

*Ministry of* **Economic  
Development**



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**Insurance (Market Conduct):  
Summary of Submissions**

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INSURANCE – Market Conduct Submissions Analysis		
#	Issue Reference	Summary of Issue Raised by Submission
Q34		<p>2000-2005 1,367 complaints, 334 related to non-disclosure.</p> <p>Non-disclosure most problematic because:</p> <ul style="list-style-type: none"> <li>• Consumers don't understand</li> <li>• Prudent underwriter test based on materiality is not understood</li> <li>• Avoidance is disproportionately harsh for innocent/non-fraudulent non-disclosure</li> <li>• Lack of causal connection not understood by consumers or large portion of the market.</li> </ul> <p>Duty of disclosure should be retained. Avoidance restricted to  (a) fraud  (b) providing substantially incorrect material information to specific questions.</p> <p>Restitution with a "reasonable assured" test should apply when avoidance is not available &amp; "a reasonable person [in the circumstance] ought to have known the undisclosed or mis-stated fact would have influenced the judgment of a prudent insurer"</p> <p>Disclosure &amp; mis-statement dealt with in the same legislation (See Australia)</p> <p>Restitution is practical &amp; fairer. Presume a remedy, where avoidance is unavailable, would be to decline a claim and cancel the policy prospectively in accordance with terms &amp; conditions.</p>
Q34		<p>Concern that changes will increase fraud and reduce incentives to disclose. Oppose change.</p> <p>Underwriting of complex risks rely heavily on disclosure being made outside of questionnaires. Containing in a proposal is not economically feasible.</p> <p>Where a broker is involved the problems don't arise. Possibly the reverse. Brokers only disclose information to reduce premium.</p> <p>If to proceed, need a retail vs. commercial distinction.</p>
Q34		<p>Agree in principle. Particularly supportive of preventing reliance on catch all questions as this significantly impacts consumers at claim time.</p>
Q34		<p>Agree that:</p> <ul style="list-style-type: none"> <li>• the duty of disclosure should be retained</li> <li>• approach to non-disclosure &amp; mis-statement should be the same</li> <li>• approach to non-disclosure &amp; mis-representation should apply to all insurance classes.</li> <li>• Insurers be required to warn of the duty and consequences.</li> </ul> <p>However – disagree that remedies for a breach of the duty should be limited. Shouldn't be prevented from avoiding for failure to warn about the duty.</p> <p>Believe altering the remedies will erode the customers duty of disclosure.</p> <p>Rare for non-disclosure or mis-statement to be discovered within a short time period. Only practical incentive for a consumer to disclose will relate to fraud &amp; a specific question.</p> <p>Fraud is a high standard of proof (closer to criminal than civil). Hard to prove fraud so rare that the right to avoid would be invoked. Useful then to codify the standard of proof.</p> <p>If the suggestions are not adopted the only real circumstance for avoidance will be in</p>

