

Do you take your medication?

Annamaria applied for a life insurance policy. She talked to an insurance agent, answered medical questions and provided general information about her health – including that she suffered from an endocrine disorder for which she took prescription medication.

A year later Annamaria died from a different condition. Because her death was during the two-year contestability period of the policy, the insurer investigated the death. They reviewed the original application and medical records, and determined that Annamaria had not been forthcoming about her non-compliance with prescription medication. On this basis, the insurer requoted the insurance policy, citing the policy's incontestability clause.

Annamaria's beneficiaries raised a complaint with FDRS around two issues: first, whether Annamaria had appropriately disclosed her medical history and second, whether the insurance contract allowed for a requote.

After extensive analysis, including obtaining independent expert opinion, FDRS upheld the complaint. The adjudicator determined that based on the evidence, Annamaria had complied with her duty to disclose poor compliance with medication. However, even if she had not done so, there was no provision under the policy to requote.

The adjudicator noted that in cases upheld by the courts where requote had occurred, there were typically clear, unambiguous provisions within the policy to do so.