

# Submission on discussion document: Insurance contract law review

## Your name and organisation

Name	s 9(2)(a)
Organisation	Private individual

## Other comments

We welcome any other comments that you may have.

*Although not specifically covered by any of the questions raised above, my comments fall under the “regulation and oversight of Insurers’ conduct”, and are of **a serious nature which need to be considered during the review.***

*I believe that it is widespread practice that if a supplier of a service is paid by the claimant’s insurer then the price charged for that service is substantially higher than if the claimant were to pay for the service themselves. I have a specific example which I will cite later.*

*The impact of this practice however is very far reaching as I am sure you will appreciate. The result is that more is charged for services, insurance premiums must inevitably rise and the insured is just paying more and more, as the practice goes on unabated.*

### **Specific example:**

*I recently had to have an ultrasound examination (3 as it turned out) and chose to have them done privately so that I could get the result quicker. When arranging the consultation, I was first asked if it would be covered by ACC. No was my response. The receptionist would phone back to confirm the appointment after checking the doctor’s referral and I asked if I could be told how much it would cost. When the receptionist phoned back she said “we see on the doctor’s referral that you are covered by Southern Cross medical insurance – the cost is \$600 for the three US surveys”. I used to be covered by Southern Cross but terminated that when turning 65 as the premiums would “sky rocket”. I replied that I was no longer covered and would be paying myself to which the reply was – we will see what we can do – that’ll be \$380 then”. I went ahead and had the procedure done.*

*Whilst I appreciate that service providers may have some additional administration charges when dealing with the insurer, this can in no way explain \$220 more in this case.*

*Whilst this is an example from medical insurance, I believe the practice is widespread amongst all areas of insurance.*

*We recently had to have a property decontaminated from methamphetamine. The very first question that I was asked when seeking quotes from suppliers every time was “Is this covered by insurance?” This should be irrelevant, unless they are going to “load the price” of course.*

*I am sure it happens in the motor vehicle insurance area as well.*

***The conduct of insurers in this regard should be closely audited.***