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Be upfront and be responsible

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Ombudsman for Short-term Insurance (OSTI)

When it comes to grudge purchases, short-term insurance often ranks top of the list. But when an unexpected event takes place there is no greater relief than the comfort of an insurance payout. Claims are, however, not always settled, leading to anger and frustration on the part of the insured.

To minimise the risk of a claim being rejected, the Ombudsman for Short-term Insurance (OSTI) is urging consumers to be upfront and honest when they take out an insurance policy. OSTI also stressed the importance of having a solid understanding of the responsibilities on the consumer side when it comes to managing an insurance policy.

Honest disclosure

Insurance is a contract of good faith between the insurer and the insured. Darpana Harkison, Senior Assistant Ombudsman for OSTI, explains: "One of the most important consumer behaviours or conducts which influences the validity of a short-term policy or claim, is not telling the truth." This means that consumers either provide incorrect information, misrepresent the facts by failing to provide relevant information or refuse to provide information (non-disclosure).

Consumers need to be aware that when an insurer issues a policy, they rely on information supplied to them by the party they are insuring. This includes the value and risk associated with the insured item/s. Only by having all the information at hand can an insurer decide at what value an insurance policy becomes viable for them to cover.

Harkison, therefore, urges consumers to listen carefully to the questions posed to them, during the sales phase to ensure that they understand and answer as accurately as possible. Consumers are entitled to raise concerns if they do not understand the question.

It is also imperative, before accepting the contract, to take time to read through the insurance policy and understand the terms and conditions (T&Cs) contained therein. If they do not comply with these T&Cs, the insurer may not pay out should a claim be made against the policy.

Take responsibility

The next step in the process is for the insured to take responsibility for their cover. This responsibility comes in a number of forms, explains Senior Assistant Ombudsman for OSTI, Peter Nkhuna.

One of the requirements of any short-term insurance contract is that premiums are paid monthly. Should a mishap occur, or if the insured is going through tough times, then they will be entitled to a 15-day grace period to give them time to remedy the situation. After that, the policy may be cancelled.

Consumers should also inform their insurer if there has been a change in their lifestyle status, particularly if this could impact the T&Cs of the policy. This includes issues such as:



Darpana Harkison, Senior Assistant Ombudsman for OSTI



Peter Nkhuna, Senior Assistant Ombudsman for OSTI

- Changes in risk status.
- Additional purchases that need to be covered by the policy.
- A change of address.
- New regular driver details for a vehicle.

"Informing your insurer of these changes might also yield benefits. It might be that your vehicle is no longer on the road as much as before the lockdown and the premiums may change for the risk profile of your vehicle at this stage," says Senior Assistant Ombudsman Thasnim Dawood. This is certainly an incentive to update your status with the insurer on a regular basis.

The insured also has to make sure that the items they have covered are maintained to a reasonable standard. Nkhuna puts it this way: "Maintain your property as though it were not insured." That means regular car services, for example, or sealing and waterproofing the roof of your house, cleaning out the gutters, or ensuring a building is well maintained by fixing cracks and painting. Updating and upgrading security systems regularly is another must.

Finally, insured parties must comply with the law. Insurers will not pay out if the law has been broken. Drunk driving, failing to renew car and drivers' licenses and disobeying the rules of the road result in non-payment from the insurer when you claim.

Insurance is about financial well-being

Not taking this responsibility seriously can have severe financial implications for an insured party. Not only will they be wasting money paying premiums for an essentially invalid policy but, more importantly, they may not be paid out on a claim, when the time comes. Imagine, writing off your brand new car, which has a five-year payment plan, and not being paid out due to misrepresentation.



Thasnim Dawood, Senior Assistant Ombudsman for OSTI