

Why are claims disputes increasing and taking longer to resolve?

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CC17, 21 September 2017

Disputes Received

General Insurance & FOS

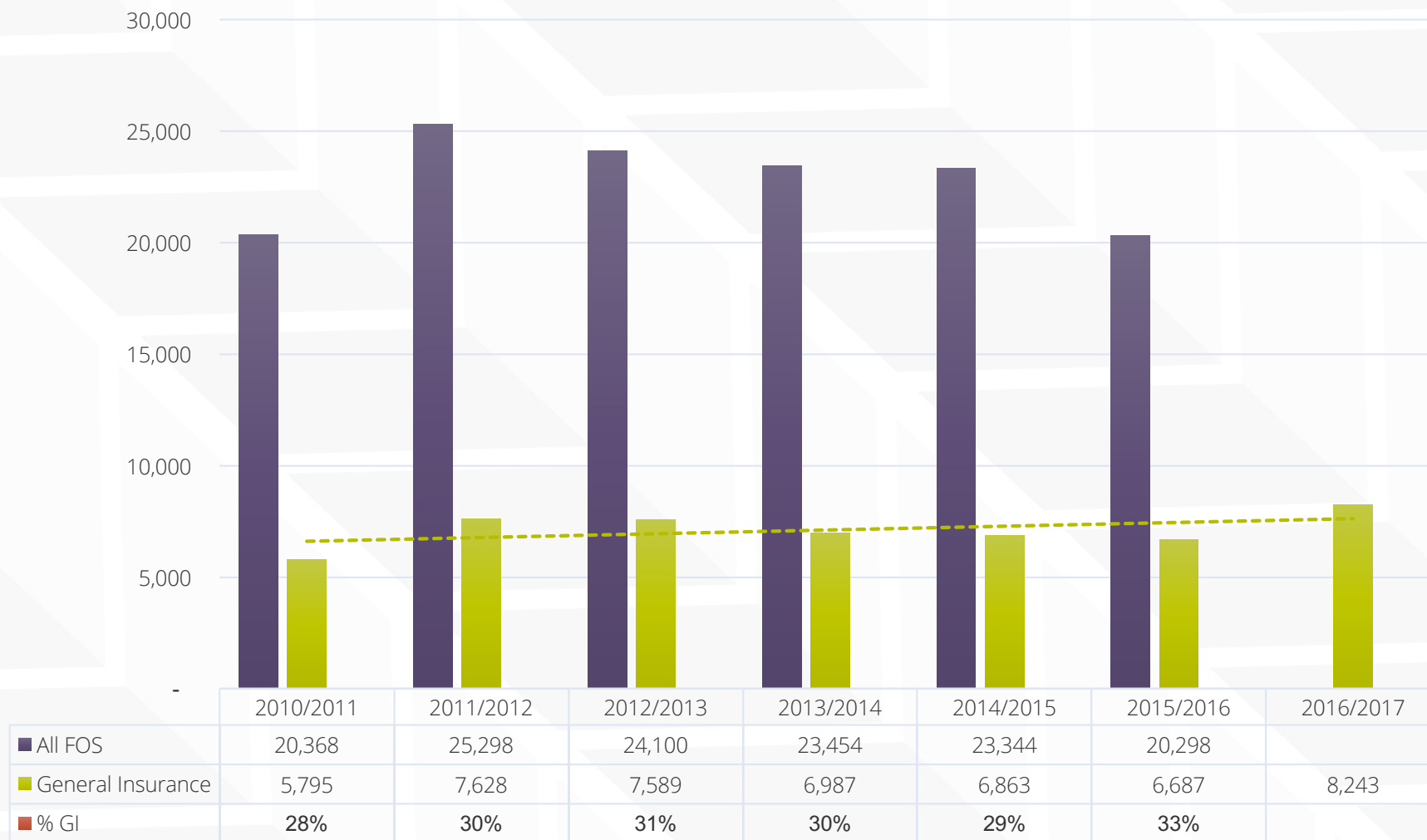
