

Tips on buying insurance



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Suitability

Consider carefully what financial loss you want protection against and find an insurance coverage that best suits your objectives and needs.

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Affordability

Assess your financial ability particularly when buying life insurance of long term commitment. This is because a long term commitment could be a burden. For life insurance policies, Financial Needs Analysis is a good tool to help.

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Protection amount

Decide on the amount of sum insured carefully. The sum insured for general insurance (e.g. property insurance) should reflect the replacement/reinstatement value of the insured property. The sum insured for life insurance should be sufficient to maintain your living standard or cover your financial burdens such as support those of your loved ones for a certain period of time.

4

Compare products

Compare products provided by various insurance companies. It is wise to evaluate the variety of products offered and select the one that is most suitable to you. Don't just look at the premium amount. The difference in premiums normally reflects the difference in policy coverage and terms. Seek assistance from insurance company or insurance intermediary if needed.



5

Replace a policy

Don't surrender or replace a policy casually. You may suffer financial losses if you surrender or replace a life insurance policy during the policy period. Some coverage may be denied or a higher premium may be charged due to changes in your health conditions. You should carefully assess your insurance needs as well as the pros and cons of surrendering or replacing a policy before making the decision.

6

Read details

Don't take the information contained in promotion material as the terms and conditions of an insurance policy, it usually only summarises the key provisions. Whenever there is a discrepancy, the policy will prevail. So you should check the details of the policy upon receipt, e.g. see whether there are any exclusions, deductibles/excesses and/or item limits. Call the customer service department of the insurance company or ask the insurance intermediary should you have any doubts.

7

Policy values

When you are looking for life insurance with savings element, make sure you understand how the policy cash values are projected, what dividends/bonuses are guaranteed and what are not. Ask the insurance company or insurance intermediary for details.

8

Disclose information

Disclose information honestly when filling out the proposal form. The insurance company may cancel the policy and decline an insurance claim for non-disclosure or misrepresentation of material information. Material information includes any facts that an insurance company would regard as likely to influence its assessment and acceptance of the proposal or claim. If in doubt, disclose the information regardless.



No blank form

Never sign on a blank/incomplete proposal form. You will be held responsible once you sign on the documents. You should check the correctness of the information and make sure you fully understand the contents before signing.



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Cooling-off period

If you consider the life insurance policy not suitable, you have the right to cancel it within the “cooling-off period” and obtain a full refund of the insurance premium paid (less a market value adjustment where applicable). The “cooling-off period” is 21 days after the delivery of the policy or issue of a notice to the policy holder or the policy holder’s representative, whichever is the earlier.

(Note: “Cooling-off period” is a self-regulatory measure of the insurance industry promulgated by The Hong Kong Federation of Insurers.)



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Policy renewal

Don’t forget to renew the policy and pay the premium before the policy expires. Failing to do so, you will lose the continuous protection. For some life insurance policies, the consequence of non-payment of premium within the premium term may include deduction of account value (for continuing the policy) and surrender penalty, etc.



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File a claim

Don’t delay the filing of a claim when the insured events occur. If claims from third parties are involved, you should not admit liability nor negotiate settlement without your insurance company’s prior consent.

