

ESTATE LATE C.G. WELSH - NRMA LIFE ASSURANCE POLICY NUMBER 1036200

Commissioner

Royal Commission into Insurance Policy questions arising from Round 6

Dear Commissioner,

My name is Rebecca Welsh and I am providing a submission on behalf of myself and 4 of my 5 siblings who are outlined below, with corresponding names and year of birth.

Danielle Welsh 1962

David Welsh 1963

Adrian Welsh 1967

Shane Welsh 1971

Rebecca Welsh 1972

I make this submission with regards to the policy questions arising from Round 6, the questions outlined below in bold.

Life insurance

19.Should life insurers be prevented from denying claims based on the existence of a pre-existing condition that is unrelated to the condition that is the basis for the claim?

20.Should life insurers who seek out medical information for claims handling purposes be required to limit that information to information that is relevant to the claimed condition?

I am the youngest of the six children of Roy(Ted) Edmund Welsh and Carol Gertrude Welsh. Our father Ted died on the 27/6/1983. My mother Carol took out a Life insurance policy on herself with [REDACTED] insurance in early 1983, to cover the outstanding debts on the family home in the event of her death. Following our Father's death in June of 83, my eldest sister Danielle and our mother, discussed the need to take out a further life insurance policy with [REDACTED] Life Assurance to ensure, that in the event anything should happen to our mother, that there would be some financial aid to care for any children that remained who required care and financial support.

The filling in of the forms commenced in the first week of July by Danielle and were completed by my mother shortly thereafter, however the forms were submitted a week or so later at the end of July 1983. The Policy owner was my sister Danielle Welsh. Part of the delay in finalising and the subsequent submission of these forms was due to the fact it was shortly after the death of our father and our Mother's husband and both my sister and Mother were not only grieving but also

juggling multiple balls sorting out the estate and dealing with the daunting reality of providing for 6 children that was at the time facing our Mother.

At the time of completing the forms our Mother and Danielle were not aware of any real medical issues. Our mother had been of sound health other than a gall bladder removed in 1978 but had no major health issues which was declared on the original policy form. My understanding is that she filled out the forms and between finalising the forms and submitting them my mother visited a Dr for a consultation. Our mother Carol then passed away the following year 16/7/1984.

My sister Danielle was named a co executor of our mother's will and guardian of the remaining children. Once again, she was assigned a mammoth task, she was only in her early twenties when our Mother passed, and she was left with her own grieving to deal with but also providing care and housing for 5 other siblings ranging in age from 10-21.

Following the death of our mother the [REDACTED] policy was paid. However, [REDACTED] refused to pay the Life insurance policy [REDACTED] was held in my sister's name. The reason cited was that our mother had sought medical advice and had not declared this on the form.

The family Lawyer at the time, who was co-executor, was Robert Patrick Lloyd of Robert Lloyd & Sons. [REDACTED] were contacted in writing on the following occasion by our lawyer at the 29/10/1984, 20/11/1984, 20/12/1984, 2/4/1985, 22/5/1985.

Danielle completed and signed a statutory declaration on advice from the Lawyer stating the facts surrounding the completion and submission of the forms stating that the forms had been completed prior to any consultations however they had not been submitted instantly (it was a matter of weeks I believe). At the time the Lawyer had said that the policy cancellation could have been fought but this required money which sadly we did not have, and we were not in a position to deal with at the time. Our Lawyer believed she filled the forms in good faith and did not hear from the Dr regarding her illness until well after the forms had been submitted, when she visited the Dr she was not told there and then she was ill, simply that they'd require tests. Our lawyer believed if we had the funds to fight the decision that it was likely the case could have been ruled in our favour.

I have attached any relevant paperwork that we could find.

[REDACTED] subsequently advised that they would not honor the policy and no payment would be made. I believe this was since my mother had visited a Dr before submitting the forms. They ask if you are seeing a medical professional, which at the time she wasn't, she filled out the forms, delayed in submitting them due to grieving and dealing with her husband's estate, then visits a Dr, as she was feeling ill, no doubt unsure if it was illness, or a type of depression or anxiety, brought on from the grief. [REDACTED] simply state she visited the Dr before submitting (literally days) and didn't declare it. To us it seems like using fine print to escape liability. And as you can see, it was not a substantial amount, even for back in the 1980's, but it was substantial enough to alleviate the financial troubles at a time when needed most, the reason for the policy to begin with.

