

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submission excluding the relevant information for publication on our website (unless you wish your submission to remain unpublished).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

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OFFICIAL INFORMATION ACT

Submission on discussion document: Insurance contract law review

Your name and organisation

Name	s 9(2)(a)
Organisation	Private Property Owner

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>[Insert response here]</i>
If you were aware of your duty to disclose material information, who informed you of this duty?
<i>[Insert response here]</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>[Insert response here]</i>
Do consumers understand the potential consequences of breaching their duty of disclosure?
<i>[Insert response here]</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>[Insert response here]</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?

All insurance companies operating in N.Z. to have adequate reinsurance cover The N.Z. government to audit this annually.

From personal experience via ChCh earthquakes The insurance Co. has a totally unfair advantage in the claims and repair process. The insurance Co. employ a Loss Adjustor to minimise their costs. The insured can not negotiate with the Insurance Co. directly having to use a Lawyer at significant cost. The lack of mandatory time frames to resolve claims is used to the Insurance Companies financial advantage.

What has your experience been of the claims handling process? Please comment particularly on:

- 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)

From personal experience with Two ChCh properties. The business interruption cover claim on one property was avoided by Vero who waited for the 12 month cover to run out, then three days later they ordered the building evacuated of tenants. Their agents had inspected the building months earlier and had concerns for the safety of the tenants. We were told this by one of their agents off the record.

The second property was repaired promptly by Lumley. They agreed at this time that they would stand behind the repairs as we had concerns as to how effective their repairs would be. Within a few months the injection glued repaired concrete exterior wall panels started to leak. We submitted a claim together with photos of the water ingress four years ago and with a tardy loss adjustor acting for the Insurance Company we still have not had the re repairs started. We seem totally powerless to get them to act as there appears to be no required time frame or means of enforcement if one exists. Our tenants store medical supplies in this leaking building. The situation is totally unfair.

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

[Insert response here]

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?

[Insert response here]

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)

[Insert response here]

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

We use a Broker to obtain the cover we require.

Even if you read the entire policy the legalese would make understanding the details almost impossible for a member of the public?

[Insert response here]

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

Tricky clauses written in Legalese.

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.

To our surprise the term of business interruption insurance starts from the date event not from when the Insurance company orders you to evacuate the building. With no time limit on Insurance Companies to at on the claim B.I. is a total scam.

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

[Insert response here]

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

Establish a state owned competitor. At present there is basically a duopoly of two Australian companies with the profits each year sent off shore. We are being treated very poorly and getting ripped off.

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.

[Insert response here]

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

[Insert response here]

Other comments

We welcome any other comments that you may have.

The maximum cover of \$100,000 for Earthquake and war damage was fine when it was set 30 years ago. Land values have increased five to ten fold depending on location which would mean that you are totally under insured if your land slips away or you are unable to rebuild under revised Council regulations. (eg. Red Zoned Land)

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