

# Pre-Existing Conditions (PECs)

## What is a PEC?

Many health and travel insurance policies contain an exclusion for “*pre-existing conditions*”. The definition of a PEC depends very much on the wording of the particular policy; loosely, a PEC refers to a medical or physical issue which exists before the policy begins. It can include a symptom or a sign of an illness which you do not know you have.

## Why are PECs excluded?

Health policies are generally designed to cover conditions which arise after the start date of the policy, rather than conditions which already exist. Put another way, insurers are entitled to limit their own risk. One of the ways they do this, is by not covering incidents which you know are likely to arise.

For example, if an insured had a heart attack last year, they are more likely than the average person to have a heart attack while on holiday. It follows that the insurer will either not want to cover the insured for heart attacks, or will want to charge extra to mitigate against that risk.

For these reasons, policies will exclude cover for PECs or advise that certain conditions must be disclosed, and cover negotiated, at the time the policy is arranged.

If you disclose a PEC at the time you arrange the policy, the insurer may elect to exclude the condition, charge an extra premium to cover it, or limit your cover.

## How PECs can affect your claim

This will depend on the policy wording. For example, some policies may exclude cover for claims arising from a condition which has been diagnosed by a doctor, where others will be broader and include symptoms. This could mean that if you have suffered from a symptom, any later related condition will be excluded, even if you did not know you had the condition.

Read your policy wording and be aware of what may be excluded for you.

Travel policies usually cover your medical expenses while you are overseas. If you have expenses relating to a PEC, these are likely to be excluded. Travel policies also provide cover for unexpected cancellation of your holiday. Again, if your cancellation relates to a pre-existing medical condition, you may not be covered.

If in doubt, disclose your conditions and seek guidance from your insurer.

## What to do:

1. Read your policy carefully.
2. Accurately disclose all health conditions and symptoms when applying for insurance.
3. With travel insurance, remember to disclose any conditions which arise after you purchase insurance, but before you travel.
4. Before changing health insurance policies, think carefully about what your new policy will cover.



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## Changing health insurance providers

If you currently have health insurance and you are considering changing to another insurer, think carefully about whether the other company will cover your PECs. Since your first arranged your insurance, you may have developed conditions, or symptoms of conditions, which would be covered if you remained with your current insurer. But if you change policies, you might later discover your new policy does not cover the relevant condition.