The subsequent result of the policy not being awarded meant that my eldest sister had to burden the full financial cost of providing home and care for the remaining children who were still in residence. As you can imagine, if the Life Insurance had been awarded at the time the financial pressure would have been relieved and a very different outcome may have transpired, with the selling of the family home not needing to have occurred and the financial wellbeing of all of us would have been assured.

Being the youngest I was in no position to fight this fight back then. However, with the Royal Commission now investigating the conduct of Insurance companies I feel it is important to tell what transpired and how 6 orphans were treated by a large Insurance company and left without any financial support which their Mother and eldest sister had clearly tried to ensure.

In our view, and in this instance, it is clear why the insurance companies should be prevented from denying claims based on the existence of a pre-existing conditions that are unrelated to the condition that is the basis for said claim. At the time of my mother filling out the forms she had no knowledge of her illness, didn't not in the slightest think she had cancer and the insurance companies, after the fact, are simply using fine print reasoning as a get out of jail card. They are implying that she was aware of her cancer by seeing a Doctor for stomach pain, after she had completed the forms. [REDACTED] conveniently use this as a disclaimer after the fact, trying to imply she knew she had cancer at the time of the form filling. They seemed to have expended much time in attempting to deny the claim first and foremost. Yes, she visited a Dr, was it before the filling out of the form, No. Did she submit the form after she went to the Dr, yes. She was not trying to mislead them and for [REDACTED] to think this was simply fascial, especially given the very small amount of money that she was insured for. One would think, if you're going to try and defraud the [REDACTED] you would do so for more than 40K. Their terminology of "failure to submit a proposal that is true and correct" covers a very broad area, it seems to almost be written in such a way to allow [REDACTED] the ability to wriggle out of anything.

My contact details are [REDACTED]

Regards

Rebecca Welsh

[REDACTED]

PLEASE USE BLOCK LETTERS. Post to nearest branch (see brochure) or District Office.

1036200

A. POLICY OWNER

(a) Full Name: Mr/Ms/Miss ~~WELSH~~ **WELSH** **DANIELLE MARIA** Married? Yes No
 Surname Given Names
 (b) Postal Address: **P.O. Box 312, DICKSON** Postcode **2602**
 (c) Relationship to Life Insured **DAUGHTER** Telephone (Home) **491163** Business **816288**
 (d) Age last Birthday **21**

B. LIFE INSURED

1. (a) Full Name: Mr/Ms/Miss **WELSH** **CAROL GERTRAUDE** Married? Yes No
 Surname Given Names
 (b) Residential Address **168 CASTLETON CRES, GOWRIE** Postcode **2904**
 (c) Sex: Male Female (d) Exact Occupation **PART TIME SALES ASSISTANT**
 (e) Country of Birth **AUSTRALIA** Date of Birth **15/4/43** Age Last Birthday **40**
 (f) Height **5'2"** Weight **53 Kgs** Telephone (Home) **918538** Business **864084**
 2. SUM INSURED: [Minimum \$10,000 / Maximum \$500,000] **50,000** I ENCLOSE PREMIUM FOR FIRST YEAR OF: \$ **300**

3. (a) Have you consulted a doctor for medical or surgical advice or treatment of any ailment, injury or sickness during the past five years? If so, give full details including name and address of any doctor/hospital consulted and dates of treatment. Yes No
blood removed 1978 Wadsw Hospital
- (b) Have you ever had treatment for blood pressure, heart trouble, diabetes, cancer, alcoholism, smoking spells, kidney disease, digestive disease, lung disease, stroke or nervous disorders? If so, give full details including name and address of any doctor consulted and dates of treatment. Yes No
Galt Practice
- (c) Have you ever been charged an extra rate for or refused life accident or sickness insurance or has any such insurance been cancelled? Yes No
If so, give full details
- (d) Have you ever engaged or do you intend to engage in any hazardous occupation, sport or other pursuit? If so, give full details. Yes No
4. Have you flown or do you intend to fly other than as a fare paying passenger on a commercial airline? If so, give full details. Yes No
5. Have you submitted a proposal to NRMMA Life Limited before? If so, give details, including policy numbers where applicable. Yes No
6. Who is a member of NEMA or RACA? Policy owner Life Insured Membership No. **2778034**

NOTE 1: Any information relevant to our risk under the Policy must be disclosed to us before its issue. If there is insufficient space for any answer, write additional details on a separate sheet of paper, date and sign the sheet and enclose it.

NOTE 2: NRMMA Life Insurance is provided in accordance with the terms and conditions of NRMMA Life Limited's Plain English Policy. Unless otherwise agreed, if the Policy Owner is the Life Insured and lives in NSW or the ACT, the policy will be issued on the Register where the Policy Owner lives; in every other case on the ACT Register.

