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THINGS YOU MUST CHECK BEFORE BUYING YOUR ASU POLICY

These golden rules will assist you to evaluate whether you are getting all that you should from your protection policies.

1

Initial exclusion period

Initial exclusion period is the time period specified by the insurer where in your claim will not be accepted if you are made redundant or made aware of your redundancy. For example, say you have bought unemployment or income protection insurance and it has an initial exclusion period of 60 days. This means that you cannot make a claim against the policy if you are made redundant or made aware of being made redundant within that 60 days period after buying the policy. Lower the initial exclusion period, better it is for you. Some insurers also refer initial exclusion period as qualifying period.

2

Number of excess days

Excess days become relevant when you make a claim. It is the number of days the insurer will not pay the claim when you have a loss of income and make a claim. For example, let us say you buy an unemployment insurance policy which has an excess of 60 days. If you make a claim on 2nd April, the insurer will not pay any benefits for the first 60 days of the claim i.e. until 30th May. Payments against your claim will be paid only from 31st May. Higher the excess period, lower the price. A small saving in premiums can result in situations wherein you need the money badly but the insurer does not pay you due to your high excess days. Your ability to dip into your savings or other resources will determine how long you want to wait. Excess days determines your cash flow.

3

Direct debits payment date

Most of the insurers sell this insurance on a monthly payment basis through direct debits. It is important to understand on what date the direct debit will hit your accounts. This will enable you plan your cash flow and in maintaining sufficient balance in your bank. Like all insurance policies, non-payment of the monthly premium will result in automatic cancellation of your policy.

4

Pre-existing medical conditions

Most insurers exclude pre-existing medical conditions from a claim. The specifics are different for different insurers. It can range from exclusion for Sickness during periods of normal pregnancy, to military and naval service outside the EU. Most insurers make these clear in their Key Facts documents and policy wordings. It is always a good idea to read the Key Facts and policy wordings before you buy your policy. Best Insurance has put in a lot of effort in making the documents simple and easy to understand. Please contact us if you have any questions. A little bit of research and reading always helps!

5

Price increases

When you buy a new policy, a lot of time is spent on researching and comparing prices, but most people do not check their monthly direct debit statements to check what price they are really paying! The price review policy changes from insurer to insurer. Some insurers have a policy of annual price revisions, wherein they inform you of the price increase, but many insurers reserve their right to increase the prices at any time without notice. You may have spent a lot of time in buying a cost effective policy – only to see that your price has increased within 2 months of your buying it.

Apart from the annual general price reviews, some insurers also increase your price as you get older. Some insurers regard people of certain age groups to be posing a higher risk, and they increase the price as you reach those age brackets. Sometimes the difference between what you pay when you are 30, to what you would pay when you turn 31, can be significant.

The policy may be very cost effective today but in 12 months time, due to the insurer age banding, you may end up paying a lot more. Determining the price banding policies before you buy will help you in the longer term and avoid the pains of shopping around each year. It is always advisable to go with an advisor or insurer who will review your policies pro-actively once every 12 months. This will ensure you have scanned the market for better deals and you have the best policy at the best possible price at all times.

6

Transferring policy from one insurer to another

It is common practise to shop around for better policies or prices on a regular basis. When you find a better product, the temptation is to change immediately. Watch out for this temptation. Find out the implications of changing your policy prior to cancelling your existing policy. All insurers have their own conditions for the transfer of policies. It will be very unfortunate if you have had a policy for several years, changed to a new provider and that provider imposes the initial exclusion period yet again. It is important to check the clauses that will be waived off if you transfer your policy from one insurer to the next.

7

Claims evidence

All insurers stipulate clearly the evidence and the documents one has to provide while making a claim. It is important to read these and check if you can produce the evidence stipulated in the policy. It is not uncommon for people to buy the insurance without realising the evidence they have to provide at claim. They end up paying for the policy for a few years, only to be turned down on claim as they cannot provide sufficient evidence as stipulated by the insurer. The policy wordings should clearly stipulates such requirements and if unclear, please speak to the insurance advisors before you buy. In terms of accident & sickness, the claims evidence depends on whether your policy is a short or long term and the amount of medical underwriting that has been done by the insurer. The policy wordings should clearly stipulates such requirements and if unclear, please speak to the insurance advisors before you buy.

In terms of accident & sickness, the claims evidence depends on whether your policy is a short or long term and the amount of medical underwriting that has been done by the insurer before the policy was issued to you.

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Although every effort has been made to keep the above information accurate and up to date, no warranty either expressed or implied is given to this effect. This document is intended to be used as only a general guide only to accident, sickness and unemployment and income protection insurance policies. Please speak to your insurer/ advisor before making your final decision. Best Insurance and its partners shall not be liable directly or indirectly for use of information contained in this document.

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