



Look Before You Leap!

In tough economic times, consumers tighten their belts, but perceived short-term savings on switching policies can turn out to be very costly in the long-term, warns the Professional Provident Society (PPS).

Not many are likely to escape the market turbulence, as global stock markets fluctuate and consumers of all types will be examining different ways to cut costs. That's especially true of the professions like medicine, engineering, law and similar, says PPS Corporate Actuary, Chris de Klerk. While professionals can often have substantial investment portfolios, they also have debts, like home and car loans, that are penalised by increased interest rates.

"Just like anyone else, graduate professionals have to find extra cash and the temptation, very often, is to switch to cheaper insurance. Up front, it might look like a good deal, but, in both life and short-term insurance, the results of making the wrong move can be catastrophic," warns de Klerk.

"Of course, insurance companies are always refining and reworking their products, so by all means, look around. But, do so with the help of a properly qualified adviser who is acting on your behalf."

Among the pitfalls that catch the unwary, according to de Klerk, is a failure to compare apples with apples. Some insurance companies, he contends, are prone to showing policies that appear to be identical to the ones they replace. But, when it comes to a claim or future premium increases, often policies don't pay out the same.

"A broker should always be happy to put you in direct touch with the insurance company if you have any qualms, uneasiness or unanswered questions," he says.

De Klerk notes that one of the most important factors to consider, when contemplating a switch or a replacement policy, is your existing relationship with both broker and insurer.

"Business is about relationships, and in no industry is that more true than insurance. If you have been with the same broker or insurance company for a number of years, there is an established history, which both parties can use as a basis for discussion. Long-term clients are highly valuable to any industry and reputable insurers will go out of their way to retain your business. But, if you keep changing from company to company, always in search of a lower price, well...at some point you are likely to end up with a bad deal," cautions de Klerk.

A final point to consider is whether or not an insurance company has the capacity to understand the client's special needs.

“PPS deals exclusively with graduate professionals, which means that the company has unique insights into the sector. Our advisers are all qualified by rigorous examination and truly comprehend what makes our professional clients tick – it’s at the very core of our relationship with them,” says de Klerk.