

Submission template

Review of insurance contract law

Instructions

This is a submission template for the summary discussion document *How could insurance laws be better?*

The Ministry of Business, Innovation and Employment (MBIE) seeks written submissions on the issues raised in the discussion document by 5pm on **Friday 13 July 2018**. Please make your submission as follows:

1. Fill out your name and organisation in the table, "Your name and organisation".
2. Fill out your responses to the consultation document questions in the table, "Responses to discussion document questions". Your submission may respond to any or all of the questions in the discussion document. Where possible, please include evidence to support your views, for example references to independent research, facts and figures, or relevant examples.
3. We also encourage your input on any other relevant issues in the "Other comments" section below the table.
4. MBIE intends to upload PDF copies of submissions received to MBIE's website at www.mbie.govt.nz. MBIE will consider you to have consented to uploading by making a submission, unless you clearly specify otherwise in your submission.
5. When sending your submission:
 - a. Delete these first two pages of instructions.
 - b. Include your e-mail address and telephone number in the e-mail or cover letter accompanying your submission – we may contact submitters directly if we require clarification of any matters in submissions.
 - c. If your submission contains any confidential information:
 - i. Please state this in the cover letter or e-mail accompanying your submission, and set out clearly which parts you consider should be withheld, together with the reasons for withholding the information. MBIE will take such objections into account and will consult with submitters when responding to requests under the Official Information Act 1982.
 - ii. Indicate this on the front of your submission (e.g. the first page header may state "In Confidence"). Any confidential information should be clearly marked within the text of your submission (preferably as Microsoft Word comments).
 - iii. Please provide a separate version of your submission excluding the relevant information for publication on our website (unless you wish your submission to remain unpublished). If you do not wish your submission to be published, please clearly indicate this in the cover letter or e-mail accompanying your submission.

Note that submissions are subject to the Official Information Act 1982.

6. Send your submission:

- as a Microsoft Word document to insurancereview@mbie.govt.nz (preferred), or
- by mailing your submission to:

Financial Markets Policy
Building, Resources and Markets
Ministry of Business, Innovation & Employment
PO Box 1473
Wellington 6140
New Zealand

Please direct any questions that you have in relation to the submissions process to insurancereview@mbie.govt.nz

RELEASED UNDER THE
OFFICIAL INFORMATION ACT

Submission on discussion document: Insurance contract law review

Your name and organisation

Name	s 9(2)(a)
Organisation	

Regarding consumers' disclosure obligations

Were you aware of your general duty to disclose all material information when applying for insurance, and that the duty goes beyond the specific questions you are asked in your application for insurance?
No
If you were aware of your duty to disclose material information, who informed you of this duty?
<i>[Insert response here]</i>
When applying for insurance, do you understand what material information you need to give the insurer so they can assess the risk of providing you with insurance?
No
Do consumers understand the potential consequences of breaching their duty of disclosure?
No
Have you ever breached your duty of disclosure? What consequences were there for you in terms of the insurance cover you were able to obtain under the policy following the breach?
No

Regarding conduct of insurers

What do you think fair treatment looks like from both an insurer's and consumer's perspective? What behaviours and obligations should each party have during the lifecycle of an insurance contract that would constitute fair treatment?
<i>If I take out an insurance policy in good faith, and my insurance premiums have been accepted, then I expect if I have any reason to make a claim, then I will be treated as such and paid out for the claim in full</i>

What has your experience been of the claims handling process? Please comment particularly on:

- information from the claims handler about:
 - timeframes and updates on timeframes
 - reasons for declining the claim (if relevant)
 - how you can complain if declined
- The handling of complaints (if relevant)

I have to date had no reason to complain, no problems or issues with timeframes or been declined

Have you ever been sold an insurance product that was inappropriate for your circumstances? Or are you aware of this happening to others?

My main issue with insurance is in regard to motor vehicle insurance. I believe if I buy a vehicle for an amount and insure it for that same amount, then if I have a claim for the total vehicle, then I should receive sufficient money to purchase another vehicle equivalent to the vehicle I had insured, not some new amount based on what I may have been able to sell my vehicle to a car dealer.

Have you ever felt undue pressure from an insurer or insurance intermediary (such as an insurance broker or salesperson) to buy or renew an insurance policy?

No

Regarding difficulties comparing and changing providers and policies

When considering the purchase of insurance, what sources of information do you draw upon to make your decision? (e.g. comparison websites, talking directly to different insurance providers, talking to an insurance broker or financial adviser)

Insurance broker advice

How long do you think you typically spend reading an insurance policy before you purchase it?

2 minutes

Do you think you have a good understanding of the insurance policies you currently hold?

No

If not, what is the main barrier to you understanding your insurance policy?

The language it is written in, the length of the policy and the size of the print

Have you ever been in a situation where you thought you had a certain level of cover under your policy, but when you went to make a claim found you were not covered? If so, please

	provide us with a description of the situation.
	<i>No</i>
	Would you like to switch insurance providers? If so, what is your main barrier to switching?
	<i>Yes, but this would take a large effort on my behalf and be time consuming</i>
	What, if anything, should the government do to make it easier for consumers to compare and change insurance providers and policies?
	<i>We need standardised policies, written in plain English, and if you answer all questions in good faith, then you are completely covered with no risk of a claim being declined</i>

Regarding exceptions from the Fair Trading Act's unfair contract terms provisions

	Are you aware of instances where the current exceptions for insurance contracts from the unfair contract terms provisions under the Fair Trading Act are causing problems for consumers? If so, please give examples.
No	<i>No</i>
	More generally, are there terms in insurance contracts that you consider to be unfair? If so, why do you consider them to be unfair?
	<i>As above, motor vehicle insurance policies. I have previously always believed if my vehicle was purchased for say \$20,000, I insured it for \$20,000, paid premiums equal to a \$20,000 policy, then I was covered for \$20,000. I have recently (after 50 years of having insurance policies) found this is not the case.</i>

Other comments

	We welcome any other comments that you may have.
	<i>If there is good faith shown by the person taking out a policy and nothing knowingly withheld, then I would expect good faith to be shown by an insurance provider.</i>