	<p>relation to a specific question. Proposals will inevitably increase. Interim cover would also become more important leading to possibly greater uncertainty.</p> <p>Disputes may arise over what a specific question is.</p> <p>Commercial risks its can often be difficult to ask specific questions until the risk is understood.</p> <p>Assume the restitution remedies are available in the alternative. Unclear what situation an insurer would do something different. Assume the court will determine.</p> <p>The “reasonable person ought to have known” test introduces scope for protracted disputes. The disputes &amp; complex reassessments will increase the cost of underwriting risks.</p> <p>Do not see how the restitution remedies will assist with improved insured’s understanding of duty.</p> <p>Difficult to see the practical benefits to the insured by limiting the insurer to restitution remedies.</p> <p>No proposal for how restitution remedies will operate where the insured has already been indemnified for claims.</p> <p>Support the requirement to warn consumers about the duty and consequences of non-disclosure. Promote that these be contained in legislation.</p>
Q34	<p>Legislation needs to be gathered under one act. Current regime does not promote informed policyholders nor deter, detect or minimise the risk of unfair or fraudulent conduct.</p> <p>Lack of appreciation for the consequences of failure to disclose and education is important.</p> <p>Support retaining the duty of disclosure but the rights to avoid limited to the four circumstances.</p>
Q34	<p>Do not believe the restitution remedies proposed are sufficient to provide a balanced protection for consumer and insurer.</p> <p>Where non-disclosure or mis-statement has been made the insurer should be able to decline the claim and exclude the condition from future cover. If this doesn’t occur the objective is not met as the insurer would not be in the position it would have if the disclosure had been made.</p> <p>Agree in principle with the obligation to inform about the duty of disclosure.</p> <p>Remedies applied for incorrect statement of age for life insurance should also apply to health &amp; travel insurance products.</p>
Q34	<p>Agree to the proposals – appropriate balance. Further changes need to be made to simply the current position.</p> <p>Proposals would not necessarily weaken the current position. Nor would insurers and/or customers need to be subject to more lengthy questionnaires to underwrite.</p>
Q34	<p>Support proposals and do not believe they would necessarily weaken our current position. Do not think it will lead to more burdensome or more specific questions to price risk at either new proposal or renewal stage.</p> <p>Appropriate balance between the obligation of an insured to be truthful &amp; for the insurers to obtain sufficient information.</p>
Q34	<p>Duty of disclosure is problematic and requires reform. Support proposals but feel they have gone too far.</p>

	<p>Fraud involves almost an impossible burden of proof. The Law Commission recommended avoidance on the basis of negligence or carelessness test. This would create a more balanced approach.</p> <p>The proposed remedies would require a claim to be paid when non-disclosure arises. This behaviour would then be condoned.</p> <p>Proposals may lead to more lengthy questionnaires and present difficulties for telephone sales or at renewal.</p>
Q34	<p>Proposals go too far. The imposition of a subjective test is also problematic. The prospective insured holds all the knowledge and feel that moral hazard will increase as a result of the proposals.</p> <p>Fair Insurance Code requires members to ask relevant questions to extract material facts. If a consumer fails to answer these questions correctly the insurer should not be penalised.</p> <p>Proposals may lead to more lengthy questionnaires. May make arranging cover over the phone untenable.</p> <p>Renewals will also be affected. New proposals are not sent at renewal, only a reminder of the duty.</p> <p>Total portion of complaints with the Ombudsman are small and most cases were around criminal convictions. In the UK relatively few cases as well. Currently there is a mechanism through the ombudsman to challenge a decision for avoidance.</p>
Q34	Yes support non-disclosure proposals
Q34	Proposals for change are supported
Q34	<p>Question whether more specific questions will resolve misstatement, non-disclosure and misrepresentation issues.</p> <p>More lengthy proposals will add to complexity and could create consumer confusion.</p>
Q34	<p>Support clarification of the duty of disclosure and remedies.</p> <p>Detail is needed on circumstances need to meet the fraud test. It is likely more lengthy and complex proposal documents will arise.</p> <p>Increasing the complexity of proposals by removing avoidance for catch all questions will limit simplified distribution channels. However note that restitution remedies will apply to catch all questions.</p> <p>Reinsurers will have an interest in finding acceptable ways of limiting the complexity of proposals.</p> <p>Warning consumers of their disclosure duty is important. Where warnings were not provided only restitution remedies for non-disclosure are supported.</p> <p>Some amendments to restitution remedies for life insurance:</p> <ul style="list-style-type: none"> <li>• Undisclosed information would have resulted in a premium loading, insurer would retrospectively be able to reduce the sum assured relative to premium actually paid.</li> <li>• One claim life policy on death, the option of future exclusions cannot be used. Could however be used where supplementary health or trauma benefit claims arise from an undisclosed condition that could be excluded from a further death claim.</li> </ul>
Q34	<p>Review is necessary and proposals seem pragmatic but there are concerns.</p> <p>Onus of disclosure is on the consumer as the bulk of information is by them.</p>

