

6 WORST THINGS TO DO IN PURCHASING INSURANCE



1. Not Knowing Or Understanding Your Insurance Needs

Buying any insurance products, you need to understand why you require a particular insurance, and what type of coverage is necessary to meet your needs. We all want to get a good deal on our insurance purchases so, do shop around and compare what's available in the market before signing on the dotted lines. Read up, do your research, ask your family, friends or colleagues for their experience, and have your questions clarified.

2. Not Reading The Fine Prints

Before buying any insurance policy, you should read the related policy documents either on your own or have an insurance adviser explain. It may be intimidating and be overwhelmed with all the words that seem foreign to you but, it is still prudent to go through instead of brushing them aside and signing without reading or understanding what they mean. If you are unsure if the policy is suitable/meet needs then it is advisable to consult an insurance adviser who can explain the policy and assist to ascertain if plan is suitable.

The policy documents include: a Cover Page, a Policy Illustration, a Product Summary, a Bundled Product Disclosure Document (where the policy is a bundled product); and a Product Highlights sheet (where the policy is an investment-linked policy).

If you find the number of documents overwhelming and a pain to go through, read the Cover Page at least as it contains all the key things you must know and understand about the policy. And if in doubt, seek your insurance adviser's assistance for clarification.

3. Not Considering Your Travel Frequency Or Destinations

If your work requires you to travel abroad often, and for long periods, this must be covered by your policy, either paid by your company or, yourself.

Frequent travelers often include a clause that extends their insurance to a given country and or region. This is especially important if you travel to countries that have high healthcare costs.

You may also want to consider a Family insurance if you do take time off frequently to travel with your family.

4. Deferring Payments

Default of payment is considered a "bad risk", which can lead to a higher rate. If you decide you don't want to renew your policy, you should immediately notify the insurer in writing. Keep in mind that switching your insurance provider before your policy is up for renewal may result in a penalty fee for premature cancellation.

The true value of a policy is at the point in Claims hence, insurance cover is there when you need it so you need to ensure that your premium payments are timely.

5. Getting the "right" Insurance Adviser

Most of the time, we are overwhelmed by a wide spectrum of insurance products with varying coverage and benefits offered at different premium levels. Trying to make sense of which to consider how to match your needs require in-depth understanding of these products which most of us are not well equipped to do. Taking the easier path, to find the "right" insurance adviser who is knowledgeable and professional will definitely add value to your purchase journey. You can take the first step by asking your close friends, family and/or colleagues for their recommendation. From there, you should be able to gauge who will be the right fit as your insurance adviser.

6. Not Asking What Is Not Covered

As benefits are being highlighted, ask your insurance provider what the policy doesn't cover. All insurance policies list perils that are not covered, known as "exclusions". Seek for clarifications on the exclusions in your policy at the outset if you are not clear. This will prevent you from the stress and frustration should the unexpected happens and discovering the "exclusions" come into play.