

CASE STUDY:

UNDERSTAND WHAT YOU SIGN

Misunderstanding of a term in an Insurance Application can void coverage for a claim.

Even an honest misunderstanding about the definition of a term in the application can lead to a loss of coverage.

Case:

The consumer applied for travel medical insurance coverage prior to leaving for the winter in the USA. She was assisted in filling out the application, over the telephone, by a representative of the insurance company. The representative went over each question in the application and indicated exactly the amount of premium due.

The form was signed and dated by the consumer and then sent by her to the insurance company with her cheque in the amount of the premium calculated when she filled out the application form. An emergency Travel Health and Accident Policy was issued for the stated coverage for a period of 4 months. While vacationing in the United States the consumer sustained a medical emergency.

The consumer's claim was denied and the policy voided based on the non-compliance of a policy condition. The consumer did not answer a question correctly resulting in the insurer not charging the proper premium.

Resolution:

The case went before the Senior Adjudicator. The Adjudicator concluded that the insurer had the right to deny the claim.

The consumer read and approved the answers when she signed and forwarded the application. Each question could affect the amount of the premium charged, depending on how it was answered. By signing the application, the consumer made each answer on the application "her own words", even though she misunderstood how a complete medical examination was defined in the application and policy.