	<p>Concerns unanswered:</p> <ul style="list-style-type: none"> <li>• Will avoidance exist for an un-related non-disclosure at time of claim?</li> <li>• Transition arrangements seem critical. Grandfathering of existing policies is not discussed.</li> <li>• Concern that there is an inability to decline a claim for a condition, not disclosed, which would have been excluded.</li> </ul>
Q34	<p>Generally support the proposals subject to a few comments.</p> <p>Insurance Law Reform Act 1977 specifies the requirements for fraud in relation to mis-statements. This is useful for individual assessment. Issues such as burden of proof and where this burden sits will need to be addressed.</p> <p>Paragraph 280 needs to be clarified.</p> <p>Materiality assessment should apply to the underlying information which would have been obtained. And may not relate directly to the answer given to the question (e.g. through medical records). Many questions do not address whether a person has a particular condition but rather whether they have sought, had or been recommended for treatment of that condition.</p> <p>Materiality should relate to co-morbid factors that may exist but not be identified due to a response to a specific answer that meant the insurer did not seek further information on related questions.</p> <p>Proposal forms are likely to increase in length and complexity which will contribute to higher costs.</p> <p>Simplified and direct sales channels such as banks may be limited as these proposal forms often rely on catch all questions. This may have implications for under-insurance.</p> <p>Support the requirement to notify the consumer of their duty to disclose. However need to clarify whether failure to warn will result in the loss of both avoidance and restitution remedies.</p> <p>For life cover, rather than adjust the premium it would be better to adjust the level of benefit payable. This can be done once retrospective assessment can be made and be subject to a prudent insurer test. Example provided.</p> <p>Underwriting decisions to defer cover will need to be addressed in relation to non-disclosure and claims. In some instances had the disclosure been made there may have been a deferral of cover.</p> <p>Unclear as to how the proposals would apply to existing policies. Proposals should not apply retrospectively as the contracts were entered into on a fundamentally different basis and it would not be fair and reasonable to change.</p>
Q34	<p>Support the intent but believe a principles-based hierarchy should be adopted while retaining an insurer right to avoid a contract in the event of non-disclosure. Maintain it important to retain the right of avoidance for health insurance in the event of non-disclosure.</p>
Q34	<p>Support strengthening policyholder's rights and providing more granulated remedies other than avoidance. This is fairer.</p> <p>For life &amp; health insurance, where retrospective underwriting takes place &amp; deferral until further tests, the appropriate restitution remedy may still be to refund premium and avoid a claim.</p> <p>Alternative to deducting additional premium from a claim is to adjust the claims payment to reflect the sum insured that could have been purchased for the premium paid.</p>

		<p>Clarification of what is a specific rather than a catch all question (e.g. have you sought the advice of a medical practitioner in the last 5 years?). There is reliance on judgement and reasonable behaviour.</p> <p>A claim should be avoided for material non-disclosure where there is a clear link to the event giving rise to the claim.</p>
Q34		<p>Accept that there are instances of harsh outcomes but careful consideration is necessary as changes directly affect the cost of claims and therefore insurer viability.</p> <p>Requirement for insurers to ask specific questions will lead to unreasonably long questionnaires which could be confusing and discourage participation.</p> <p>Agree the duty should be retained and the fact of it drawn to the consumer's attention by the insurer.</p> <p>Fraud is a high threshold often difficult to prove.</p> <p>Non-disclosure and misstatement often become evident upon a claim. It is unclear in paragraph 293 as to the insurer's rights in respect of a claim amount. If non-disclosure or misstatement arises prior to a claim, adjustment of the contract prospectively would occur.</p> <p>Insurers should be able to determine which remedy applies in the particular circumstance.</p>
Q34		<p>Uncertainty and misunderstanding around disclosure needs to be addressed. It's important the customer make full disclosure and should be made aware of this duty.</p> <p>Clarity needs to be provided around the test for fraud. The Insurance Law Reform Act 1977 specifies this &amp; should be retained or at least something similar. Issues of burden of proof &amp; where this rests also need consideration.</p> <p>Clarification of paragraph 279 is needed and the right to avoid where the insurer makes a reckless statement.</p> <p>Avoidance in relation to a specific question needs to be clearly stated and defined. The materiality assessment would need to relate to the substantially incorrect and materiality of the response. This is important as the question may not relate to a condition but rather whether someone has sought, had or been recommended for treatment.</p> <p>Proposals will likely increase with the shift to ask more questions. This will add complexity and cost.</p> <p>Products sold through banks often contain catch all questions and increasing demand for this product type. More lengthy questionnaires may compromise this distribution channel.</p> <p>In regard to insurers providing a warning around the duty of disclosure some clarity is needed around what constitutes an adequate warning, timing and placement and consequences of failing to provide this (would the insurer also forfeit the right to restitution remedies).</p> <p>Better position for life insurance is to adjust the benefit rather than deduct premium from a claim. This can be done following retrospective assessment and subject to a prudent insurer test. An equitable position would arise.</p> <p>Decisions to defer cover require consideration in determining remedies. Remedies should reflect this situation.</p>

