



Insurance is often something many of us don't like shopping for, but it is something we cannot live without.

With a few clicks of the mouse, you can usually compare across various financial institutions the exact commissions for investing in a unit trust. The expense ratios and past performance of various funds are also generally disclosed in the prospectus of open-ended funds. The commission rates of all the stockbrokers in Singapore can also be readily gleaned from their web pages. You would have no such luck when it comes to choosing an insurance product.

It is difficult to discern between the many similar insurance products on the market. Consumers are not helped by the fact that insurance companies remain opaque about information such as the level of commissions paid to agents and the yields of life insurance policies. Insurers do not freely publish their premiums and benefits tables on their websites. Statements in brochures are deliberately phrased in vague terms. A simple email to inquire for quotes will instead usually result in an agent calling you back to make an appointment to personally explain the benefits of the policies from company he represents.

On more than one occasion, telemarketers who have tried to sell me travel or personal accident-protection policies have (politely) declined to send me a more detailed brochure, with all terms and conditions, of their products.

Making Informed Decisions

The truth is that insurance is not rocket science. An educated populace is generally capable of making their own informed decisions on the cost/benefit of insurance policies, if full information is made readily available on brochures and on the internet. In fact, disputes often start precisely because of promises of over-optimistic on investment returns by a minority of over-zealous insurance agents, the words of whom consumers cannot easily verify.

To be fair, the industry has changed for the better in recent years, with the efforts of bodies such as the Life Insurance Association, which has set such guidelines as the disclosure of distribution costs. Some insurance companies are also starting to be more transparent about the yields from the investments of shareholder funds. Others have made a step in the right direction by allowing consumers to buy travel insurance directly from insurers and without hassle.

Industry Shakeup?

With the liberalization of financial services in Singapore, the insurance industry is overdue for a shakeup, similar to what internet trading did for the stock-broking industry. Insurance agents would still have an important role to play in advising consumers with complex needs, just as financial advisors do today.

One day in the near future, consumers may just be able to compare online the policies from various insurers, enter their personal particulars, submit any health reports necessary and pay for their premiums via a credit card.