

ICB Connect — a 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.



Signing of Quadripartite Memorandum of Understanding on Insurance Dispute Resolution Mechanism among Guangdong, Hong Kong, Macau and Shenzhen

ICB Chairman, Dr Pamela Chan Wong Shui, BBS, JP, attended the signing ceremony held in Guangzhou on 29 June 2023 and signed the Quadripartite Memorandum of Understanding (MoU) on Insurance Dispute Resolution Mechanism with other three parties, including Guangdong Zhenghe Banking and Insurance Consumer Rights Protection Centre (廣東正和銀行業保險業消費者權益保護中心), Macau World Trade Center Arbitration Center (澳門世界貿易中心仲裁中心) and Shenzhen Municipal Insurance Consumer Rights Service Center (深圳市保險消費者權益服務中心).

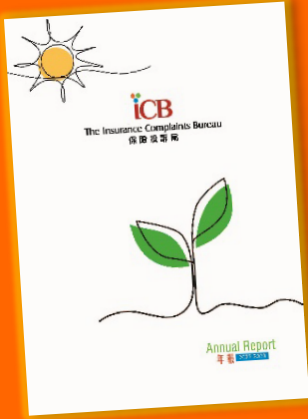
“Strengthening connectivity within the Guangdong-Hong Kong-Macao Greater Bay Area” has become an important topic at the Joint Meeting of Insurance Regulators of Guangdong, Hong Kong, Macao and Shenzhen since 2022. The MoU was initiated by the Guangdong China Banking and Insurance Regulatory Commission, with an aim to advocate collaboration among the quadripartite on consumer protection and insurance dispute resolution and creation of mutually recognized avenues for settling insurance disputes across the Greater Bay Area for better protection of public interest.

A brief summary of the MoU includes:

- to establish a joint platform to strengthen work exchange and communication in resolving insurance disputes;
- to formulate cross-border insurance disputes referral mechanism;
- to study the feasibility of joint mediation mechanism for cross border insurance disputes on the premise that local laws and regulations are met; and
- to develop cross-border consumer education for insuring public.

Following the signing ceremony was a symposium for exchange of views and latest updates on insurance disputes handling among the four insurance regulators and relevant insurance disputes resolution organizations. There was also an in-depth discussion on how to implement and enhance cooperation on cross-boundary insurance disputes resolution.





Release of ICB Annual Report 2022/2023

The latest *ICB Annual Report 2022/2023* has been released lately and can be downloaded from our website. You may also [click here](#) or scan the QR code on the right for a glance.

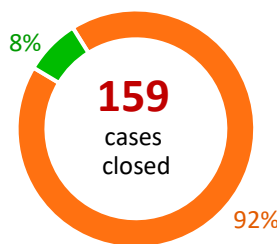
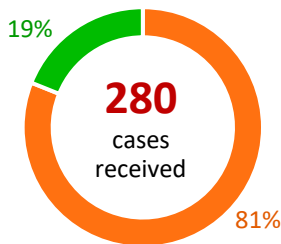
The *Annual Report* gives a detailed statistic of cases received and closed in 2022, as well as typical cases deliberated by the Insurance Claims Complaints Panel during the period and the rationale behind its decision.

Hope you enjoy reading it!



Statistics Snapshot Jan to May 2023

■ Claim related
■ Non-claim related



37 cases were mutually settled or awarded by the Complaints Panel

Total Settlement Amount
HK\$2.48 million

86% of cases were completed within 6 months

Closed cases

Claim related

Non-claim related

By types of policies (main categories only)



58.5%

Hospital/
Medical



21%

Life/Critical
Illness



9%

Travel



6%

Accident/
Disability



92%

Life/Critical
Illness



8%

Fire/
Household

By nature of complaints (main categories only)



55%

Application of
policy terms



18%

Excluded
items



17%

Non-disclosure



8%

Amount of
indemnity



42%

Contractual
matters



33%

Operational
issues

Outcome (main categories only)



51%

No *prima facie*
cases



22.5%

Mutual
settlement



12%

Upheld insurer's
decision



3%

Claims awarded/
Ex-gratia payment
suggested



67%

No *prima facie*
cases



17%

Mutual
settlement



Non-Disclosure in insurance



Insurance contracts are established based on trust to transfer risks from the insureds to the insurers. The doctrine of Utmost Good Faith is a principle used in insurance contracts, legally obliging all parties to disclose material or important facts in full and honesty.

Under the duty of disclosure, an insured applying for insurance must disclose to the insurer all material information in relation to the risk. Non-disclosure occurs when an applicant for an insurance policy fails to disclose material facts within his/her actual or presumed knowledge.

Over the years, ICB has received plenty of cases involving claims which were declined by insurers on the grounds of material non-disclosure. Our review of these cases revealed that many insureds ignore their obligation to disclose in full and provide honest answers to all the questions in the application form.

Whilst the majority of the non-disclosure disputes relates to the medical history of the insureds, the reasons for not declaring past health information vary. Some indicated that they had forgotten the former ailments; some believed that the health information was not significant; some considered that they had recovered from the illnesses and there was no need to disclose, and some claimed that they had told the insurance agents of the past health history, but the agents did not fill such information in the application form.

It is important to note that not all kinds of information are required to be disclosed. An

applicant for an insurance policy is only required to disclose information that is “material” to the risk. A “material” fact is an information which is relevant and important for the insurer to consider when assessing the risk and to decide whether or not to take the risk and to determine the premium and terms of the insurance policy.

Material non-disclosure has serious consequences. If the non-disclosed information is vital enough to have affected the underwriting decision of the insurer, it may be legitimate for the insurer to decline a claim (and even repudiate the policy) even though the non-disclosed information is not related to the current illness or injury.

One should also bear in mind that material information is not only restricted to medical records. Other information such as past claims history, smoking and drinking habits, occupation, driving offences, number of policies in force and the relevant coverage amount, may also affect the underwriting decision of an insurer.

All questions and information requested in an application form is presumed to be material for the purpose of entering into an insurance contract. Given the drastic consequences a material non-disclosure may bring, it is essential that an insured applying for an insurance policy should answer all the questions in the application form fully, accurately and honestly. If an insured has any uncertainty as to whether or not to disclose a particular piece of information, it is recommended to err on the side of caution and disclose it.



Message to insurers:

- ✓ provide appropriate training to insurance agents on how to assist policyholders to declare material information in an insurance application
- ✓ remind and educate policyholders of the duty of disclosure, its importance and consequences



Message to consumers:

- ✓ answer all the questions in the application form as fully and as honestly as possible
- ✓ think carefully before giving an answer
- ✓ if in doubt as to whether or not a fact is material, better to disclose it