		A transition arrangement needs to be considered for existing policies which were established with the right of avoidance in place. Many policies have provisions allowing for levels or terms of benefits to be altered in the event of a law change affecting the administration of the policy.
	Q35	10 Days impractical for some contracts – life & medical exams. Let market forces play out.
	Q35	Rather than 10, maybe match the 14 day free look.
	Q35	10 days ok as long as a sufficient time to ask questions.
	Q35	30 or 40 days would be more appropriate so as to ask questions. Would account for the time it can take for information to be collected through intermediaries.
	Q35	10 days is not appropriate to health insurance as proposals are completed prior to cover commencing.
	Q35	30 days
	Q35	Assessment processes commonly take more than 10 days. Recommend 30 days
	Q35	10 day period is too short to investigate unusual applications. A month is appropriate.
	Q35	Should be one month or 30 days.
	Q35	Typically life insurers take considerably longer than 10 days to assess the risk. Conditions under which the insurer could avoid in the assessment period should be no different then when finally accepted.
	Q35	Interim cover should be for 30 days particularly for health and life products.
	Q36	The two acts should be harmonised.
	Q36	No comment/Not applicable
	Q36	Proposal only relates to inception, renewal and reinstatement of contract. The Contractual Remedies Act provides cancellation for serious breach.  If the contract is silent about a disclosure obligation at claim time, the duty is one of honesty only. For any breach the Contractual Remedies Act should apply
	Q36	Contractual Remedies Act should apply as there is alignment with the two areas.
	Q36	Yes
	Q36	Contractual Remedies Act should apply where restitution or avoidance are not available. For clarity maybe this should be codified.
	Q36	Contractual Remedies Act should apply where the proposals don't capture a situation.
	Q36	Yes the Contractual Remedies Act should apply
	Q37	If to proceed, a distinction should be made between retail & commercial contracts.
	Q37	No comment.
	Q37	No distinction should be made between consumers and business.
	Q37	If legislated then they should only apply to consumers.
	Q37	No the obligations should apply equally to retail and commercial customers.
	Q37	Do not support this proposal. Unfair shifting of the burden.
	Q37	Health insurance policyholders are individuals and not businesses.
	Q37	No the same principles should apply to both business and consumers. A boundary issue also for small businesses.
	Q38	Benefit of reducing unintentional disclosure to minimise contractual misunderstanding at claim time.
	Q38	Cost of the current law is huge & is not justified where there is no fraud & the consequences disproportionately harsh.  In most situations other remedies would be more appropriate (declining claim while keeping the policy in place, excluding the risk from cover).  Quite an entrenched approach with some insurers where there is non-disclosure. (These insurers would rather avoid than waive the right)  Benefit of closer alignment with Australia.  Full underwriting should be done at point of sale not at claim time. Therefore arguing that having to ask more questions will increase premiums is not sufficient.