Disputes Received



Disputes Accepted

General Insurance & FOS

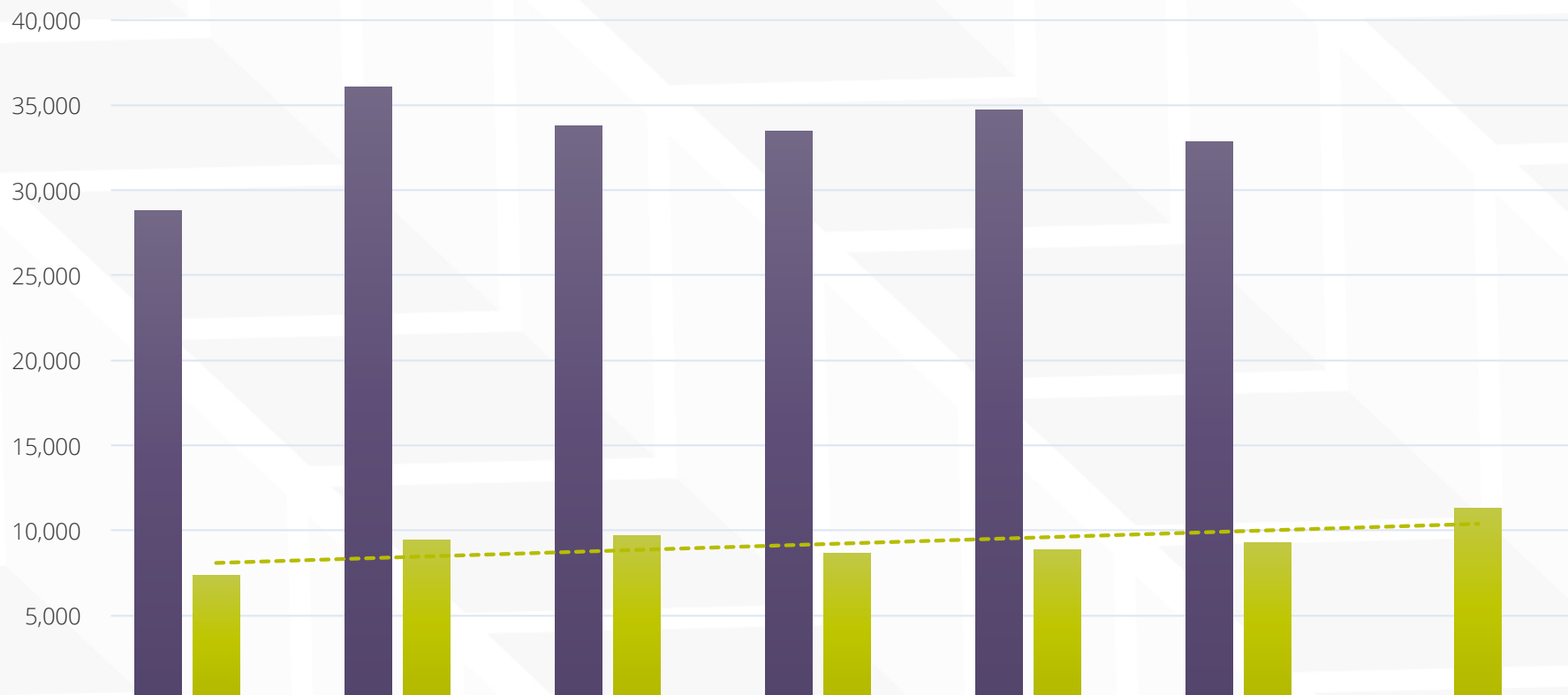
Disputes Accepted



Disputes Closed

General Insurance & FOS

Disputes Closed

