**Equity**

*Funeral benefit claim rejected on grounds of late submission – equity - over much of this period at issue policyholder hospitalised and receiving medical attention.*

## Background

Mrs G had a funeral benefit policy containing a provision that any claim must be made within 12 months of the date of death of the deceased insured person. Her daughter, who was a life insured under the policy, died in a motor vehicle accident in January 2010 and during November 2011 Mrs G submitted a claim for her death.

The insurer declined to pay the benefit, firstly because the claim was not submitted within the stipulated 12 months, and secondly because the benefit covering Miss G had expired a year prior to the submission of the claim so that the insurer therefore no longer carried a liability in respect of Miss G. At no stage did the insurer suggest, however, that it would suffer prejudice by paying the claim.

## Discussion

We asked the complainant what the reason was for the late submission of the claim and she explained that it was because she had been admitted to hospital with depression and major psychiatric illness that she suffered from the moment she heard of her daughter's gruesome death, and she furnished medical reports in support of this. Copies of the medical reports were sent to the insurer, but they were not prepared to meet the claim, stating -

> "*We acknowledge the latest submission from Mrs G but advise that this does not alter the decision.*
>
> *The medical records state that Mrs G was first admitted for depression in January 2010. The report does not indicate how long her admission was. She was again admitted in September 2010, but again, the report does not indicate a date of discharge. The reports do show that Mrs G had depressed mood, depressed energy, poor appetite, insomnia, poor concentration and forgetfulness. These feelings are understandable in view of the tragic losses suffered by Mrs G.*
>
> *However, despite the loss of her daughter in January, when her husband passed away in August 2010, she still had the presence of mind to submit a claim for his*

*funeral costs. This claim was paid. She also did not react to the notification of the expiry of cover with respect to her daughter which was sent in October 2010.*

*Her claim in respect of her daughter was only submitted in October 2011, a full year after the expiry of the cover, and almost two years after the death of her daughter. The policy is very clear on the notification period.*

*Unfortunately our decision to decline remains*."

More medical records were received and provided to the insurer, but they were still not prepared to change their decision, stating -

"*We refer to previous correspondence and the latest submission form Mrs G and advise that our decision remains the same. The latest submission from Mrs G is not new information albeit slightly more detailed.*

*We acknowledge that Mrs G was ill during 2010 and in fact was indisposed for almost 3 months in that year. We do not deny and have never disputed her illness. However, Mrs G's illness is not the issue.*

*The particular policy is a funeral policy. One of the conditions of the policy is that claims are submitted within 12 months of the death of the insured. This was not done and almost two years after the death of the insured a claim was submitted. At this stage, not only was the death claim outside the prescribed submission period, but the benefit had expired 12 months prior to the submission of the claim.*

*In addition to the abovementioned contractual provisions which support our decline of the claim, in our opinion there were two instances apart from the actual claim event which should have triggered submission of a claim. The first instance was when she submitted a claim in respect of her spouse, and the second instance was on receipt of the benefit expiry date notification*."

## Assessment

This case was referred to an adjudicators' meeting for consideration.

On the available evidence it appeared that Mrs G had been treated in a hospital for depression and major psychiatric illness, consequences which were quite understandable in light of the loss that she suffered. In our view this was a reasonable explanation for the delay.

The meeting noted the insurer's contentions regarding the two instances which might have triggered submission of a claim, being when she submitted a claim in respect of her spouse, and on alleged receipt of the benefit expiry date notification. The meeting was of the view, however, that given the circumstances

at the time the submission of a claim in respect of her late spouse would not necessarily have served as a trigger to submit a claim in respect of her late daughter. As to the expiry date notification, Mrs G explained that at the time that it was mailed to her, she was still in fact in hospital with her depression and major psychiatric illness and that she therefore never received it.

As to the insurer's second ground the meeting took the view that it may have been that the benefit covering Miss G was not in force at the time that the claim was submitted. It had certainly been in force at the time of her death, however, and it was only this that was relevant.

The office is enjoined in terms of Rule 1.2.4 to ensure that due weight is accorded to considerations of equity. In the light of the above considerations the unanimous view of the meeting was that the circumstances of the case warranted the exercise by the office of its equity jurisdiction in favour of the complainant.

A provisional determination was made that the claim should be paid.

## Result

The insurer accepted our provisional determination and settled the claim.

**HE**
**February 2013**

**Late Submission of Claims**

*Funeral benefit claim rejected on grounds of late submission – equity - over much of this period at issue policyholder hospitalised and receiving medical attention.*

## Background

Mrs G had a funeral benefit policy containing a provision that any claim must be made within 12 months of the date of death of the deceased insured person. Her daughter, who was a life insured under the policy, died in a motor vehicle accident in January 2010 and during November 2011 Mrs G submitted a claim for her death.

The insurer declined to pay the benefit, firstly because the claim was not submitted within the stipulated 12 months, and secondly because the benefit covering Miss G had expired a year prior to the submission of the claim so that the insurer therefore no longer carried a liability in respect of Miss G. At no stage did the insurer suggest, however, that it would suffer prejudice by paying the claim.

## Discussion

We asked the complainant what the reason was for the late submission of the claim and she explained that it was because she had been admitted to hospital with depression and major psychiatric illness that she suffered from the moment she heard of her daughter's gruesome death, and she furnished medical reports in support of this. Copies of the medical reports were sent to the insurer, but they were not prepared to meet the claim, stating -

> "*We acknowledge the latest submission from Mrs G but advise that this does not alter the decision.*
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> *The medical records state that Mrs G was first admitted for depression in January 2010. The report does not indicate how long her admission was. She was again admitted in September 2010, but again, the report does not indicate a date of discharge. The reports do show that Mrs G had depressed mood, depressed energy, poor appetite, insomnia, poor concentration and forgetfulness. These feelings are understandable in view of the tragic losses suffered by Mrs G.*
>
> *However, despite the loss of her daughter in January, when her husband passed*

*away in August 2010, she still had the presence of mind to submit a claim for his funeral costs. This claim was paid. She also did not react to the notification of the expiry of cover with respect to her daughter which was sent in October 2010.*

*Her claim in respect of her daughter was only submitted in October 2011, a full year after the expiry of the cover, and almost two years after the death of her daughter. The policy is very clear on the notification period.*

*Unfortunately our decision to decline remains*."

More medical records were received and provided to the insurer, but they were still not prepared to change their decision, stating -

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A provisional determination was made that the claim should be paid.

**Result**

The insurer accepted our provisional determination and settled the claim.

**HE**
**February 2013**

**CR336**

**Funeral Insurance**

*Funeral benefit claim rejected on grounds of late submission – equity - over much of this period at issue policyholder hospitalised and receiving medical attention.*

## Background

Mrs G had a funeral benefit policy containing a provision that any claim must be made within 12 months of the date of death of the deceased insured person. Her daughter, who was a life insured under the policy, died in a motor vehicle accident in January 2010 and during November 2011 Mrs G submitted a claim for her death.

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**HE**
**February 2013**