		Confidence in the market is undermined by the right of avoidance. This is due to the uncertainty that may arise. This is exacerbated by a lack of understanding.
Q38		Potential costs likely outweigh the benefits to policyholders. Increased administrative costs would be passed on. Time involved in obtaining cover would be increased.
Q38		Costs aren't quantifiable but huge given the liability to make a claim under restitution remedies.  Increased premiums to cover increased risk and possibly blanket exclusions for high-cost conditions.
Q38		Costs should be minimal.
Q38		Costs for the duty of disclosure to be widened would be approximately \$16 -20 million to a general insurer and \$160 million to the industry.
Q38		Not assessed the benefits and costs of the proposal but incidence of complaints is not high. Anecdotally there are some suggested benefits.
Q38		Benefits are a greater balance in the responsibilities. This would lead to greater confidence.  Costs will depend on the details of the change. A shift in responsibility to insurers could increase the cost of claims.
Q39		No comment
Q39		Positive move to electronic storage.
Q39		At present, assignment results in absolute change in ownership. Is it the intention to adjust this?  Clarity as to where notice is sent is important. This is crucial where there are three parties involved – policy owner, interest-holder & premium paper. Failure to pay premiums has implications for both the policy owner and the interest-holder. Will notice be sent to them?
Q39		Agree with the proposal for electronic notice procedure.
Q39		Support the notice procedure
Q39		Generally supportive on the notice procedure.
Q39		Merit to the notice procedure and should be developed.
Q39		Support the notice procedure.
Q39		Existing system should be replaced and both parties need to give notice to the insurer of the interest.
Q39		Support the notice procedure.
Q40		No comment
Q40		Costs should be minimal and easily accommodated within insurers' existing systems.
Q40		Would formalise actual modern practice. It also provides certainty as to who a claim should be paid to. Cost is any confusion created by inconsistency with other personal property under the PPSR.
Q40		Costs are unlikely to be significant and accommodated within existing systems. Also need to be able to avoid presentation of the paper policy document.
Q41		Proposal for agents is appropriate. Broker agreements already include.
Q41		Commission can only be provided if there is written agency agreement. Anyone else is a consumer agent.
Q41		Understanding that insurers will only accept business from those with whom they have a formalised agency agreement. This agreement specifies types of product upon which commission will be paid & the relevant commission.
Q41		Proposal is appropriate. Clarity is needed.
Q41		Brokers clearly see their responsibility as representing the client's interests. Support the identified categories.
Q41		On the face of it – appears reasonable. Approach appears to be at odds with the general law of agency – express & implied agencies.  Not in the consumer's best interest to remove the ability to rely on case law.

	<p>Unclear if the fiduciary duty will be removed under this proposal preventing the consumer from being able to take action against advice not provided in the clients best interest.</p> <p>Clear that the law of agency and fiduciary duty already protects the consumer.</p>
Q41	<p>Agree with the agency relationship regarding the receipt of monies.</p> <p>In regard to contract negotiation and formation, the proposal for written authorisation is appropriate. Disclosure of this status and its effect must be provided to the consumer.</p> <p>Section 10(2) also needs to be addressed. The intermediary's knowledge should not be deemed to be the insurer's knowledge if a consumer agent.</p>
Q41	Support the approach of written authorisation. S 10(2) will still need to be addressed regarding intermediary's knowledge which is deemed to be the insurer's knowledge.
Q41	Prefer status quo and rely on established case law.
Q41	Significant risks to the proposal.
Q41	<p>Three categories seem appropriate. For insurer agents insurance company disclosure sill address information adequacy.</p> <p>For consumer agents, suitable registration is required and the categorisation of financial service is advisory and possibly budgetary</p>
Q41	Implications for consumers of a change in the agency relationship in the absence of written authorisation. Could defy the conclusions a court would reach.
Q41	<p>Support the disclosure of agency status but have some doubt as to whether consumers will understand the implications.</p> <p>Consider the dispute resolution and adviser regulation will provide sufficient consumer protection.</p>
Q41	Intermediaries to remain agent of the insured.
Q41	Do not believe consumers will understand the difference between the categories. Also, they may fail to reflect the market today or in the future. Unsure when a consumer agent would exit. More appropriate would be an employee or non employee or reference to the Approved Professional Body framework.
Q41	<p>Support the move to written authorisation and a move away from commission based determination. What constitutes written authorisation will need to be clarified.</p> <p>Assume employees of an intermediary, who has authorisation from an insurer, will also be deemed to be an insurers agent so individual authorisations will not be needed.</p> <p>Concern consumers may not understand the implications of different agency relationships.</p>
Q41	Proposals are appropriate for NZ
Q41	<p>See merit in clarifying the relationship in theory but consumer that implementation will weaken consumer protection.</p> <p>Disputes resolution may address many of these concerns.</p>
Q41	Yes the proposals are appropriate. They reflect modern development where sole agents are being replaced by intermediaries who sell a number of products.
Q41	<p>Support the proposal and in particular the shift from commission entitlement to appointment certainty.</p> <p>What constitutes written authority needs to be clarified. For independent intermediaries it is expected that some agency agreement will be entered in to between an insurer and intermediary. For bank employees authorisation would not be needed.</p> <p>Disclosure of agency status is supported by concern that the consumer will not</p>

