

## ***Insurance: Agreed Value and Peace of Mind***



*(Pic Courtesy: The Courier Mail 4<sup>th</sup> February 2011)*

contents, boat, car and van Insurance claims losses ranged from 62% to 78%.

These figures show that the insurer must carefully assess claims.

Complicated policy wordings, product disclosure statements and depreciation clauses can be used to minimise a claim.

A report from another Insurance Ombudsman says:

*“It is of utmost importance that insurance policies are drafted with clarity.*

*Too many policy documents contain unclear and ambiguous clauses that are difficult to understand and problematic to interpret.”*

*“Another cause for concern was the occasional aggressive conduct of insurance loss adjustors\* when questioning policyholders about claims.”*

<http://www.sowetanlive.co.za/news/2016/05/19/motor-insurance-tops-list-of-complaints-to-ombud->

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An Insurance payout for a total loss claim can be either market value or agreed value.

Lloyds Underwriters define **agreed value** as follows:

*“An insurance contract under which the insurer agrees to pay the insured a **stated amount** in the event of the total loss of the property insured, **without any** adjustment for depreciation or appreciation.”*

Therefore by default, market value is the **actual value at the time of loss** and **can include** an adjustment for depreciation or appreciation.

To be proactive and achieve an *agreed value* in the event of a total loss Insurance claim and also to know the extent of your Insurance cover, consider the following:

1. Have the type of cover, clearly explained and how the sum insured will be paid.
2. The extent of Insurance cover is reflected by the price.
  - a. Each Insurer is different and each has different options of cover, offering amongst others; Reinstatement and Replacement, New for Old, Accidental damage, Agreed or Market Value and Averaging.
3. Be careful what you say on Social Media.

Insurers trawl through Social media to identify if the insured has

compromised an insurance claim and made it easy for others to know their movements.

4. Be aware of surveillance cameras that operate on Wifi. They can be easily accessed. Drive-by thieves can hack your Wifi and use your own cameras to see if anyone is home.
5. There are pitfalls in both under and over insuring, discrepancies that the Insurer's loss adjustor\* will quickly find to argue a claim.
6. Prior to signing up to a new insurer or when reviewing your current Insurance consider:
  - a. Have a qualified building certifier or specialist loss assessor\* provide a report on the actual condition of the home and the real cost to replace it. The insurer would then be asked to accept the report as an agreed value. Otherwise, the claim amount will remain unknown till there is a total loss.
  - b. Provide a comprehensive list of the contents and request an agreed value in the event of any claims.
  - c. Obtain a written valuation by an independent valuer for the real value of your boat, car or van through an accepted boat broker, dealer or qualified marine surveyor, and request agreed value.

The Insurance Ombudsman (APRA) reported that they received 112,442 enquiries of which only 1,927 were resolved.

Ask questions and negotiate for what you want, to achieve some Insurance peace of mind.

by *Jo van Eck*

#### DISCLAIMER

Part of the mystique of Insurance is that only a qualified person can give advice.

Even then, they provide a disclaimer. I am not qualified to give advice. Just ask the wife.

The above comments are from observations and experiences of the writer and not provided as advice.

It is recommended that you seek professional advice from a local Insurer, Bank or Insurance Broker.

\*Typically, Insurance loss adjusters work for the insurer and independent loss assessors work for the policyholders.