DECLARATION

I/We declare that all the statements and answers given in this proposal are true and correct. I/We agree also that this proposal and declaration shall be the basis of the Policy, if any, which NRMMA Life Limited issues in response to this proposal and declaration.
 I, the Life Insured, authorize any medical practitioner who has been or may be consulted by me to disclose to NRMMA Life Limited any details of my medical condition as it requires. A photostatic copy of this authorisation shall be as valid as the original.

Signature of Policy Owner *Danielle Welsh* Date **21-7-83**
 Signature of Life Insured *C. G. Welsh* Date **21-7-83**

OFFICER ONLY			
REG. BRANCH	AGENTS No.	AGENTS PRELIM No.	DATE (MM)
ACT	2		21-7-83
			112 69 \$120.00

DATE 21-7-83

ROBERT LLOYD & SONS

ROBERT PATRICK LLOYD, LL.B.
FRANCIS DOMINIC LLOYD, LL.M.

SOLICITORS

DX 138 SYDNEY

83 YORK STREET
(NEAR KING STREET)
SYDNEY 2000

TELEPHONE: 29-3442 (3 LINES)

RPL:RH


20th November, 19 84

The Manager,
NRMA Life Limited,
151 Clarence Street,
SYDNEY 2000

Dear Sir,

Re Estate late C.G. Welsh
Policy No. 1036200

We refer to our letter of the 29th October. We should be pleased if you could advise us of the position in respect of this claim as the claimant under the Policy Mrs. Mulea, is responsible for the care of the late Mrs. Welsh's younger children and funds are urgently required for education expenses and their general care and maintenance. Should we be able to do anything do expedite finalisation of the claim we will be happy to assist.

Yours faithfully,
ROBERT LLOYD & SONS
(R.P. LLOYD)

**NRMA Life Limited**

151 Clarence Street, Sydney, NSW 2000.
Telephone (02) 260 9222. Telex AA 22348.

12th December 1984

Robert Lloyd & Sons
Solicitors
DX 138
SYDNEY

Dear Sirs

RE: TERM LIFE INSURANCE POLICY 1036200 ON THE LIFE OF THE LATE
CAROL GERTRUDE WELSH

Your Reference: RPL:RH

Information has come to hand that indicates Mrs Welsh had sought medical advice and had been under treatment prior to the completion of a proposal for term life insurance on her life for conditions, which, had their existence been known by us at the time, would have resulted in our declining her proposal for life insurance.

As can be seen from the attached copy of the proposal on the life of Mrs Welsh, (the original of which is available for inspection), Question 3(a) has been answered: "Gall bladder removed 1978 Woden Hospital". There is no indication of any other consultation with a doctor for medical or surgical advice or treatment within the five year period immediately preceding the proposal being completed and signed.

As there has been a breach of the basis of our policy, that being the failure to submit a proposal that is true and correct, as set out in Clause 2(2) of the policy, a copy of which is also attached, together with a breach of Mrs Welsh's duty under common law to disclose all material facts as set out in Clause 8(1)(b), the policy will not operate and has been cancelled from inception.

Although we are not obliged to do so under the provisions of Clause 8(3) of the policy, we have enclosed our cheque for \$120.00 in refund of the total premiums received in respect to the policy on Mrs Welsh's life.

Yours faithfully


Warren Potter
ASSISTANT MANAGER


NRMA Life Limited

151 Clarence Street, Sydney NSW 2000.
Telephone (02) 260 9222. Telex AA 22348.

8th January 1985

Robert Lloyd & Sons
Solicitors
DX 138
SYDNEY

Dear Sirs

RE: TERM LIFE INSURANCE POLICY 1036200 ON THE LIFE OF THE LATE
CAROL GERTRUDE WELSH

YOUR REFERENCE: RPL:RH

We have considered the contents of your letter of 20 December, 1984, and are of the opinion that we could not provide any worthwhile contribution to a meeting with yourself and Mrs Mules, the owner of the above policy.

Although we are not in a position to provide copies of our file, which includes a statement from the deceased's private medical attendant, we are prepared to disclose that the physician's statement indicates Mrs Welsh consulted her doctor on 11 and 18 July, 1983 complaining of abdominal pain. By 19 July 1983 Mrs Welsh had undergone an abdominal x-ray; abdominal ultrasound, and two lessons in the liver and also in the pancreas.

