

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS INSURANCE SECTOR

Cover-More Group

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Dr LEIGH: What's your ideal rejection rate for the industry? Right now, if someone puts in a claim, they roll the dice. If it comes up six, the claim gets rejected. That seems a pretty problematic situation. What rejection rate do you think the industry should be aiming towards? Presumably, zero isn't feasible. What's the ideal?

Ms Crompton: You're right; zero isn't feasible. Our views on that would be commercially sensitive, and I would like to provide that on notice.

CHAIR: I'm sorry, does 'commercially sensitive' mean that you want to provide it on notice in confidence or confidentially or—

Ms Crompton: Yes, in confidence.

Answer: Cover-More aims to have as low a denial rate as possible. However, we do not prevent policyholders submitting a claim even if the claim is not valid in terms of the policy coverage.

Examples of situations which are outside policy coverage are cancelling a trip due to missing a flight as a result of presenting at the airport on the wrong day, neglecting to apply for a visa for the country of destination, and a change of mind about travelling.

While these situations are not covered by the policy, Cover-More nonetheless receives claims on these grounds, which are subsequently denied. This is the reason a denial rate of zero is infeasible.