

Your name and organisation:

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AON Insurance (We are currently having a dispute with AON over a full comprehensive insurance claim for a motor vehicle)

Regarding Consumer Disclosure Obligations:

Do consumers understand the potential consequences of breaching their duty of disclosure?

It all depends on the level of education the consumer has received by the broker who is selling the insurance. It can vary depending on who is selling the insurance to the consumer and their effectiveness in getting the awareness and message across of the duties and responsibilities a consumer must disclose when signing up for insurance and making claims. I believe it should be written in plain english of the duty of disclosures the consumer must obliged too and be given to the consumer in a binded document (signed by both parties) when they sign up to insurance. My father did not receive any physical documents stating his rights and responsibilities when he got full comprehensive vehicle insurance from a Mike Pero insurance broker. When the claim handling process was being handled, they told my father to go look it up on their website which information can be manipulated and edited by who knows whom.

Regarding Conduct of Insurers:

What has your experience been of the claims handling process? Please comment particularly on: timeliness the information from the claims handler about o timeframes and updates on timeframes o reasons for declining the claim (if relevant) o how you can complain if declined The handling of complaints (if relevant).

On May 31st, 2018, an incident occur with our motor vehicle as we stopped for fuel at McKeown 24/7 fuel station in Alma. My father accidently injected diesel exhaust fluid (commonly known by the brand name GoClear or AdBlue) into the diesel fuel tank. There have been many reports from motorists who've mistakenly thought this product was petrol or diesel or an additive (e.g. premium fuel), and have put it into their fuel tanks but it's not (as stated by the AA motoring forum, "Diesel Exhaust Fluid is neither a fuel nor a fuel additive"). This common error where the car has been started can result into irreparable damage and can cause cars to be written off. As our car has full comprehensive insurance under AON insurance, we immediately called our insurance broker to inform him of the incident that just happened and to get assurance that we are fully covered if any major repairs need to be done. The Mike Pero broker assures us that it will all be fine as we have full comprehensive insurance and will pass it on to the AON claims department for processing and further investigation.

On June 1st, a customer service broker from AON called my father to discuss the incident that happened. The broker explained that the insurance claim will not be covered through the exclusions of page 13 (2c) of the insurance policy which states that "loss or damage to your vehicle caused by the incorrect type of fuel being used". How can a customer service broker have the authority to conclude and deny a claim settlement without lodging the claim and doing

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a full assessment of the vehicle. It seems like these brokers are tasked to discard claims to be lodged officially as their core job requirements and for performance incentives.

On June 6th, I emailed the broker explaining that there seem to be a misunderstanding with the labelling of the exclusion based on the incident that occurred. My father did not add incorrect type of fuel but a substance called diesel exhaust fluid (which is 70% water and 30% urea). Not fuel to be exact. Below is the full explanation I sent to the broker:

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On June 7th, the broker replied stating that now we are "entitled" to lodge a claim. The broker also states that he cannot determine the outcome of this claim, this is up to the insurer Vero to determine. Now we have Vero involved with a claim that should be dealt with AON insurer which can be problematic when it comes to policy wording and claim entitlements. In the insurance contract, there should be a best practice in place where the insurer (in this case is AON) should have oversight of the full policy "lifecycle" of the insurance. Cases where claims are dealt with different stakeholders and intermediaries are unfair and can cause major delays within the claim process to be settled and resolved.

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On June 12th, received a confirmation email that the claim has been lodged through Vero.



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Vero Insurance New Zealand Limited
Private Bag 92120
Auckland 1142
Call us: 0800 800 134
Email us: myclaim@vero.co.nz
vero.co.nz

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On June 25th, my father receives a call from an Unknown Number in the morning which was from a customer service broker representing Vero stating that the claim that was lodge was unsuccessful. First of all, why would they use an Unknown Number to call a client, it seems very sketchy at first to receive a call from unverified number telling you that your claim has been unsuccessful.

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The person explained to me that the claim won't go through because of the exclusions of the policy under section 3 which the policy does not cover for any mechanical breakdowns which I refuse to accept because it has no relevance to the incident that has occurred. I made it clear to the broker that If you are denying this claim, I want it officially in writing with a clear explanation of the reasons why it has been denied. The broker responded that he has work training for a couple of days so he will not be able to get it done until a couple of days later. We have still not received an official letter of explanation into why the claim was denied to this day (13th of July). If you are in my shoes, how would you feel when a broker tells you this. Dealing with a person whom you legitimately can't call back for a follow up because they've used an unknown number can make you go around circles trying to get updates and

can drain you emotionally and mentally. This whole process of getting answers and finding resolution to this matter has caused my father to have many sleepless nights and anxiety which is unfair and disgusting practices from AON and VERO insurance. As stated by the Fair Insurance Code 2016 (ICNZ), it is the insurers responsibility to manage claims quickly, fairly and transparently. It a requirement to clearly explain how the insurer reached their decision and explain the reasons for declining.

