

Case 13

Type of Insurance: Household

The Complaint

Mr Hui purchased a household policy with the insurer, which included the optional “worldwide all risks” benefit. This benefit extended coverage to specific valuable items including a prestige watch valued at about HK\$240,000. Shortly after the policy was effected, Mr Hui travelled to Paris for sightseeing. On an evening during his trip, he was carrying a suitcase and a backpack which contained the prestige watch, personal cash and belongings. While he was taking photos along the riverside of the Seine, a man riding a bicycle accidentally bumped into his suitcase. This collision caused the suitcase to roll towards the river, resulting in his backpack, which was placed on top of the suitcase, fell into the river.

Mr Hui attempted to report the loss to the police on the street, but they refused to put his case on record. He then proceeded to a local police station seeking assistance. However, the police informed him that they could not handle his case since it did not involve a criminal offence.

After Mr Hui returned to Hong Kong, he filed a claim with the insurer under “worldwide all risks” benefit for the loss of the prestige watch. The insurer appointed a loss adjuster to handle the case. During the interview with Mr Hui, the loss adjuster noted the following observations:

- Mr Hui stated that he was unable to provide any photographs of the accident location as he had not yet taken any pictures before the incident.
- Mr Hui was unable to confirm whether he had sight of his backpack after it fell into the river and could not provide precise details about the exact location where the backpack was dropped.

As Mr Hui was unable to obtain a formal police report from the local authorities to validate the incident and his loss, the insurer declined his claim. However, Mr Hui argued that he had already reported the incident to the police on two occasions, despite not having official reports as evidence. He asserted that he had fulfilled the claims requirement for reporting the incident to local police.

Findings of the Complaints Panel

It is stated in the policy exclusions of the “worldwide all risks” benefit that “the policy does not cover... any loss or damage not reported to local police authority in person within 24 hours of discovery.”

The Complaints Panel considered that it is the insured’s responsibility to provide the insurer with a copy of the police report as proof of fulfilling the claim requirement to report the loss to the local police. Since Mr Hui was unable to provide any police statement or report, or other objective evidence showing that he had reported the loss to the local police, the Complaints Panel doubted if he had fulfilled this basic claim requirement.

Ruling of the Complaints Panel

The Complaints Panel endorsed the insurer’s decision to decline Mr Hui’s claim for the “worldwide all risks” benefit.

Message from the Complaints Panel

Many household insurance policies provide optional worldwide coverage for valuable items outside of the home at an additional cost. Similar to travel insurance policies, policyholders are required to report any losses to the local police within 24 hours of the incident. Obtaining a police report is necessary in such cases.