

IMPORTANT INFORMATION ABOUT RECOVER COVER INSURANCE POLICIES

In 2023, ASIC commenced civil proceedings in the Federal Court alleging that 4 of HCF Life's 'Recover Cover' insurance policies issued since 1 April 2021 contained unfair contract terms and that those terms could mislead the public. The court proceedings concerned the pre-existing condition terms used in those policies.

On 28 October 2024, Justice Jackman of the Federal Court (in proceeding NSD413 of 2023) found that the policies in question did not contain unfair contract terms. However, the Court found that the pre-existing condition terms were liable to mislead the public, and that HCF Life had contravened section 12DF of the *ASIC Act 2001* (Cth) as a result.

The Court found that the pre-existing condition terms were liable to mislead the public because the statutory protections contained in section 47 of the *Insurance Contracts Act 1984* (Cth) make them partially unenforceable, and HCF Life did not explain that these terms were partially unenforceable.

In particular, the pre-existing condition terms in the Recover Cover policies purported to allow HCF Life to deny claims where a registered medical practitioner was of the opinion that the **signs or symptoms** of a sickness or illness existed before policyholders took out cover.

However, under section 47 of the *Insurance Contracts Act 1984* (Cth), HCF Life is not allowed to rely on a pre-existing condition term to deny claims made as a result of a particular "sickness or disability" unless a policyholder was **aware of that "sickness or disability" at the time they took out cover, or a reasonable person in the circumstances could be expected to have been aware of the "sickness or disability" at that time**. That is the case regardless of whether or not a registered medical practitioner is of the opinion that the "signs or symptoms" of that "sickness or disability" existed at the time policyholders took out cover or prior to them taking out cover.

On 9 November 2023, in consultation with ASIC, the pre-existing condition terms in our "Recover Cover" policies were updated to align with section 47 of the *Insurance Contracts Act 1984* (Cth).

WHAT DOES THIS MEAN?

HCF Life is writing to impacted members that purchased the following products between 9 August 2019 to 8 November 2023, to advise of an updated pre-existing condition definition:

- HCF Cash Back Cover, HCF Income Assist Insurance, HCF Income Protect Insurance, HCF Smart Term Insurance, HCF Bounceback Cover, HCF Kids Accident Cover, HCF Critical Illness Cover

The updated pre-existing condition definition is as follows.

TERM	UPDATED DEFINITION
Pre-existing Condition	<p>means a sickness or disability to which You:</p> <ul style="list-style-type: none"> • were subject to on the Cover Commencement Date; or • had been subject to at any time within 5 years immediately prior to the Cover Commencement Date, and which sickness or disability, at the time when this Policy was entered into (i.e. the Cover Commencement Date), You were aware of, or a reasonable person in the circumstances could be expected to have been aware of.

WHAT TO DO IF YOU HAVE A CLAIM?

In relation to claims assessment, the Court found that HCF Life has always assessed claims received in accordance with section 47 of the *Insurance Contracts Act 1984* (Cth) and, as such, there are no changes to how these policies have been working or how HCF Life has assessed members' claims under these policies.

However, if you took out a Recover Cover policy between 9 August 2019 to 8 November 2023 and you believe you have been affected by the change or would have otherwise made a claim, we invite you to submit a claim or contact us.

To assess your claim, we require written proof to substantiate your claim. Please:

complete and return a claim form. To obtain a copy of the claim form please call **13 13 34** or email lifecclaims@hcf.com.au

- you will need to pay all costs related to completing the claim form
- if required, you will need to have a medical examination on our behalf and at our expense
- you must provide proof of your age, and
- you must supply any other documents or evidence we may require to assess your claim.

COMPLAINTS PROCESS

Should you have a complaint, please contact us on **13 13 34**. If we have not resolved your complaint within 30 days, or you are not satisfied with our response, you can contact The Australian Financial Complaints Authority (AFCA).

AFCA is an independent body available free of charge to consumers and can be contacted at:

- Call **1800 931 678** (free call)
- Visit afca.org.au
- Email info@afca.org.au
- Write to Australian Financial Complaints Authority

WE'RE HERE FOR YOU

If you have any questions, or you would like a copy of your letter, PDS or policy documents, please call us on **13 13 34** (Mon to Fri: 8am to 8pm, Sat: 9am to 5pm AEST/AEDT).