

THE PERSPECTIVE OF THE OFFICE OF THE OMBUDSMAN FOR LONG-TERM INSURANCE

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MISSION

**TO RECEIVE AND CONSIDER COMPLAINTS AGAINST
SUBSCRIBING INSURERS AND TO RESOLVE SUCH COMPLAINTS
THROUGH MEDIATION, CONCILIATION, RECOMMENDATION OR
DETERMINATION**

BACKGROUND

Jurisdiction of Long-term Insurance Ombudsman

- complaints against subscribing insurers in respect of long-term policies
- do not have jurisdiction if PFA or FAIS Ombud has jurisdiction
- annuities not owned by a fund
- policies issued to group schemes

Policyholder or successor in title, life insured, premium payer, beneficiary can complain

2010 Key figures

BACKGROUND

9 236	Complaints
4 115	Full cases
4 124	Cases finalised
46,5%	Resolved wholly or partially in favour of complainants
R103,48m	Recovered for complainants (lump sums)
R11,6m	Actual Expenditure
79%	Cases resolved within 6 months
31	Staff members (6 are part time)

BACKGROUND

- Independent voluntary scheme
- Recognised in terms of FSOS Act
- Accountable to an independent Council
- Decisions are binding on subscribers – not complainants
- Equity/fairness taken into account

EQUITY/FAIRNESS

- Treating Customers Fairly (TCF) initiative
- Our approach to Equity/Fairness
- “Reasonable expectations of honest men” (Lord Steyn)
- Particular areas of application
 - technicalities
e.g. late submission of claim – practice note
 - unfair outcome

EQUITY/FAIRNESS IN HANDLING OF COMPLAINTS

A different perspective of equity/fairness

- “Absence of bias in the realm” (Larry Hattix)
- Check whether any factors such as age, economic circumstances, language ability or level of sophistication influences the process
- Do these factors affect: awareness; access; accountability or outcome of the process?

EQUITY/FAIRNESS IN HANDLING OF COMPLAINTS

Awareness

- In order for a system to be fair to consumers they need to be aware of how to complain, irrespective of age, economic circumstances, language or level of sophistication
- How does a consumer know how to complain about your scheme/fund/product?
 - the complainant could be someone other than the member

EQUITY/FAIRNESS IN HANDLING OF COMPLAINTS

Access

- How does a complainant access your complaints process?
- Are there hurdles/barriers in the way of certain complainants e.g. if the complainant is illiterate?
- Are these barriers really necessary?
- Is it more difficult for certain groups to complain?

EQUITY/FAIRNESS IN HANDLING OF COMPLAINTS

Accountability & outcome

- Are complaint handlers accountable and are they making their decisions in an independent and unbiased manner?
- Complaints need to be looked at as a whole to see whether there is disparity in outcome because of age, language, level of sophistication, etc.
- Fairness does not guarantee an outcome

but

- Need to ensure that outcome is not negatively influenced by age, level of sophistication etc.