



Importance of full disclosure – Momentum shares responses to social media questions on repudiated claim

Momentum experienced a high level of negative media exposure over the weekend, based on our decision to repudiate a claim on the basis of material non-disclosure. We responded with a media statement that is available on our website and also provide the following answers to the most prominent questions raised on social media.

1. *What happened in this case?*

The late Mr Ganas applied for cover in August 2014 and passed away in March 2017. When Mr Ganas applied for cover, the information he provided in his application indicated no medical concerns. More specifically, on the question relating to whether he, at that time or ever before, suffered from “Raised blood sugar” he answered “No”. Based on the information he provided to this and his other medical questions, we did not request additional information or investigation.

At the time of the claim, which occurred within 3 years of issuing the policy, it is standard procedure that we should verify medical information provided at application stage. We received additional evidence that he was tested multiple times for blood sugar levels, with the last time as recent as two weeks prior to his application for Momentum cover. The results of these tests consistently indicated abnormally high blood sugar levels. Had we been aware of these elevated blood sugar levels, we would not have offered cover.

2. *Is Momentum paying back the premiums?*

Yes, we are paying back all premiums.

3. *When did Momentum become aware of the material non-disclosure?*

Momentum only became aware of Mr Ganas’s non-disclosure of his pre-existing medical condition following his death. This was part of a standard industry procedure to verify medical information provided at application stage.

At the start of a policy, we rely on the quality and truthfulness of information provided and unfortunately, in this case, the client did not disclose material medical information.

What was not disclosed was the fact that he was tested for this condition multiple times. The most recent test was within the 2 weeks prior to filling out the application.

4. *Why is the late Mr Ganas’s family being punished for a condition that he might not have known he had?*

We are truly sorry for the tragic death of Mr Ganas and his family’s loss. Based on the medical information that has become available to us after his death, it is clear that the client was aware of the pre-existing condition.

The reality is that insurance has a strict requirement for full disclosure as a fundamental principle. Had this information been known at the point of application we would not have entered into the contract.

5. *How was the information about the pre-existing condition obtained?*

The information was gathered from Mr Ganas's previous medical records as part of the standard claims process which involves verifying information provided at application stage. Consent to obtain this information is included in the terms and conditions accepted at application stage.

6. *Why decline the claim if death was not related to the pre-existing condition?*

There is a common misperception that non-disclosed medical conditions must be linked to the claim event in order for the insurer to be able to repudiate.

If a client has not acted in good faith, we reassess the matter in an objective manner in the interest of fairness to all our clients. If this is not done, we indirectly encourage the practice of non-disclosure. This will in turn result in a worsening claims experience which would ultimately increase the premiums of all our clients.

Our focus remains on upfront underwriting to provide certainty to clients who act in good faith.

7. *Will the client be required to pay back the initial R50 000 payout?*

In this case we made a business decision to waive the requirement for a repayment of the R50 000.

8. *Should I be concerned about my life cover with Momentum?*

We have a proud history of paying all valid claims and this is supported by us having paid more than R42 billion in claims over the past 15 years. In 2017 alone we have paid more than R3.7 billion in claims and have repudiated less than 0.4% of the number of claims we received - below that of the industry standard. Therefore, if you, as the vast majority of our clients have answered the questions on the application form truthfully, you should have no reason for concern.

9. *How is my life cover impacted if my health changes following my application?*

If you develop any medical condition that you were unaware of, or which didn't exist at the time of taking out the policy, you will be covered. This is exactly the purpose of life insurance - to cover you for these events.

If you find out later that you have a condition or if your health deteriorates, you are not obliged to notify the insurer regarding the existing policy, but will have to notify the insurer if you take up additional cover.

10. *Are clients made aware of the importance of disclosure?*

The adviser should make all clients aware of the importance of disclosure.

Our application form asks the insured if truthful responses have been given and relies on the honesty of the applicant.

11. *Do all policy applications require a full medical?*

Not all applications immediately require a medical. Based on these responses we may decide to ask for specific medicals.

We rely on the client to answer all questions with regards to their health truthfully, in good faith and to the best of their knowledge in order to make an underwriting decision. In many instances we are able to make an accurate assessment of risk by only considering the information disclosed on the application form and by obtaining a negative HIV test.