

Insurance Law

The Basics

1 What is insurance?

Insurance is a way to manage risk and protect individuals from unexpected financial losses. There are different types of insurance including **health insurance, car insurance, travel insurance and home insurance**. For example, you may pay a regular 'premium' to an insurance company to receive protection under an insurance policy for scenarios such as:

Health Insurance: may cover part or all of your medical costs in case you get sick.

Car Insurance: may cover damage to your car and the other car if you are in a car accident.

Travel Insurance: may cover unexpected financial losses you suffer overseas including for cancelled tickets, lost baggage and medical costs.

Home Insurance: may cover damage to your home caused by accidents and/or natural disasters.



2 Key terms in an insurance policy

Policy Disclosure Statement (PDS): The PDS contains all the information about your insurance policy. *It is vital that you read and understand the PDS fully as it explains what you are covered for under the insurance policy.* If you do not understand the PDS, contact the insurer and ask questions.

Premium: An insurance premium is the amount you will pay on a regular basis in order to be covered by the insurance policy. *A failure to pay premiums on time can result in your insurance coverage expiring and mean you are uninsured.*

Excess: The excess refers to the amount you have to pay 'out of pocket' when you make an insurance claim. For example, if the excess under a car insurance policy is \$500 and repairs to your car cost \$1,500, you will pay the first \$500 and the insurance company will cover the remaining \$1,000. *Usually, the lower the excess the more expensive the insurance premium.*

3 How do I make an insurance claim?



While each insurance policy is different, you can usually submit a claim by either **calling the insurer** or **submitting a claim online** through the insurer's website. It is important to take detailed notes, photos and/or retain relevant documents of damage you are submitting a claim for as the insurer may wish to see these for proof of damage. You should also retain any receipts of expenses you have incurred due to the damage

4 When should I make a claim?

It is important to make an insurance claim **as soon practicable** after you become aware of the damage, loss or medical issue. If the delay in reporting and repairing the damage results in even more damage, the insurer may not pay for the damage caused by the delay.

5 What will the insurer do when I submit a claim?

The insurer will usually take some time to consider the claim and assess whether what you are claiming is covered by your insurance policy. The insurer may ask you for **additional information** and/or **documents**. After assessment, the insurer may:

- cover you for the full amount claimed (minus any excess charge),
- cover you for part of the amount claimed, or
- reject your claim.

What should I do if I disagree with the outcome?

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There are several steps you can take if you disagree with the insurer's decision.

1. You can request the insurer to conduct an internal review of their decision.
2. If that fails, you can make a complaint to the Australian Financial Complaints Authority (AFCA) if your insurer is a member of AFCA. AFCA will review your claim for free and their decision is binding on the insurer.
3. If you are unhappy with AFCA's decision or if your insurer is not a member of AFCA, you can take the matter to court. However, be aware that court can be expensive and, if you lose, you may be ordered to pay your insurer's legal costs. You should seek legal advice before starting a court action.



Additional Resources

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[Financial Rights Legal Centre](#)

[Legal Aid](#)

[LawAccess NSW: T. 1300 888 529](#)

[Find your local Community Legal Centre](#)

[Australian Financial Complaints Authority \(AFCA\)](#)

Western Sydney University Justice Clinic

For further details on the WSU Justice Clinic, please visit the [website](#).

If you are a WSU student, you may like to contact the [WSU Student Legal Service](#) at studentlegalservices@westernsydney.edu.au for more guidance.