

"ICB Connect" is a periodic publication issued by the Insurance Complaints Bureau which presents our latest news/updates and a snapshot of statistical figures. It also highlights the latest complaint trends and emerging topical issues.



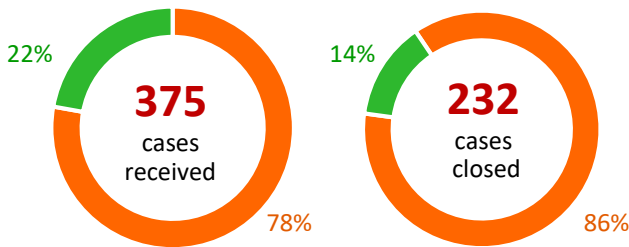
Insurance Authority (IA) refers claim-related complaints to ICB

ICB has entered into a Memorandum of Understanding (MoU) with IA. Starting from 1 Nov 2021, if a complainant submits a complaint to IA disputing the non-payment of a claim, either in part or in whole, under a personal insurance contract, where the complaint is within the terms of reference of ICB, IA will refer the complaint to ICB for handling. The MoU is a firm recognition of ICB's efficient operation and great achievement over the past decades. Looking ahead, we are dedicated to continuing our efforts to protect the legitimate rights of individual policyholders and at the same time, help improve public confidence in insurance.



Statistics Snapshot Jan to Sep 2021

Claim related
Non-claim related



57 cases were mutually settled or awarded by the Complaints Panel

Total Settlement Amount:
HK\$6.4 million

83% of cases were completed within 6 months

Closed cases

Claim related

For 2020 statistics, please [click here](#).

Non-claim related

By types of policies (top categories only)



58.5%
Hospital/
Medical



22%
Life/Critical
Illness



7.5%
Accident/
Disability



7%
Travel



75%
Life/Critical
Illness



9.5%
Hospital/
Medical



9.5%
Accident/
Disability

By nature of complaints (top categories only)



35.5%
Application of
policy terms



25%
Non-
disclosure



22%
Excluded
items



14.5%
Amount of
indemnity



50%
Contractual
matters



28%
Operational
issues



9.5%
Policy
returns

Outcome



47.5%
No *prima*
facie cases*



25.5%
Mutual
settlement



12.5%
Upheld
insurer's
decision



11.5%
Complaints
withdrawn



2%
Claims
awarded



1%
Ex-gratia
payment
suggested



53%
No *prima*
facie cases*



25%
Complaints
withdrawn



19%
Mutual
settlement



3%
No agreement
reached at
mediation

* Please refer to page 2 for "no prima facie cases".



Topical Issues

Guarantee of Payment = peace of mind ??

Hospitalisation policies with Guarantee of Payment (GOP) feature have become increasingly popular in recent years. A GOP is an assurance of payment offered by insurers to designated medical facilities confirming that they will settle the hospital bill on behalf of a patient. A GOP gives policyholders peace of mind as they do not need to worry about the hefty financial burden upon admission.

To arrange for a GOP, a policyholder should submit a pre-authorization form with information on the treatment and the estimated cost. The insurer will then assess the information and issue a GOP letter with the guaranteed pre-approved limit if the pre-authorization application is successful. Upon hospital discharge, the insurer will pay all eligible medical expenses incurred within the pre-approved limit directly with the hospital. Policyholders are required to settle any shortfall arising from those medical expenses exceeding the payable amount under eligible benefits or items not covered under the policy.

ICB noted from a number of recent complaints that policyholders were dissatisfied with the large shortfall amount requested to be settled by the insurers after hospital discharge even though their hospital bills did not exceed much the guaranteed pre-approved amount stated in the GOP letters. Our study of the cases revealed that the insurers had ignored the plan types or details taken out by the insureds when determined the pre-approved limit. It appears that the overall pre-approved limit had far exceeded the eligible compensation which the insureds could be entitled to under their medical plans.

In one extreme case, the insurer agreed to a guaranteed amount of HK\$62,000 in respect of the insured's 2-day confinement for breast lump excision. The final hospital bill turned out to be HK\$63,500. The insured expected to pay a

shortfall of only HK\$1,500. She was extremely shocked to receive a shortfall notice for an amount as high as HK\$33,500 two months after being discharged from hospital. According to the insurer, breast lump excision is categorised as an intermediate operation. The maximum benefit which the insured was entitled to under her medical plan would be HK\$30,000, comprising of:

- room & board fee - HK\$1,440
- surgical fee (intermediate) - HK\$8,600
- anesthetist's fee (intermediate) - HK\$3,010
- operating theatre fee (intermediate) - HK\$3,010
- hospital services fee - HK\$12,500
- doctor's visit fee - HK\$1,440

Obviously, the pre-approved guaranteed limit was greatly exaggerated. Many insureds, as laymen, may not be very clear of the policy coverage and the benefit limit they are entitled to under different scenarios. Whilst it is understandable that the issuance of GOP letters by insurers shall not be deemed as admission of their liability to pay under the policy and that the final claim should be determined according to the items in the hospital bills, there remains room for insurers to make improvement in order to bring real peace of mind to policyholders.

Message to insurers:

- ✓ offer realistic figures in line with the coverage and benefit limit of the selected plan when determining the guaranteed limit
- ✓ ensure accuracy of promotional materials

Message to consumers:

- ✓ examine the plan purchased and the respective coverage and benefit limit
- ✓ consult insurers or insurance intermediaries if in doubt