

Submission on discussion document: Insurance contract law review

Your name and organisation

Name	S9(2)(a)
Organisation	Private - Consumer

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>Like any Consumer faced with a document written in legalese I would disclose information related to the questions that were asked. There is, of course, the 'let-out-from-paying-clause in many documents which follows the line Is there any other information related to this policy that you may think could be material to the policy and that you need to tell us?</i>
If you were aware of your duty to disclose material information, who informed you of this duty?
<i>One answers as best one can. The people selling insurance are usually not the ones deciding your claims so they do not know what to ask either or what to say to you. I may have been told but just as a part of their sales pitch.</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>Consumers provide what they think is required. Do the insurers review the answers once the application is made to find if there are areas that need clarification or do they wait until a claim is made and then say 'Sorry - Non-disclosure'</i>
Do consumers understand the potential consequences of breaching their duty of disclosure?
<i>Probably not. They buy in good faith. Is the product sold in good faith?</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 know of. But no doubt the insurance companies will tell us if the issue arises.</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?

For an insurer they need to continually ask the consumer on the anniversary of their insurance if their circumstances could have changed that they need to inform the insurer. The consumer should also be aware that changes in their circumstances might be an issue and tell their insurer. But for the consumer often they do not realise that what has occurred might be an issue. Fair treatment means being reasonable and realistic from both parties.

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)

Our claims have been House, Health and Car Insurance. Each time we were treated fairly and reasonably and the claims were not declined. With the House insurance the company has altered the terms of the contract because of a particular product in the house we claimed about when it failed. Yet they, as the experts, should have known that product was likely to be in the house and tell us.

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

No for both answers

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 – Being of Scots heritage, i do not trust anyone who suggests: Boy, do I have a deal for you?

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)

Word of mouth and comments of others is important. I do not like these overseas companies coming in to sell insurance and making out how wonderful they are.

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

These days you can see the details online so it is better. But then I take care. I do not rush these things. It would take at least a week of study.

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

Pretty good, but no doubt there is some clause that the company can use to their advantage.

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

NA

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?

We have been careful and stayed with the same providers. What annoys me is a company you did not contract with buys a company and you may not like them.

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

It is a pity the Government is not in the insurance business as they used to be years ago. In every disaster (such as Christchurch earthquake) the insurance companies 'run for cover' at as early an opportunity as possible and the Government (that is THE TAXPAYER) is left to fix things anyway. At least if the Government was in the insurance business they would have the premiums.

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

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

The parts where the insurer makes the decision. Of course, they fall towards advantaging themselves over the consumer because they are in business to make increasing amounts of money.

Other comments

We welcome any other comments that you may have.

[Insert response here]

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