

# Submission template

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## Submission on discussion document: Insurance contract law review

### Your name and organisation

Name	s 9(2)(a)
Organisation	Private Individual - retired - previous insurance experience

### 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, however most consumers may be unaware what constitutes material information, more so they may be unaware that the duty of disclosure <b>does not cease</b> until the policy is accepted and comes in force. This can present a problem if the applicants health has changed during this period.</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><b>Most consumers may be unaware of this obligation.</b> Most consumers are only aware that they only have to answer the specific questions at the date of the application.</i>
Do consumers understand the potential consequences of breaching their duty of disclosure?
<i>Probably not.</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 believe for life and disability insurance the application process is often rushed, particularly where insurance is sold on the telephone, where many questions are asked leaving little time to consider the answers. Often the questions are asked in quick succession. Many telemarketers may be incentive driven.*

*There are many medical questions asked in the application, often using **complex medical terms** which the layman may have difficulty in understanding – vascular disease etc, and **ambiguous questions**, e.g. disorder of bones. Together with this, the questions ask, 'have you ever suffered from the medical condition...' This appears unreasonable, rather than using a specific time line.*

*The questions require a YES or NO answer – **there should be an alternative – DON'T KNOW***

*If INSURERS obtained **MEDICAL RECORDS AT TIME OF APPLICATIONS**, this would provide certainty for the consumer, at claim time.*

***UNRELATED Non- Disclosure needs to be addressed** - for example for death from MVA an insurer may obtain medical records at time of claim to ascertain that there has been non – disclosures and may void the policy for an unrelated non-disclosure.*

***DISTINCTION between MISSTATEMENT and NON – DISCLOSURE for Life and disability** needs further distinction – (Insurance Law Reform Act).*

*Non- Disclosure has no time limit, I think should have the same time limit of 3 years as Misstatement.*

*I'm sure inappropriate products are sold which are **expensive**, such as auto acceptance products (non-underwritten) i.e. **Credit Card Insurance and similar Bill Cover some IP products** which have many exclusions such outright **pre-existing conditions and mental health exclusions**.*

*Exclusions are often worded – 'directly or indirectly cause or contributed to' - the exclusion should be only directly rather than indirectly.*

***Funeral Plan** policies are expensive and often the premiums are uncapped, which means eventually total premiums can exceed cover limit. Some insurers are now capping premiums.*

*Many products are sold to consumers with low incomes and often cancelled some months later due to unaffordability. Companies need to ascertain the suitability and affordability.*


Other comments

	We welcome any other comments that you may have.

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