

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submission excluding the relevant information for publication on our website (unless you wish your submission to remain unpublished).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	None

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?
Yes
If you were aware of your duty to disclose material information, who informed you of this duty?
Don't remember
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?
They ask the questions I write the answers
Do consumers understand the potential consequences of breaching their duty of disclosure?
Probably not
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?
If your required to give information you don't know. Yes

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?
The insurer should be required to search your medical history before accepting your money for insurance. They know what they need we don't. Not all information on your medical records are known to the person who's medical records they are. I had aorta surgery last nov. (2017). I

found out last month June 2018 I'd been treated for pneumonia. Until then I never even suspected it. I also doubt it. And put it down to an error in the hospital. But the fact is if I didn't know how can I be held responsible for not disclosing. Just for balance. I had a colonoscopy in 2008 there are no records of it happening. Yet I was there.

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 never had a claim refused.

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

No

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?

Noel Leeming staff extra cover that should be covered by the consumer guarantee. The problem falls into the unknown when applied to computer products. No one knows how long they should last. I still have my first laptop 8 years plus if memory serves. Yet the last laptop I purchased had a motherboard die after 6 months. The 2nd motherboard died 1 month after the guarantee ran out. This is a failing with the act. And unenforceable by the consumer without legal bills.

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)

When I need it I buy it.

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

I take the word of the person selling it. They are trained I am not.

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?

I'm not a trained lawyer or insurance expert. Which you have to be to know what is in there.

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.

No

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

I don't know enough to answer.

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

Get them written in understandable language. Keep them short and to the point. No waffle.

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.

Holding consumers responsible for doing the insurance company's work for them. If an insurance company accepts a consumer they become responsible for them. So if they don't do the searches for the information required.

More generally, are there terms in insurance contracts that you consider to be unfair? If so, why do you consider them to be unfair?

We forget. Or we don't know. In both cases an error can be made. If the insurance company does the search. Then gives the ok for the policy to come into effect. They know what to look for. We do not. We are not qualified to answer the questions. Especially the ones we don't know have answers.

Other comments

We welcome any other comments that you may have.

The whole reason for me writing this is to highlight. You don't know what you don't know. Or in the case of memory. If you don't remember you don't remember. In the cases of medical insurance or insurance that has a medical part to it. Like house insurance for a purchaser. If the insurance company takes the money then the insurance company is accepting the contract. Once the contract is accepted. That is the end of it. Until then it is up to the insurance company to do its search before accepting the contract and the money. Failure of an insurance company to do due diligence is not the consumers fault.