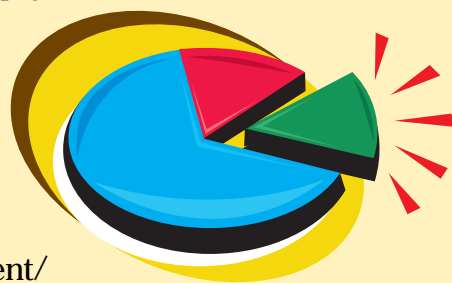


Buying insurance is for a secure future. However, unlike other commercial transactions, the purchaser of insurance receives in return only an intangible promise for protection. Insurance policy terms are also complex.

As a wise consumer, how can you safeguard your own interests and what you should know when buying insurance? Here are some tips.

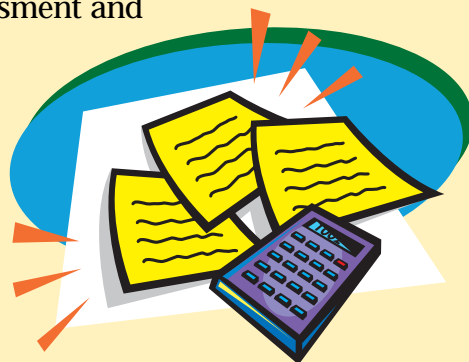
Dos

1. **Assess your needs meticulously.** Consider carefully your objectives for insurance protection and find out the insurance coverage that best suits your objectives and needs.
2. **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 or those of your loved ones.



3. **Assess your financial ability thoroughly.** This is particularly important when buying life insurance which are long term commitments and could be costly.
4. **Ensure you/ the beneficiary of the insurance policy have/ has an “insurable interest” in the subject insured (e.g. properties or persons).** A contract of insurance may be rendered void if an “insurable interest” does not exist. An “insurable interest” exists when damages or injuries to the subject insured will bring financial losses to the policy holder/beneficiary of the insurance policy.

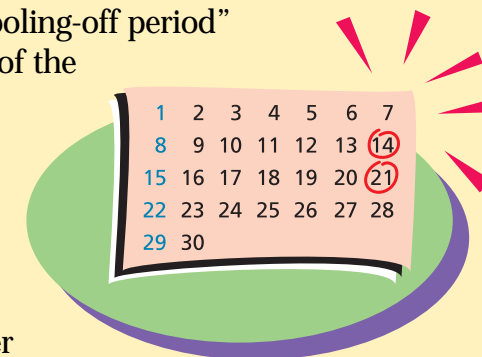
5. **Compare products provided by various insurance companies.** There are many insurance companies in Hong Kong. It is wise to evaluate the variety of products offered and select the one that is most suitable to you.
6. **Disclose all information honestly when filling out the proposal form.** The insurance company may cancel the policy and repudiate an insurance claim for concealment 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.



7. **Examine the policy carefully after receiving it.** Make sure you fully understand the scope of coverage. When examining the policy, you should pay attention to the following provisions :

General Insurance Policy	Life Insurance Policy
<ul style="list-style-type: none"> • Effective date • Property/Item insured • Perils insured (i.e. causes of damages covered) • Sum insured/Limit of compensation • Excess, if applicable (i.e. the amount of a claim to be borne by the policy holder) • Exclusions/Uninsured perils • Waiting period, if applicable (i.e. a time span which must elapse before specified perils are covered) • Premiums • Claims procedures and time limit 	<ul style="list-style-type: none"> • Issue date • Effective date • Person insured • Events insured • Sum insured • Exclusions/Uninsured events • Waiting period (a time span which must elapse before specified events are covered) • Bonus/Dividends, if applicable • Cash/Surrender value, if applicable • Suicide clause • Incontestability clause • Premiums and premium payment period • Claims procedures and time limit

8. **Use the “cooling-off rights” provided under life insurance policies wisely.** If you consider the policy unsuitable, you can cancel the policy within the “cooling-off period” and obtain a refund of the insurance premium. “Cooling-off period” is 21 days from the date of signing the proposal form or 14 days from the policy issue date, whichever is the later.

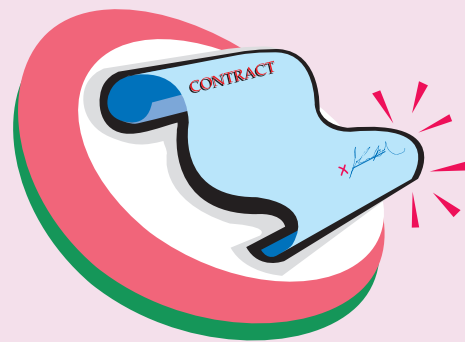


9. **Ensure the insurance company is authorized to carry on the relevant business in Hong Kong.** If in doubt, conduct a search on the Register of Authorized Insurers at the Office of the Commissioner of Insurance or visit our website.
10. **Ensure the insurance intermediary whom you deal with is registered or authorized.** To know more about the roles of insurance intermediaries and the checking of their identities, you can look up the relevant information leaflet published by the Office of the Commissioner of Insurance.



Don'ts

1. **Don't just look at the premium amount in choosing an insurance product.** The difference in premiums normally reflects the difference in policy coverage and terms.
2. **Don't take out additional covers for general insurance (e.g. property insurance) unless the protection provided by the existing policy is inadequate.** General insurance is an indemnity type of policy. You cannot obtain more than the amount of losses you have suffered.
3. **Don't take the information contained in the advertising pamphlets as the terms and conditions of an insurance policy.** The advertising materials generally summarize the provisions of an insurance policy only. Whenever there is a discrepancy, the policy will prevail.
4. **Don't sign on a blank/incomplete proposal form.** You will be held responsible once you sign on the document. You should check the correctness of the information before signing.



5. **Don't forget to notify the insurance company any changes of material information.** Changes of material information may alter the exposure to the risks. The insurance company may reject a claim on the basis of "non-disclosure of material facts".
6. **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.
7. **Don't surrender or replace a policy casually.** You may suffer losses if you surrender or replace a life insurance policy during the policy period. You should carefully assess your insurance needs as well as the pros and cons of surrendering or replacing a policy before making a decision.
8. **Don't delay the filing of a claim when the insured perils/events occurred.** If claims from third parties are involved, you should not admit liability nor negotiate settlement without your insurance company's prior consent.

9. **Don't give the insurance intermediaries cash or unnamed payee cheques; or deposit money into their personal bank accounts for settling premium payments for the sake of convenience.**

After payment of the premium, you should ask for a receipt.



10. **Don't blindly rely on the insurance intermediaries.** You should personally check the policy details and enquire of the insurance company should you have any doubts.



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Designed by the Information Services Department
Printed by the Printing Department
Hong Kong Special Administrative Region Government

Buying Insurance What you need to know



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