		understand the implications.
Q42		Implications will depend on implementation.
Q42		For life & health few would be consumer agents.  Potential transfer of liability from the insurer to joint liability.  Alternative – provider provide accredited training.
Q42		Will clarify but unclear how the approach will operate where a broker is placing lines with different insurer, one of which may not be authorised.
Q42		Change will clarify the relationship & responsibilities. Disclosure of this relationship will also be positive.
Q42		Cessation of implied agency creates the risk that insurers and intermediaries opt out of written agreements possibly leading to adverse implications on product training.  Increased training will bring benefits but at a cost to the industry and passed on to consumers.  Onus of disclosure on relationships by intermediaries is positive but also a preference to disclose to the insurer with each transaction which party they are being the agent for.
Q42		No comment
Q42		Two consumers buying the same product, one via agency, one not, who suffer the same adverse event, will potentially get different redress.  Unlikely consumers will understand the difference in agency status so will be exposed. This will result in failing to protect the consumer.
Q42		There will be costs to change and time will be needed to implement.
Q42		The categories of agency are broadly in line with existing industry codes of practice.
Q42		Practical issue may be the lower protection for those who purchase through a consumer agent.
Q42		Predict most intermediaries will become consumer agents particularly those who are full financial advisers (as defined in the Intermediaries discussion document). Insurer agents may remain depending on market reaction.  Intermediaries who provide or advise on a number of insurers products are unlikely to seek agency agreements with them all.  In general insurers with sole agencies may not appoint them as agents if they can avoid liability for their actions. This could result in few insurer agents.
Q42		An impact would be a review and possible renegotiation of existing authority or agency relationships. There will be cost and take time to implement.
Q43		Not ideal. Few circumstances of consumer agents. More likely to apply to fee for service rather than commission.
Q43		Yes. An ideal approach.
Q43		Intermediary disclosure maybe required where an intermediary places majority of business with a single insurer, binders exist or where general agency operates.  The provisions in regard to premium payments in the Insurance Intermediaries Act should be retained.
Q43		Ideal for clarity but not consumer protection. If agency exists at law disclosure requirements exist & useful to clarify what would trigger a relationship at agency.  Regardless of agency a fiduciary duty to the consumer should still exist.  If the intent is to be fully informed it may be preferable to require the insurer to provide a summary of the disclosed consumer information & the intermediary provide product information. A consumer can then review this information.
Q43		No Comment
Q43		This approach is a simple means of providing clarity. General health insurance

