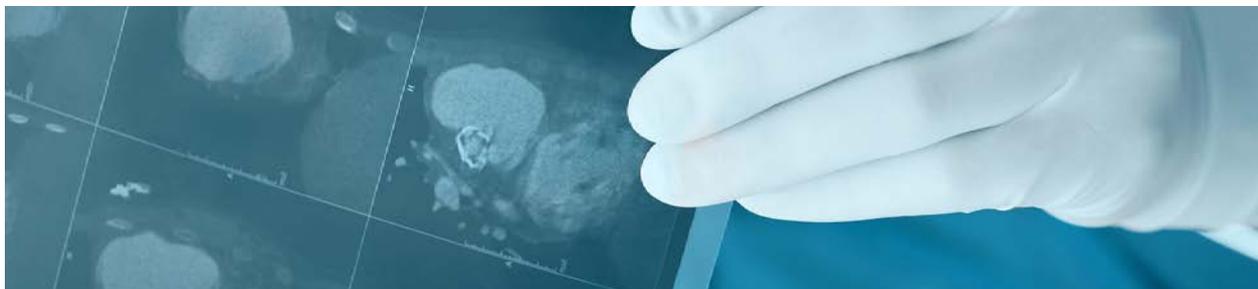


The legal stuff – disclosure, exclusions and regulation



When you apply for health insurance, you will be asked to provide information on your health and lifestyle. This information is used to assess the likelihood or risk of you requiring medical care and making an insurance claim.

The financial stability of health insurers and their ability to pay claims largely depends on their skill in assessing, classifying, and pricing risks in a way that is attractive to customers.

Importance of disclosure

Insurance policies are contracts of utmost good faith. The insurer relies on the information given by the person to be insured (the applicant) in assessing the risk, and the applicant is bound by a legal duty to accurately and completely disclose all material facts relevant to the application for insurance. Disclosure of all relevant health information is very important, as failure to disclose a material fact may lead to the insurance contract being cancelled or a relevant claim being declined.

Exclusions

All policies exclude things, meaning you are not insured for them. These exclusions will be described in your policy document. Common examples of exclusions are cosmetic surgery and fertility treatments. Pre-existing conditions are also usually excluded from cover.

Pre-existing conditions are health conditions that exist prior to, or at the time you apply for insurance. Insurers deal with these by either excluding your pre-existing condition from being insured, waiving the exclusion as part of the policy coverage, or charging a higher premium to cover it. Some will initially exclude your pre-existing condition but then cover it after your policy has been running a number of years provided there have been no claims made in relation to that condition.

It is very important to inform your insurer of any existing and past medical conditions. Failure to do so may lead to a future claim being declined and your insurance being cancelled. Some people ask their GP for their medical notes to help answer accurately.

Regulation

Health insurers must comply with a range of regulations designed to help ensure consumers are appropriately protected and informed. The Reserve Bank of New Zealand oversees prudential regulation and solvency standards. Insurers must also comply with legislation governing financial advice, and be members of an approved dispute resolution service.

This is provided for general information only. It is not a guide, nor does it provide financial advice.