



Case study: Health Insurance

REJECTION OF INSURANCE CLAIM

Themes: medical insurance, exclusion clauses, independent expert report, FSP liability for extraordinary CIFO investigation costs

This complaint relates to a mother's claim for cover of medical expenses for her son's eye condition which was rejected by her private medical insurance company.

In December 2015, the complainant's 2½ year-old son was diagnosed with accommodative esotropia (squint) in his left eye. In July 2016, the insurance company rejected the complainant's claim to cover the medical expenses for her son's treatment on the basis that his illness was "congenital". The insurance company defined "congenital" to be a "condition recognised at birth, or that it is believed to have been present since birth even if not immediately evident at the time of birth, whether inherited or caused by an environmental factor".

In order to investigate the insurance company's findings, CIFO hired an independent medical expert in ophthalmology. The independent expert concluded that the child's condition was not congenital as it was not present at birth and would not have been detectable, even had there been any screenings done at birth. The independent expert also considered the definition of the word "developmental" in the company's policy rules. He argued that the word was being misused and wrote: "if a child develops any illness or disease at any point after being born, it is (by definition) not in keeping with normal development. The definition can therefore be (inappropriately) applied to include anything that develops". In the final decision from the Ombudsman, it was also noted that the company's use of the word "belief" (as per the definition of congenital above) was inappropriate in the circumstances. It was evident that the company had based its belief of the congenital aspect of the condition on Google searches, which was found to be inappropriate.

The insurance company was therefore required to pay for the medical expenses in relation to the child's condition and to pay compensation for stress and inconvenience caused to the complainant and her family. The total amount payable was £2,995.55. For the first time since its inception, CIFO also recognised that an insurance company's conduct throughout the investigation had been such that CIFO had to incur additional costs, namely the engagement of an independent medical expert and of a UK Ombudsman insurance specialist. The Ombudsman concluded that in accordance with article 17(1)(a) of the Financial Services Ombudsman (Jersey) Law 2014, the insurance company was also required to reimburse the incremental costs CIFO incurred in resolving this complaint, which amounted to £3,425.

The insurance company was therefore ordered to pay a total amount of £6,420.55.