		brokers are not operating under contract as agents therefore they would clearly be consumer agents.
	Q43	Approach provides clarity.
	Q44	Little, if any additional cost and it provides clarity.
	Q44	Potential cost of the proposals around agency is higher professional indemnity insurance premiums for intermediaries.  Benefits of non-disclosure risks being spread for insurers.
	Q44	No Comment
	Q44	Costs and benefits would be minimal.
	Q44	It will mean more disclosure. Something consumers probably won't understand and lengthen disclosure.
	Q45	No mandated product disclosure.
	Q45	Very small portion of complaints relate to product disclosure. Issues in this area tend to relate to information provided by an intermediary & where the consumer didn't read the insurers documentation. ISI provides guidance for its members on disclosure and there is access to dispute resolution through the ISO scheme.
	Q45	No do not think mandated product disclosure is appropriate. Need to consider short-term vs. investment element products.  Information is becoming increasingly simpler to obtain. Most insurers ensure policy wording & marketing information is accurate, understandable & in plain language.  Much general insurance is sold over the phone. Consumers find this easy. Consequently written disclosure before contractual formation is problematic.
	Q45	Mandated product disclosure will not assist government meet its objectives.  General view that traditional approach to product disclosure fails. This primarily relates to customer behaviour. Is it a rational consumer or one which buys on experience/credence relying on trust and confidence. Believe it is the latter.  Australian regime is focused at compliance disclosure rather than information sharing.  Using skilled intermediaries to disseminate information would be a better method to achieve the stated objectives.
	Q45	Little evidence of market failure in product disclosure for risk based products. There are other proposals which will assist in achieving the objectives.
	Q45	Essential to the insurance relationship that the consumers now the terms of the agreement.  Additional product disclosure is unnecessary. In principal they appear appealing but in practice they result in costly, lengthy, complex documents resulting in consumers being less informed.  Provide the Australian example for the possible implications.
	Q45	Current product disclosure is sufficient. It's crucial consumers are informed but this information is already disclosed by insurers in policy wording & schedules.  Generally product disclosure in practice is costly, lengthy, complex, legalistic documents that make customers less rather than more informed.  Provided the Australian example which is now being reviewed by the Australian Government
	Q45	Risk based products are different from investment products. No lock in & commoditised so fairly well understood. For annually renewed policies if numerous disclosures were to be made in relatively short timeframes this would add substantial costs which would be passed on.

		Provided Australian example.
Q45		Strongly oppose a mandatory product disclosure regime.  Plain language policy wording is already provided.  Australian example provided.  Direct costs of roughly \$3 million to a provider.
Q45		No mandatory product disclosure
Q45		Support the steps towards product disclosure.
Q45		Strongly recommend no change. Product disclosure is likely to only add to further costs, confusion and not encourage further participation. If adopted, would prefer a model form approach.  Provided Australian example.
Q45		Good transparent and clear disclosure of both the insurance risk & investment/savings/funding components. The framework outlined is in the right direction. The Securities Act per se would not. Supervision by the Securities Commission is a natural fit.
Q45		Product disclosure is not an appropriate area for regulation. The policy document is the appropriate place for all details to be disclosed. Model form would duplicate policy documents material and possibly lead to confusion for the consumer.  Interests of insurer and insured should have clarity but additional disclosure is not the best vehicle to achieve.  Complaints relating to product disclosure represent less than 1% of claims referred to the ISO.  Intermediaries play an important function in this competitive market.  IAIS principles for conduct of business are already adhered to. There is Manual of Practice Standards which members must comply with. Self-regulation already plays an important part & industry association are encouraged to review and improve.
Q45		Do not support the product disclosure regime. Current process is working well. Complexity and variation of products is problematic. Flexibility is key.
Q45		Agree there is a lack of regulatory consistency & certainty that consumers are getting the information they need. However, an overly prescriptive or complex regime would not serve the interests of consumers.  Simple and flexible will be key. Concern that the model form will be relied on by the consumer as a comprehensive statements of their rights and benefits.  Model form may duplicate what is contained in the policy document and lead to confusion.  Suggested approach: <ul style="list-style-type: none"> <li>• One document – clear policy with a clear summary at the beginning.</li> <li>• Statement informing the customer of the importance of reading the policy working &amp; obtaining advice if unsure.</li> <li>• Minimum cooling off period of 30days</li> <li>• Plain English</li> </ul>
Q45		Existing industry approach is appropriate – low compliance cost and small number of complaints.  Support a consistent approach and this has already been adopted by the industry code of practice. The association’s code of practice requires a higher level of disclosure proposed & provides periodically information that generally relate to

