



Case study: Insurance

HEALTH INSURANCE CLAIM REJECTED AS COVID PANDEMIC NOT COVERED

Themes: Claim rejection; Covid-19; terms and conditions; incorrect financial ombudsman referral

An insured objected to a health insurance claim rejection for a Covid-19 diagnosis as the insurance provider advised that pandemics were not covered by the complainant's insurance policy.

In March 2020, Mrs G contracted Covid-19 and was admitted to hospital on an emergency basis with the costs covered by local public healthcare. In April 2020, Mrs G made a health insurance claim for the period of time that she was in hospital, as her policy allowed for a 'hospital cash benefit' if Mrs G was admitted to hospital under public healthcare as opposed to private healthcare. Mrs G's claim was rejected by her insurance provider.

Mrs G complained to her insurance provider who advised that the claim was rejected as they did not pay for treatment arising from any disease or illness which was considered to be a pandemic and the World Health Organisation had declared Covid-19 to be a pandemic prior to Mrs G's admission to hospital. The insurance company did offer to reduce Mrs G's monthly premiums by a third for a period of three months, but Mrs G declined the offer and advised that she would not be renewing her health insurance policy. The insurance provider's final response letter to Mrs G referred her to the UK Financial Ombudsman Service (UK FOS) if she remained dissatisfied. Mrs G made a complaint to UK FOS, but they were not able to consider her complaint as it did not fall within their jurisdiction. UK FOS referred Mrs G to CIFO.

Mrs G complained to CIFO claiming that her insurance provider should have made their terms and conditions clearer in respect of Covid-19 and that they had referred her to the wrong financial ombudsman, causing her a great deal of inconvenience and wasted time.

CIFO investigated and noted that Mrs G's health insurance policy's terms and conditions did exclude costs for the treatment of a disease or illness considered to be an epidemic or pandemic. The health insurance policy's terms and conditions also stated that an emergency admission to hospital would only be covered if the treatment itself was eligible under the terms of cover. Since the pandemic was not covered, the emergency hospital admission would also have been excluded. On this basis CIFO concluded that the insurance company's decision to reject Mrs G's health insurance claim was reasonable and in accordance with the insurance policy's terms and conditions.

CIFO did though note that Mrs G was directed to refer her complaint to the wrong financial ombudsman which significantly delayed her complaint being considered. CIFO therefore recommended the insurance company pay £150 to Mrs G for the inconvenience she suffered as a result.