



Case study: Insurance

INCREASE IN PET INSURANCE PREMIUMS LEADS COMPLAINANT TO QUESTION POLICY

Themes: Pet insurance; lifetime cover; insurance broker; insurance premiums; missing documentation.

This complaint relates to an insurance broker that provided a pet insurance policy. The complainant believed that the policy premium would stay the same for the life of the policy.

In 2016, Mrs B went to a local insurance company to obtain pet insurance. The local insurance company acted as an insurance broker and provided Mrs B with a pet insurance policy from a UK pet insurance provider. Mrs B believed she had completed the pet insurance application form for lifetime cover with a confirmation that the premiums would be set at a specific, higher fee that would be paid for the duration of the policy, meaning there would be no increase to Mrs B's pet insurance premiums. However, the insurance premiums increased over the course of the policy and in 2022, Mrs B queried the increase directly with the UK insurance provider.

After several weeks, they confirmed that Mrs B would need to contact the local insurance broker who had initially sold Mrs B the policy. Mrs B contacted the local insurance broker who confirmed they no longer dealt with pet insurance and that they could not locate a copy of her completed application form for the pet insurance policy as they did not retain this data. Mrs B referred her complaint to CIFO requesting that the insurance premiums Mrs B had paid to date be refunded.

CIFO investigated and noted that Mrs B's insurance broker could not locate Mrs B's completed pet insurance application but noted that the options available to Mrs B when she took out the policy were for an annual policy which would renew every year and would exclude new medical conditions upon renewal, or a lifetime policy which meant that any medical conditions the pet had through the course of the policy would be covered; the cost of both policies would increase over time. CIFO concluded that the pet insurance policy was suitable for Mrs B's requirements and had been charged correctly for the insurance Mrs B had received to date. However, CIFO noted that the local insurance broker had not clearly explained the terms of Mrs B's pet insurance policy. Therefore, CIFO upheld the complaint and recommended the insurance broker compensate Mrs B £100 for not clearly explaining the pet insurance policy terms of the lifetime cover but did not think that it would be fair and reasonable to expect the insurance broker to compensate Mrs B for the premiums she had paid over the course of the policy.