



Persatuan Pengguna Pulau Pinang Consumers Association of Penang

檳城消費人協會 பினாங்கு பயனீட்டாளர் சங்கம்

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Letter to the Editor

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TELEMARKETING OF INSURANCE PACKAGES

The Consumers' Association of Penang would like to address the public on the issue of the telemarketing of insurance policies.

Based on the complaints we have received, we find that many consumers get caught in the trap of unknowingly purchasing insurance policies that are being promoted through telemarketing.

In light of these complaints, CAP took up the matter with Bank Negara Malaysia (BNM) to say that we believe that insurance companies should not be allowed to sell insurance policies through telemarketing because of the following reasons:-

- Consumers are being pressured into agreeing to purchase insurance policies
- Non-committal replies may be taken as a form of agreement
- Consumers do not receive their policies; therefore do not know that they are “covered”.

However, despite us highlighting our concerns, BNM has clearly stated that the telemarketing of insurance policies is allowed and legal.

BNM has also assured us through our written correspondence that the telemarketing of insurance policies cannot be done on an “anything goes” basis. There are certain things that telemarketers and insurance companies must adhere to, such as:-

- A telemarketer while promoting the insurance policy must provide key information which include the **product name, features, underwriting insurer, benefits and coverage, method of premium payment and consequences of non-payment**
- The telemarketer cannot assume that the consumer wants to purchase the product being sold. They must get the consumers **express agreement** before they can consider an insurance policy sold
- The insurance company must send the consumer a copy of the **Product Disclosure Sheet (PDS) together with the policy contract for insurance products** (insurance policy)
- There is a **15 day “free look” period after the delivery of the policy** to return the policy to the insurance company (reject the policy) and get a refund on the premium that had already been paid. Alert the insurance company if your insurance policy does arrive within the time stipulated by the telemarketer.

Finally, we advise consumers to speak clearly during a telemarketing conversation. Since no written contract is needed for the sale of an insurance policy, the telemarketing conversation itself becomes the legally binding contract between you and the insurance company. If a dispute arises between the two parties, the telemarketing conversation is what will be referred to. If you do not want to purchase the insurance policy then say “No”, be assertive.

S. M. Mohamed Idris
President
Consumers Association of Penang