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<b>Headline</b>	<b>No Cover For Full Payouts</b>		

◆ INSURANCE

# No cover for full payouts

Shortfall in claims due to absence of advance 'agreed value'

I REFER to *The Malay Mail's* Letters article on Aug 20, headlined 'Post-accident stress'.

There are so many horror stories about insurance claims, it's not funny.

Insurance companies are known to give you the run-around until you give up in exasperation and compromise, usually not in your favour.

We take up insurance for protection and the insurance policy is a contract between the insurer and the insured.

The amount covered is agreed but there are so many fine-prints that are not comprehensible to the layman, one is always at a loss and at the losing end.

If you take up an insured amount in excess of an unfortunate total loss, the insurance company is only obliged to pay you the lesser amount. This is deemed fair as one must not profit from your insurance.

However, if your insured amount is less than the damage,



you may still not be compensated the full insured amount. The insurance firm deems you had only partially insured the risk and they would pay a portion of the insured amount by 'averaging'. So, it is a case of heads they win and tails you lose.

In other countries, to protect consumers, insurance com-

panies cover the insured parties with 'agreed value' insurance which is mutually agreed between the insurance company and the insured party. In the event of total loss, the company will pay out the 'agreed value'. This is the only fair way to go.

In Malaysia, insurance companies do not practise 'agreed value', thus giving them a wide open ability to negotiate compensations.

For fair and equitable insurance cover and to protect consumers, the Director-General of Insurance should direct all insurance companies to practise 'agreed value' insurance and close all loopholes for them to weasel out of their obligations.

Also, the Domestic Trade, Co-operatives and Consumerism Ministry should strictly enforce this via the Consumer Protection Act 1999.

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