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Industry Introduces New Process to Assist Life Insurance Consumer

“The Investment Savings and Insurance Association (ISI) has introduced new and improved guidelines to assist consumers who are considering replacing an existing life insurance policy.

“The new guidelines have been introduced to provide increased transparency and disclosure so that life insurance policy owners who are considering replacing an existing policy with a new policy make an informed decision for the right reasons.” said Vance Arkinstall, CEO, ISI.

“Life insurance operates in a highly competitive market which continues to see new developments and innovation to meet the demands of the policy owners. We recognise that it is important that policy owners should have the opportunity to upgrade where a new policy better suited to their needs is available”, Vance Arkinstall said.

“However, replacing an existing policy also contains risks and policy owners who are considering replacing an existing policy need to be aware of the consequences. For example changes in health, leisure activities or occupation may affect your insurability with a new provider. A different policy may offer a lower premium but may not provide the same coverage. The new policy may have new benefits but might also not cover some risks the existing policy covered. When considering a replacement it is essential that professional advice is obtained before making a decision”, said Vance Arkinstall

The new guidelines being introduced by ISI members includes a brochure to assist consumers to understand the advantages and the risks associated with replacements and assist consumers to understand the questions they should ask their adviser. There is also a Replacement Policy – Customer Protection advice designed to assist the customer to understand the information they need to consider before making an informed decision.

The life insurance industry has an excellent record for efficient settlement of claims. We believe over 97% of all claims are settled without a problem. But sadly we do see cases where existing policies have been replaced and several years down the track when a claim arises it is found that the new policy doesn't provide the cover expected. In a number of these cases if the original policy had continued the claim would have been settled without question.

“The new ISI guidelines will support the many advisers who provide excellent professional service and will also assist consumers to understand the issues and information they are entitled to receive when considering a change.” Mr Arkinstall said.

For further information contact:
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