The proposal for life insurance was completed by Mrs Welsh and her daughter on 21 July 1983 and as can be seen from the copy provided in our letter of 12 December, 1984, there is no indication of either the consultations of 11 and 18 July, 1983 or diagnostic treatment requested by the doctor as a consequence of those consultations. All of which are regarded by us as being relevant to the risk we were underwriting.

We remain, of course, prepared to assist you further in any way possible.

Yours faithfully

Warren Potter
ASSISTANT MANAGER

I, DANIELLE MARIA MULES of 168 Castleton Crescent, Gowrie in the Australian Capital Territory Public Servant do hereby solemnly and sincerely declare as follows:-

1. I AM a daughter of the late CAROL GERTRUDE WELSH and I am also an Executrix and beneficiary under her Will.
2. I WAS the proposer for a Life Assurance Policy on the life of the said Carol Gertrude Welsh taken out with N.R.M.A. Life Limited in July 1983 for an amount of Forty thousand dollars (\$40,000.00).
3. CAROL Gertrude Welsh was married to Roy Edmund Welsh who died on the 27th day of June 1983. At the time of Roy Edmund Welsh's death, Carol Gertrude Welsh was the owner of a property No. 168 Castleton Crescent, Gowrie, Canberra which I understand has a market value of something in excess of \$100,000.00.
4. THIS property had been purchased in the name of Carol Gertrude Welsh because of the long standing illness of Roy Edmund Welsh, although it was financed from joint funds. At the time of the death of the late Roy Edmund Welsh, there were owing on the property the following mortgages for the following approximate amounts of money:-
 - (a) Mortgage to the Department of Housing (approximately \$35,000.00);
 - (b) Mortgage to Civic Permanent Building Society (approximately \$7,000.00).

In addition Roy Edmund Welsh and Carol Gertrude Welsh owed various amounts to unsecured creditors totalling approximately \$10,000.00.

5. THE property No. 168 Castleton Crescent, Gowrie was occupied as the family home for my parents and their six children of which I am the eldest. At the time of my father's death four of these children were still at school and my brother David had left home and was living in Queensland and I was proposing to be married fairly soon. Although my mother had a job, the question of the family's finances and the future for the younger children was obviously one of paramount importance to her.

6. EARLIER in 1983, my mother had taken out a Life Policy with Legal & General Assurance for approximately \$40,000.00 to cover basically the amounts owing on the two mortgages but when my father

happened to her to cover the other debts of the family and to provide money for the education of the younger children.

7. MY mother and I discussed the matter and I obtained a proposal form from N.R.M.A. Life Limited in the first week of July. The top part of the proposal was completed in my hand writing but I then realised that the medical questions required answers from my mother and she answered these questions shortly after I had completed my part of the proposal but it was then realised that both our signatures were required. As I was not living at home (having been married) it was not until later in July that the proposal was in fact lodged with N.R.M.A. Life Limited after signature by both my mother and myself and the cheque for the premium paid. The medical questions were answered and the proposal signed by my mother well before the 19th July 1983.

8. I CATEGORICALLY refute any suggestion that my mother and I conspired to deliberately withhold information from N.R.M.A. Life Limited and I would ask that the whole question of the claim on this policy taken out on my mother's life be reconsidered in the light of the facts disclosed in this declaration.

AND I MAKE this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Oaths Act, 1900.

SUBSCRIBED AND DECLARED

at Nodew

this 30 day of January

1985.
before me:

Danielle Mules

EC.
19 JUN 1985



NRMA Life Limited

151 Clarence Street, Sydney, NSW 2000.
Telephone (02) 260 9222. Telex AA 22348.

LLOYD & LLOYD SOLICITORS

Lloyd & Lloyd
Solicitors
Erskine House
39 York Street
SYDNEY 2000

17 June 1985

Dear Sirs

RE: TERM LIFE INSURANCE POLICY NO 1036200 ON THE LIFE OF THE
LATE CAROL GERTRUDE WELSH
YOUR REF: RPL:RM

I refer to earlier correspondence, and in particular your letters of 2 April and 22 May, together with our letters of 12 December 1984 and also those of 8 January and 12 February, 1985.

We have given further consideration to your letter of 2 April, together with the statutory declaration submitted by Mrs Mules with your letter.

Our interpretation of our legal obligations with regard to this matter has already been expressed in our earlier letters. Unfortunately I must advise you that following due consideration of the contents of your letter of 2 April, together with the attached statutory declaration, we have decided against making an ex-gratia payment to Mrs Mules.

Yours faithfully

NH Saunders

Neville Saunders
Manager - NRMA Life Limited

NS:ff