid towards your claims under this policy."

By failing to disclose her previous claims the woman misrepresented the facts and would not have concluded an insurance contract because she was such a high risk (and dishonest). So the claim was rejected.

The ombud said: "Short-term insurance contracts are entered into in good faith. In dealing with material misrepresentation under common law, a policyholder when requesting cover must make full disclosure to enable the insurer to properly assess the risk. An insurer has the right to avoid a contract of insurance if the proposer has misrepresented a material fact. The insurer was within its right to void the cover and reject the claim."

The Ombudsman for Short-Term Insurance (OSTI) and the Ombudsman for Long-Term Insurance (OLTI) are in one office but each will continue to have jurisdiction over the relevant products. The service is free to consumers.

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