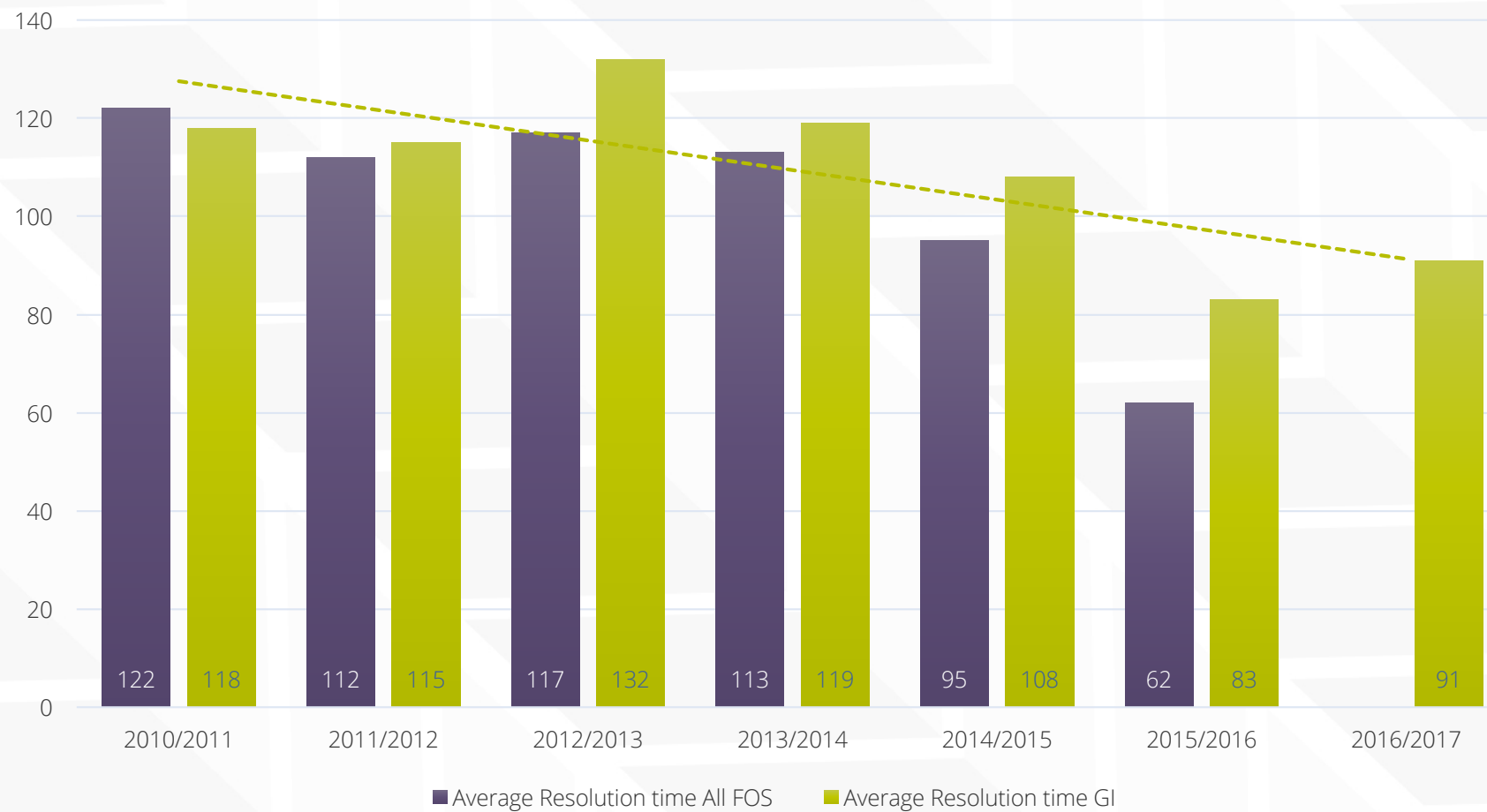


	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
■ All FOS	28,826	36,049	33,773	33,450	34,714	32,871	
■ GI	7,357	9,436	9,697	8,683	8,885	9,293	11,299
■ % GI	26%	26%	29%	26%	26%	28%	

