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FINANCIAL STRATEGISTS



# DO LIFE INSURERS REALLY PAY CLAIMS?

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There's a common perception that life insurance companies will do everything they can to avoid paying claims.

In fact, 92% of all life insurance claims are paid in the first instance<sup>1</sup>.

As long as you fulfil your duty of disclosure when you apply for cover, and you're covered for the medical condition you're claiming for, you should be confident your claim will be paid.

1. <https://asic.gov.au/about-asic/news-centre/find-a-media-release/2019-releases/19-070mr-apra-and-asic-publish-world-leading-life-insurance-data>

### **Will I still be covered if my health changes?**

Once you start your cover, what you are covered under your life insurance for won't change – even if your health deteriorates.

In fact, you don't even need to tell your insurer about a change in your health unless you intend to make a claim.

### **Why are some claims declined?**

The main reasons life insurers decline a small percentage of claims are:

- claims outside the policy definitions
- claims are specifically excluded from the customer's policy (e.g. due to pre-existing medical conditions)
- non-disclosure of a pre-existing medical condition. In this case, the insurer will generally take into account what that condition was, what cover they would've offered if they knew about that condition, and whether that condition is related to the claim.
- fraudulent claims.

### **Want to know more?**

If you'd like to discuss any of the content in this article and how it may apply to you, please call me on 04 55 66 88 06.