What happens when you make a claim

Our responsibilities

26. We will manage your claims quickly, fairly and transparently.

27. When you make a claim, we will:

- ▶ explain how to report your claim
- ▶ explain what information you must give us to process your claim
- ▶ explain the steps we will take while handling your claim
- ▶ tell you that the information you give us must be honest, complete, up-to-date and relevant
- ▶ keep you informed of the progress of your claim
- ▶ settle all valid claims quickly and fairly
- ▶ clearly explain how we reached our decision
- ▶ clearly explain the reason or reasons if we decline your claim.

28. When you make a claim, we will:

- ▶ acknowledge receipt within 5 business days of receiving your claim, and
- ▶ determine whether or not to accept your claim within 10 business days of the date we have all the information we need to determine your claim.

We are still waiting for an explanation why it is taking so long (15 days and counting) to write an official letter of claim handling settlement and judgements. The Fair Insurance Code 2016 also states as a requirement for the insurer to explain why it taking so long, and keeping us updated which Vero have not acted upon in good faith.

29. We may not always be able to determine whether or not to accept your claim within 10 business days: you might have a complex claim which takes us longer to evaluate, or we might depend on receiving information from third parties. If we cannot meet these best practice timeframes for whatever reason, we will:

- ▶ explain why
- ▶ tell you how long we expect it will take to determine your claim, and
- ▶ update you at least once every 20 business days, or another such interval as we may agree with you, until your claim is resolved.

30. We will ask for and take into account only relevant information and material information when investigating and making decisions about your claim.

The second phone call informs my father that afternoon that a couple of Vero assessors will assess the vehicle to ensure it meets all requirements for the claim to be fully processed. While assessing the vehicle, they told the mechanic without my father's permission that the vehicle has been denied insurance. Which then the mechanic told my father of the situation. First of all, all matters of claim handling process should be confidential and letting the mechanic know of the current situation without informing my father first breaches the privacy act and the fair insurance code of conduct which is unacceptable. To make the matters worse, they still haven't given us an official report of the assessment that took place on June 26th till this day. The next step is to file a complaint through their website. If AON and Vero understood the requirements stated by The Fair Insurance Code 2016 published by the ICNZ, then I believe the image of

insurance companies would portray a brighter picture and boosts morale and confidence of New Zealanders over our systems that govern insurance policies and procedures.

31. You have a right to:

- » access the information that we have relied on in evaluating your claim, and
- » ask us to correct any mistakes or inaccuracies in that information.

32. We can withhold that information from you in some circumstances.

If we withhold information from you, we will give you reasons. You can ask us to put our reasons in writing. You can request a review of our reasons through our complaints handling procedures or the Privacy Commissioner. You can contact the Privacy Commissioner on 0800 803 909 or www.privacy.org.nz

33. We will treat your information confidentially, including where you have given us permission to pass this on to third parties, such as advisers and assessors, repairers and suppliers.

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.

Yes, we have full comprehensive insurance for a motor vehicle that has been labelled manipulatively by AON/VERO as an assurance that we are “fully covered” but it doesn't seem to be the case. The fine print of the policy has exclusions that are too generic in their terms and abbreviations. These exclusions were never briefed by the Mike Pero insurance broker when signing up to the insurance scheme. The description of the situation and experiences we encountered dealing with different stakeholders of the insurance policy “lifecycle” I have already mentioned in the previous question.

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

Yes, with the experiences we have encountered dealing with the Mike Pero broker, AON customer service brokers and Vero assessors have completely depleted our trust in them in handling our personal assets and livelihoods.

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

I believe insurance is a service that should be provided by the government and not private for-profit global organizations that run a monopoly on New Zealanders personal assets and livelihood. Transparency, honesty and integrity is a must in all insurance activities in New Zealand. We should not be shackled into a contract that doesn't serve our freedom. I recommend adopting digital platforms and artificial technologies to deliver a more holistic approach to customer experience. Insurance should not be complex. We shouldn't have to rely upon lawyers to state our entitlements, read our fine prints and settle our disputes. The future of insurance needs to adapt to the digital world and business models will need to be adjusted or completely scrapped to ensure a streamlined experience. Research about this topic is out there,

it's time we New Zealanders take action, initiative, and solve the common issues that are blinding us from growth and prosperity. Insurance is the most complaint industry in New Zealand. It's a no brainer that the policy, procedures and relevant stakeholders of the insurance systems are created to gain a competitive advantage over different sub-category and classes of the people of New Zealand. It's time we embrace digital platforms for quick, transparent and holistic approach that is fair for all New Zealanders.

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