

# Insurance brokers help to navigate clients through policy wordings

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Whenever consumers switch their insurance policies or take out additional cover, they are often urged to read their policy wording. However, the reality is that the majority of consumers do not take the time to either read, or even more importantly, understand the wording on their policy.

This tendency of consumers to ignore the policy wording highlights the real skill of the insurance broker who can

guide clients through the extent of cover offered against the premium to be paid, as well as the client's specific needs and situation based on an understanding of the actual policy wording.

There is no doubt that the various approaches adopted by insurers can make a vast difference to the cover offered to clients, even where differences in policy wordings may appear to be minor at first glance.

For example, a recent trend has been to adjust the "old" windscreen excess wording, which typically referred to a flat maximum amount payable by the insured, to refer to a percentage of the cost with a flat minimum.

The definition of private and business use of a motor vehicle varies considerably, to the extent that some insurers include driving to and from work as "private" use, while others don't. Some policy wordings may also require an alarm system to be installed at the insured property but there could be quite a difference between wordings that read "on the property", "at the premises" or "in the building" when it comes to determining whether the requirement has been met.

Reading policy wordings is not an easy matter – even where one pays careful attention to the detail. For example, many householders'

policies require all opening exterior doors and windows to be fitted with burglar bars but this still leaves a number of questions such as whether a fanlight is classed as a window, or whether a sliding gate qualifies for the clause that requires a vehicle to be "stored behind a locked gate at night."

In some cases insurers will have to interpret their own wording with some recognition of the circumstances. Thus where there is a requirement that a loss must

be reported "immediately" or "as soon as possible" without any further qualification, the actual time period may vary according to individual circumstances.

What's more, sometimes it is not only what is said in the policy wording that is critical but perhaps what is not said. However, the bottom line is still that when one is in doubt, they should refer to the policy wording.

One also has to accept that going forward there may be less reliance on the strict interpretation of policy wordings and law in handling insurance matters. One only has to look at

many of the recent decisions by the Ombuds' offices to deduce that insurers will not be allowed to 'hide behind' onerous wordings for much longer, while the Treating Customers Fairly drive will no doubt herald another drive to further test practitioners.

On the one hand this is to be welcomed, as it will logically serve to benefit clients and to position the insurance industry in a more favourable light amongst consumers. However, it will also create an environment of less certainty and premiums are likely to rise to cover the cost of settling claims that previously would not have been met.

Whatever the outcome, it seems that the use of a suitably skilled broker to interpret policy wordings and guide clients through the process is the best route for clients.

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