	<p>health insurance.</p> <p>Minimum disclosure requirements should be contained in legislation such as through a schedule.</p>
Q45	<p>Flexible and non-prescriptive is supported. This is consistent with the variety and complexity of product available. Failure in flexibility will also introduce significant costs are product and process of sale but also implementation and monitoring.</p> <p>Policy document is the place where all comprehensive information is given. Additional market is covered by the Fair Trading Act &amp; Consumer Guarantees Act.</p> <p>Very prescriptive requirements will stifle innovation with regard to distribution and will discourage participation.</p>
Q45	<p>No there shouldn't be legislated product disclosure.</p> <p>Support clear information that informs and helps but unconvinced regulation will achieve this.</p> <p>The policy contains all the necessary terms. Therefore it is clarity not completeness which needs to be addressed. In contract collective investment schemes find key terms in the trust deed and other agreements which are not immediately available or written for the consumer audience.</p> <p>Misrepresentation may become an issue when attempting to summarise key terms in disclosure material. Therefore it is likely the promotional material will heavily replicate the policy.</p> <p>Variability of terms means a prescription of disclosure will be costly.</p> <p>General consumer protection law should address clarity and accuracy of promotional material.</p> <p>Consumer complaints and intermediary regulation should assist. The market should be allowed to operate.</p>
Q45	<p>Agree there's a lack of regulatory consistency &amp; lack of certainty that basic information is being given. However, a prescriptive or complex approach won't help consumers or insurers. Simple and flexible is key.</p> <p>Concerns around the model form. It would be useful summary but is likely to be relied on as comprehensive statement of rights &amp; benefits. This would shift focus away from detailed policy wording. If the model form had detail it would effectively duplicate the policy document.</p> <p>Suggest the following:</p> <ul style="list-style-type: none"> <li>• One document (clear summary at the beginning of customer specific information)</li> <li>• Policy containing a clear statement that the policy must be read and to obtain advice when aspects aren't understood.</li> <li>• Extend the cooling off period.</li> <li>• Require plain English.</li> </ul>
Q46	<p>Advisers mitigate the role due to expertise. Few consumer contact companies direct.</p>
Q46	<p>The proposed framework would be unduly onerous. The ICNZ Fair Insurance Code continues to ensure consumers are informed.</p> <p>Model forms would simply replicate voluntary codes.</p>
Q46	<p>Product disclosure is not the problem. Rather it is:</p> <ul style="list-style-type: none"> <li>• No real measure of the service they are likely to receive at claim time</li> <li>• Some insurers produce poorly designed, legalistic or unclear documentation.</li> </ul>

		<p>To resolve:</p> <ul style="list-style-type: none"> <li>• Produce audited information easily accessible about claims performance. Would provide a real incentive for insurers to improve how they look after their customer.</li> <li>• Legislatively require the contracts be clear, concise &amp; effective. This will reduce the length and complexity of documentation.</li> </ul>
	Q46	No, we do not support a product disclosure regime.
	Q46	Move in the right direction and consultation necessary to assess variances between insurance product classes.
	Q46	No. Mandated product disclosure is not needed.
	Q47	<p>Product disclosure is good in theory but in reality expensive and very difficult to implement.</p> <p>Insurance is a complicated product &amp; how they operate can vary on a case by case basis. Annual variations also arise.</p> <p>Enormous administrative expenses have been passed on to consumers.</p> <p>There is an assumption that consumers have an interest and a level of understanding. A basic disclosure will not contain all the information while a fuller plain language explanation will be of limited use to simple consumers.</p> <p>Nuances of individual products can present difficulties. Also how they are distributed needs to be considered.</p> <p>Non-binding guidance.</p>
	Q47	Does not seem practical – few potential benefits.
	Q47	Costs would be very large for general insurers with limited benefits.
	Q47	No Comment
	Q47	Costs would be high.
	Q47	Costs likely to be minor if kept to essential information and benefits likely to be those identified in the discussion document.