

31.03.22

Financial Markets Policy
Building , Resources and Markets
Ministry of Business, Innovation and Employment
P O Box 1473
Wellington 6140

* Dear Sir,

My correspondence can be used / published with my name attached.

Feedback submission on exposure draft Insurance contracts bill.

This correspondence is specifically for Life Insurance Contracts.

Background. Your draft Bill has overlooked the problem of the “ Six Year Statute of Limitations .” with respect, specifically, to the Life Insurance Industry.

Life Insurance has become or always has been the art of selling debts and expenses to people who don't even know they have them. Where the policies two forms of debts and seven forms of expenses are not declared in the sales process nor in the administration process, the policy has been sold by deception.

* *Deliberate deception, trickery or cheating intended to gain an advantage has the dictionary definition of fraud.*

An explicit formal statement , where explicit means leaving nothing to implication, that is fully stated is the dictionary definition of a declaration. Therefore individual factual amounts must be stated. A sales person saying “ there maybe some minor expenses associated with your policy “ is not a declaration but sales people can get away with saying it because there is no declaration of the policies two forms of debts and seven forms of expenses.

A stratagem for gain, or to swindle someone by means of a trick has a dictionary definition of a scam.

Life Insurance is aimed at young people and has a high value long term, debt, not that the term debt or debts are used in selling Life Insurance.

Most Policy Holders will not use the benefits sold : i.e. converting their whole of life policy to an endowment policy, cashing their bonuses or the sum assured at their earlier death for ten , twenty or maybe even thirty years.

For those policy holders who die within the first six years of their policy they are no longer here to point out “ there is something wrong here, this is not what I was sold.

It is therefore very easy for Life Insurers to get away with selling and administering by deception , when policies are not used for ten, twenty or thirty years. And you don't get complaints from the dead. Without a declaration of the policies two forms of debts and seven forms of expenses when sold or administered, and the extended run around given by the insurer it will take the policy holder a further five years to unravel the scam.

Where a dispute arises over an amount in a Life Insurance policy ,its root cause will likely be it was sold by deception in the first place. That is without a declaration of the policies two forms of debt and seven forms of expenses. Then administered by deception, with the omission of those debts and expenses from the Annual Bonus Certificate declaration. Transactions of unexplained shortfalls of bonuses and quoting conceal the misappropriation of “ fees without service “ or debts you don't have, because your policy had a whole of life maturity date of 85 years while the Insurer is using 95 years to administer the policy by, because they don't have a copy of your policy contract. They use their sample office copy which has a different maturity date to the one you were sold, there is no record of your annexure and no record of your attachment. What were labeled promoted and sold to the policy holder as being an annexure and an attachment are neither. Instead they will be administered as variations to a contract. Completely different. The insurer can now treat these policy documents as requiring mutual agreement. This is gained by quoting. This allows the concealment of debts and expenses. The policy has now been sold by deception and administered by deception. Policy holders have no idea of what is happening. There is no enforcement so the scam keeps cycling. When enforcement agencies fail to take action, they become part of the problem rather than its solution as without accountability the fraud and scam is encouraged. The scam keeps cycling.

The FMA report of February 2019 show New Zealand commission agents receive twice the commission of their overseas counterparts. It is highly likely that our commission agents are all selling high value long term whole of life policies by deception to get commissions that are too good to be true. And our enforcement agencies are failing as they always have to get one conviction.

It appears that the “ Six Year Statute of Limitations “ as used for the Life Insurance Industry , therefore encourages fraudulent selling and scam.

The Law lacks principle . Principle holds true in all cases. We cannot have ,fraud and scam being the unlawful activity of the Blue Collar criminal while having fraud and scam being the permitted activity of the White Collar criminal.

As the law stands, ambiguity in a contract is ruled against the writer

Without a declaration of the policies two forms of debts and seven forms of expenses. all the benefits sold are ambiguous except for the sum assured at maturity. Sold without debt then administered with debt.

Your draft Insurance contract bill is an attempt to put forward the same principle that we already have, in that ambiguity in a contract is ruled against the writer.

All previous law changes have failed to stop the scam. Useless . Why is this so?

The two problems that can be seen are :

1. The Six Year Statute of Limitations is specifically inappropriate for the Life Insurance industry.
2. There is no enforcement of the Law within the first six years of the policy.
Insurers cannot be held to account after the six year statute of limitations.

I have noted some issues that I have had with my Insurer , that your draft document has overlooked.

My submission to the draft Insurance Contracts Bill is to change the law so that :

The Six Year Statute of Limitations be waived , specifically for Life Insurance Policies , for the duration of the policy.

That the maturity date of any whole of life policy must be sold as being at the policy holders age 95 years

The Insurer must administer the policy contract, using their signed and dated , by both parties copy of the contract. If the Insurer misplaces their copy they must obtain a signed and dated by both parties copy from the policy holder to administer the policy by.

Yours truly,
Privacy of natural persons

Martin Gibbs