

## MAKE INFORMED INSURANCE DECISIONS



Don't worry much, The Rocks will be there for you in times like these!!!!

### Rock-ing News

**INVESTORS** between Swaziland and Botswana will no longer be double taxed. An agreement was signed between the two countries and this will promote development within the Southern African Development Community(SADC). The small and medium sized enterprises will benefit. (*Times of Swaziland, Tuesday 4 May 2010*).

**THE** Manzini City Council has partnered with African South Development in launching a fan park for the FIFA 2010 World Cup. The council will erect a large television screen at the city's Millennium Park for the duration of the World Cup. (*Times of Swaziland, Wednesday 5 May 2010*)



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complied with in the future

#### 2. Why do policies contain exclusions?

Exclusions are there to protect both your interests and the interests of the insurance company. As a policyholder you have the right to know exactly what you are and are not insured for. To this end, all insurers are obliged by law to ensure that any Exclusion is clearly stated. The insurer must underwrite the risk in accordance with terms and conditions that would make the risk insurable.

#### 3. Why do policies contain endorsements?

Endorsements, like exclusions, ensure that an insurance policy is geared to your specific needs. They have to be clearly stated because you have the right to know of any situations or circumstances that amend the original terms and conditions of your insurance policy.

#### 4. Why do policies contain warranties?

Warranties are undertakings or promises with regard to specific terms and conditions that could affect the validity of the contract and which should be strictly complied with. If you accept a discount for installing a burglar alarm or tracking device, you must ensure that the burglar alarm and tracking device is installed and is maintained in good working order. If this is not the case, claims may be rejected on basis of breaching a warranty.

**A**t Lidwala, we believe in giving our clients the best possible information in order to make the right insurance decisions as knowledge is power. One of the most important aspects of insurance contracts is the policy wording, hence it becomes vital to read policy documents once issued and clearly understand the terms and conditions of cover. When in doubt, always contact your insurer or broker for clarity on the policies.

In some cases, it is a norm to take out insurance especially where one is purchasing a vehicle through a finance house where an insurance policy could be required by principals. More often than not, this is done in rush such that insurance consultants have difficulty explaining the cover on offer. Therefore clients are encouraged to arrange their insurances in time and ask all relevant questions to enable them to make informed decisions. In order to receive the insurance results you expect, you need to understand all the various terms and wordings properly and below are some common frequently asked questions.

#### 1. What are exclusions, endorsements and warranties?

Exclusions are events you are not insured for or limitations on the cover provided in the policy. Endorsements are alterations made to the terms and conditions of your insurance policy that refer specifically to you or any extensions of cover requested by you. Warranties are undertakings or promises that a certain set of facts are true and correct or must be

# ..make informed insurance decisions.

## 5. What is an excess?

An excess which is also called the 'first amount payable', is the amount of money that you, as the insured person, is responsible for in the event of a claim and must be clearly stated by the insurance company, either in the policy document, schedule or in an endorsement. Some policies have excesses applicable to several sections of the policy. For example, the House Owners section, Household Contents section, All Risks section and Motor section can all contain excesses per section. An excess helps control the cost of cover and to manage the risk. An excess can also be used as an instrument to help keep your premium lower if you elect to take a higher excess. However, when another person negligently causes damage to your property, the insurance company can recover the cost of the damages as well as your excess from that person as a service to you.

## 7. What are 'Bonuses' and how do they affect you?

Other common names are no claim bonuses, discounts or cash back bonuses and are essentially rewards that an insurer gives to clients with a good risk profile. Good risk profile clients are generally those who do not claim against a policy for a given number of years. Bonuses can take the form of reduced premiums, discounts or cash-back payments. Some insurers may refund a portion of the premium after a period of claim-free years, or offer what are called 'loyalty' bonuses. Loyalty bonuses may also provide the insured with additional protection or benefits in the event of a claim.

## 9. Why must you notify your insurer of a claim within a specified period?

It is your right to expect payment within a reasonable time after submitting a claim. It is also the right of the insurer to receive- within a reasonable period of time - notification of an event, which could give rise to a

claim. Failing to notify an insurer within the stated time may prove costly for the insurer as well as yourself. For example, delays may cause repairs or replacement costs to escalate as well as increased legal liability on your part. Where investigations are required, take theft of your vehicle for example, the sooner the process starts the better the chances of recovery. In cases of theft or accidents involving your vehicle, burglaries, theft of goods from your home and theft or loss of items covered under an All Risks section, the insurer always require you to report the incident to the police within 24 hours as these are criminal cases. Always advise insurers instantly or if discovered later, within the 30 day normal period of notification to the insurers.

## 10. When is a claim deemed fraudulent and what are the consequences?

Your claim is deemed fraudulent if you lie to or intentionally misrepresent your insurer, claim for items that you did not possess, deliberately overstate the value of an item that are being claimed for or deliberately state incorrectly the circumstances of the loss. Making a fraudulent claim is a criminal offence which always result in prosecution and your insurance cover being cancelled. It may also result in you not being able to get insurance cover again. Insurance companies are mandated by law to criminally prosecute anyone who submits a fraudulent claim.

## 11. What is meant by Territorial Limits?

Territorial limits refer to the geographical areas where the insurer provides cover. Should cover be required outside the territorial limits stated in the policy then you must notify your insurer to enable them to consider extending the cover.



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on a <sup>Rock</sup> solid foundation!**

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