

# Submission on discussion document: Insurance contract law review

## Your name and organisation

Name	s 9(2)(a)	Claimant
Organisation	Southern Response	

## 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?
<i>No]</i>
If you were aware of your duty to disclose material information, who informed you of this duty?
<i>[N/A]</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?
<i>[Not fully – I think insurers should make this more clear to applicants]</i>
Do consumers understand the potential consequences of breaching their duty of disclosure?
<i>[I don't believe consumers do often until they need to claim]</i>
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?
<i>[Not that I am aware of]</i>

## 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>[Consumer being honest, and insurers processing their claim in a timely manner.]</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)

*[Not great unfortunately, I have found that the where it used to be easier to make a claim even up until about ten years ago, that now it is complex and takes a long time to get a resolution. The applicant has to keep on ringing the company to get things moving.]*

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

*[I would have like to have been advised that the higher the contents assessed amount is, the longer temporary accommodation is paid in the case of needing to evacuate the home.]*

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?

*[Yes recently my broker starting using another company and was very pushy about trying to get me to change.]*

## 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)

*[I have used brokers, but now I am going to obtain that type of information myself]*

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

*[about an hour]*

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

*[Not really]*

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

*[The language and jargon – simplification is required.]*

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.

*[As above temporary accommodation only covered some of the time out of the house.]*

Would you like to switch insurance providers? If so, what is your main barrier to switching?

*[The hassle and also feeling like all insurers seem to want to get out of paying now.]*

What, if anything, should the government do to make it easier for consumers to compare and change insurance providers and policies?

*[Provide a free independent email for people to send off their proposed policy to see if it is fair – to be monitored by the government.]*

## 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.

*[I have heard lots of friends and family complain that the insurance company have had no problem taking money from their clients, but seem to find exceptions at claim time – if there was an exception not explained to the client, they should have to give the premium back.]*

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 think that things happen where insurer and client need to be able to negotiate. In my own personal case, I have had to prove that the insurer has been wrong several times over in the last 7.5 years and my case is ongoing. The insurer has all the control which is very unfair and in my case very detrimental.]*

## Other comments

We welcome any other comments that you may have.

*[I think if people have insurance claims that there should be a time frame that the government can enforce the insurers to pay out at least within the year. There should be free mediation so that the insurers don't win because they can afford lawyers, where average citizens cannot. I think the government could have been more active over the EQC/Southern Response and other insurer's delay in resolving the claims for the people of Christchurch. I think that the amount for natural disasters needs to be raised so that people are never in a situation like this ever again. I believe that insurers need to be made to invest some of the profits rather than distributing them to make sure another AMI situation never happens again. I think that both governments should be ashamed about what the EQC and Southern Response have been able to get away with and that there should be a proper enquiry and a fast track service implemented to get people back in their houses. And a watchdog appointed that citizens can complain to directly. ]*