



March 16, 2018

MEDIA RELEASE – FOR IMMEDIATE USE

Health Funds Association welcomes review of insurance contract law

The industry body representing health insurers, the Health Funds Association (HFANZ), today welcomed the Government’s planned review of insurance contract law.

The Government last week revealed the terms of reference for the review, which will be managed by the Ministry of Business, Innovation and Employment (MBIE), and the stages of the consultation process through to mid-2019.

There are currently six Acts governing insurance contracts, two of which date back to 1908. As well as updating and consolidating legislation, the review will examine the issue of disclosure, and the remedy of cancelling an insurance contract in the event of non-disclosure.

HFANZ chief executive Roger Styles said this was perhaps the biggest area of interest in the review for health insurers.

“Disclosure is an important part of the insurance system and is essential to help insurers in pricing risk. That said, it does not seem right that the law provides for a single blunt response for what can be a range of non-disclosure situations with varying degrees of materiality.”

Consumers should feel confident that a “reasonableness test” is applied in these circumstances – insurers already work to consider what is reasonable in terms of what people should be required to remember and therefore disclose.

Mr Styles said health insurers very seldom responded to non-disclosure by cancelling the contract. For minor issues, or where the non-disclosure was not material to the claim, most insurers had developed a range of responses which generally saw claims settled and policies continued.

“Health insurers have been working on this for some time, exploring options for consolidating some of these approaches into a set of more general guidelines. These will be incorporated into the industry code. While this work will continue and likely inform our input into the review, it will equally be helpful to have some positive suggestions for improvement,” Mr Styles said.

He said it was clear that, whatever the outcome, there would need to be a lot more emphasis on disclosure at the commencement of a policy rather than at claim time.

ENDS

For further information, contact:

Chief executive Roger Styles - 04 499 0834 or 027 480 0072

Media advisor Andrea McKay - 027 555 7783.