

Submission on discussion document: Insurance contract law review

Your name and organisation

Name	s 9(2)(a)
Organisation	

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>Yes. It sucks.</i>
If you were aware of your duty to disclose material information, who informed you of this duty?
<i>Learned about it over time from horror stories.</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>Normally. Although I have to find and read the actual policy wording to be as sure as I can. Reality – you can never be sure.</i>
Do consumers understand the potential consequences of breaching their duty of disclosure?
<i>No. Not in my opinion.</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>Yes. However, after re-reading the policy document (PDF with 12 pages of fine print), I was able to make the required disclosure without suffering loss.</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>Plain English policy written in reading age 11 language (i.e. do not need a bachelors degree as a minimum to comprehend the policy wording). Clear disclosure of what the customer is required to disclose. No hidden outs for the Insurance company.</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)

Any claims made have normally been handled in an acceptable time frame. Have not had any claims declined. Know how to complain if declined. As I am pretty diligent in reading and understanding the actual policy wording I have not been caught unawares.

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

No (really good at "No" i.e. what part of "No" do you not understand when dealing with insurance sales people). Yes. Definitely aware of it happening to others.

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. Just told then nicely to "get lost". Had an experience with Youi that was bad. Had to verge on abusive to get rid of them.

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)

Always read the actual policy wording i.e. the real document that is really hard to find on most insurers web sites.

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

30minutes.

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

Yes.

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

Main barrier would be complexity of the document.

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.

Probably. However, cannot recall specifics.

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

Yes. However, I know that as soon as I start kicking the tyres of another provider, I am opening myself up to aggravation from overzealous sales staff.

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

Provide a service like sorted.org does for comparing Kiwi Saver schemes.

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.

Just from media reporting on issues with earthquake insurance.

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 general statements that are written into most policies that allow the insurer to decline a claim for virtually any reason under the sun, should they wish to do so.

Other comments

We welcome any other comments that you may have.

We need the playing field levelled much more in favour of the consumer in NZ. Would really like to see a comparison web site maintained by Government (or a third party with no conflict of interest) for as a minimum vehicle, contents and dwelling policies.