

## SUBMISSION ON POLICY ISSUES RAISED IN ROUND 6

**Submitted By:** Peter Razos

**Email:** [REDACTED]

**Phone Number:** [REDACTED]

**Submission for:** My Self

**Name of other person, business or organisation:**

**Do you agree to your submission being published:** Yes

**Do you agree to your full name being published:** Yes

**Your submission:**

[REDACTED] May 1999.

To Whom May Concern.

In October 2018 [REDACTED] addressed my enquiry in relation to the Indexation Benefit.

**INDEXATION BENEFIT:**

On each policy anniversary date, we will increase the monthly benefit by the Lesser of the Indexation Factor and 7.5% unless you request us to no to.

An Indexed increase under this condition will become effective while you are receiving benefit's.

However, depending on what the benefits you have selected on this policy, you are entitled to an Increase Claim Benefit.

Your premium will be increased to take into account the increase monthly benefit.

**ORIGINAL POLICY WORDING:**

If you have continued to receive benefits for more than 12 months , we will increase the Monthly Benefit by the Lesser of the Indexation Factor AND 7.5% On Each policy anniversary date unless you request not to.

**CURRENT POLICY WORDING:**

If you have continued to receive benefits for more than 12 months, we will increase the monthly benefit by the indexation factor on each of the anniversary of the date when benefits started to accrue.

Based On policy definition applicable to My Policy, increase claim benefits should have been calculated by the Lesser of the indexation factor AND 7.5%. It appears this benefit has been calculated by the indexation factor only.

This Particular Policy; Increasing Claim Benefits; has been changed approx 6 times over the Last 20 Years.

For your reference, provided below is the policy extract in relation to [REDACTED] 'GUARANTEE OF UPGRADE'.

Future versions of this product may be introduced. If this happens your Policy maybe Automatically upgraded tot he new contract within a reasonable time frame (Generally on the next Policy Anniversary Date) But only if you will not be disadvantage by any terms and conditions of the New Policy.

Any pre-existing conditions at the time improvement is offered may be excluded from being eligible for payment underany improved conditions.

[REDACTED] response is set out Below;

Dear Mr Razos,

I refer to your complaint under reference FP-904C, regarding your Increasing Claim Option under your Income Care Policy [REDACTED] the Policy). Please accept my apology for the time taken to finalise your complaint.

**Your complaint**

You have advised you are unhappy that the 7.5% increase did not apply to your monthly benefit as stated in the May 1999 Product Disclosure Statement (PDS)

Please find below a short summary of my findings.

**My Review**

On the original document provided in 2000, Increasing claim benefit (optional) reads as follows:

*"If you have continued to receive benefits for more than 12 months, we will increase the Monthly Benefit by the lesser of the Indexation Factor and 7.5% on each anniversary of the date when benefits first started to accrue."*

We ask you to refer to Point no. 3.4 on page 11 of the policy document which defines the Indexation Benefit:

*"On each Policy Anniversary Date, we will increase the Monthly Benefit by the greater of the Indexation Factor and 3%, unless you request us not to."*

An indexed increase under this condition will not become effective while you are receiving benefits. Indexation increases will only become effective once benefit payments have ceased. However, depending on what benefits you have selected on this Policy, you may be entitled to an Increasing Claim Benefit (please see Page 15)."

Page 15 is the Section 3.18 Increasing Claim Benefit (optional) which you are questioning.

As per this policy document, "Increasing Claim Benefit" confirms that the monthly benefit will increase by the lesser of the indexation factor and 7.5%. What this means is that if the indexation factor declared is greater than 7.5%, the increase will be limited to 7.5%.

With the current upgrade prior to your claim in 2015, if you are eligible to Partial or Total Disability Benefits, the monthly benefit will be increased by the indexation factor on each anniversary of the indexation of the date when the benefits started to accrue.

What this means is that when the Indexation factor is provided, the monthly benefit will be increased by the percentage declared.

I understand this may not be the outcome you desire however, I hope this provides you with some clarity. Thank you for raising your concerns. We have now finalised our review and outcome for your complaint and you have the right to copies of the documents and information we relied on in assessing the complaint. If you request we will provide you (or your doctor, where appropriate) with copies within ten business days, in accordance with the Access to Information section of the Life Insurance Code.

If you are not satisfied with this outcome, you can contact the [REDACTED]'s Customer Advocate for an independent review of your complaint on [REDACTED] (free call Monday to Friday 8.30 am – 5 pm), or [REDACTED] or by writing to Customer Advocate, [REDACTED] Sydney, [REDACTED]

If you are not satisfied with our response, you may lodge a complaint with the following free and independent resolution services:

With the Financial Ombudsman Service (FOS) Australia if lodged before 1 November 2018. You can contact FOS on 1800 367 287, [www.fos.org.au](http://www.fos.org.au), [info@fos.org.au](mailto:info@fos.org.au) or by writing to Financial Ombudsman Service (FOS) Australia, GPO Box 3, Melbourne VIC 3001.

With the Australian Financial Complaints Authority (AFCA) if lodged on or after 1 November 2018. You can contact AFCA on 1800 931 678, [www.afca.org.au](http://www.afca.org.au), [info@afca.org.au](mailto:info@afca.org.au) or by writing to Australian Financial Complaints Authority, GPO Box 3, Melbourne VIC 3001. ■

Time limits may apply to complain to FOS or AFCA and so you should act promptly or otherwise consult the FOS and AFCA websites to find out if or when the time limit relevant to your circumstances expires.

Kind Regards,

[REDACTED]