



Case Study: Health Insurance

CLAIM REJECTED FOR MEDICAL ISSUE

Themes: Moratorium clause; pre-existing condition; claim rejection

The complaint relates to the rejection of a health insurance claim, due to a pre-existing health condition.

In July 2016 Mr B took out a medical insurance policy. The policy had a “moratorium underwriting clause” meaning it was not necessary for the complainant to complete a medical declaration form when applying. This was because the insurance policy would exclude all pre-existing medical conditions for a period of 60 months (5 years) prior to cover.

In June 2017 Mr B visited his doctor with chest pains believing it was indigestion. He was referred to a specialist at a chest pain clinic for a scan. The scan revealed that Mr B had “reversible ischaemia” and would require further testing.

Mr B’s doctor wrote to the specialist confirming Mr B’s symptoms were not a pre-existing condition and requested that any further tests be performed under Mr B’s private health care policy. Mr B received no response from the insurers. Subsequently, Mr B advised the insurers that tests were being covered by the National Health Service (NHS) and asked what the process would be to switch these to be covered by his private health care. Mr B again received no response.

In August 2017 Mr B again contacted the health care insurers and this time the insurers responded but rejected his claim. The insurers stated the rejection was because Mr B’s cardiac problems existed before the policy started. Mr B’s doctor wrote to the health insurers confirming that no pre-existing condition was present, but the insurers still rejected the claim.

In October 2017 Mr B had a triple bypass operation through the NHS. He then made a complaint to the insurance company and received a final response rejecting his complaint.

Mr B complained to CIFO who obtained the opinion of an independent medical expert. The independent medical expert confirmed that Mr B’s condition had not been pre-existing. Based upon this opinion, CIFO upheld the complaint in favour of Mr B and awarded compensation of £7,695. As the medical treatment had been covered by the NHS, Mr B had received no benefit from the policy that he had paid for, so compensation of £8,054 covered Mr B’s policy premiums from inception of the policy, nominal costs of £200 that Mr B had to pay associated with his NHS treatment, and a distress and inconvenience payment of £3,000 due to the significant impact the poor handling this matter had on Mr B. CIFO also claimed reimbursement of £2,492 for the cost of the independent expert engaged to assist the office in reviewing this matter.