

Claims

Claims Club: Businesses that fail to read the fine print end up paying out for damages



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Insurers have a duty of care to customers to ensure they understand the limitations of fully comprehensive cover.

Businesses frequently fail to read the terms and conditions of their insurance policy and therefore do not realise that they may not be covered for certain risks and scenarios, meaning their claims end up being discarded.

At *Post's Claims Club*, Mark Morton, partner at BTO's products, policy and coverage team said that it could be pertinent for insurers to **help their customers better understand their policies**.

"A lot of businesses buy comprehensive insurance with the belief that it covers them in all areas, as a solicitor I know that this is not the case," said Morton.

"Part of the problem is due to the fact that a lot of **businesses don't fully understand what their policy actually covers** them against, this is partly because no one ever reads the terms of conditions and the wording is often complex."

As a solution to the problem of poor understanding of policies, Morton suggested that solicitors and insurers should both work to educate their customers.

"A lot of insurers are selling products that they say are 'specifically designed' for a particular business, when in actual fact they aren't," said Morton.

"A solicitor should be able to sit down with a client and take them through the terms of cover and explain any provisions that might be present in the policy. If a company doesn't understand its policy, it could end up having to pay out to repair damages it never envisioned having to pay for."

Through identifying the scenarios that have previously gone uninsured, insurers could be at liberty to develop a market leading product.

"It could be pertinent for underwriters and insurers to develop a product that offers cover for the risks that aren't included in typical products. But immediately what needs to happen is for the industry to work together to help policy holders better understand risks."