Average Resolution Time

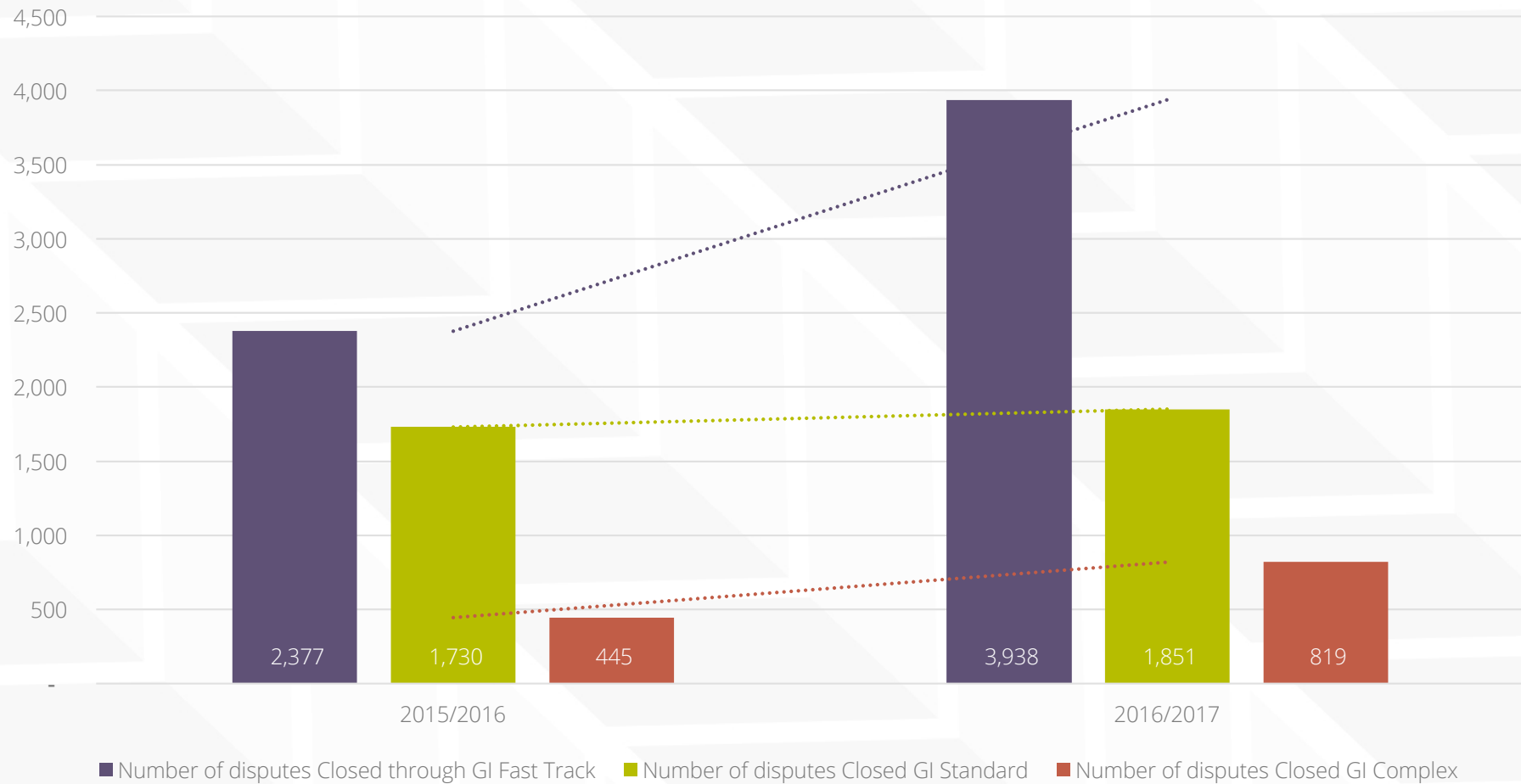
General Insurance & FOS

Average Resolution Time



Closed GI Disputes Fast Track, Standard & Complex

Closed GI Disputes Fast Track, Standard, Complex



General Insurance Disputes Top Issues

Denial of Claim

Claim Amount

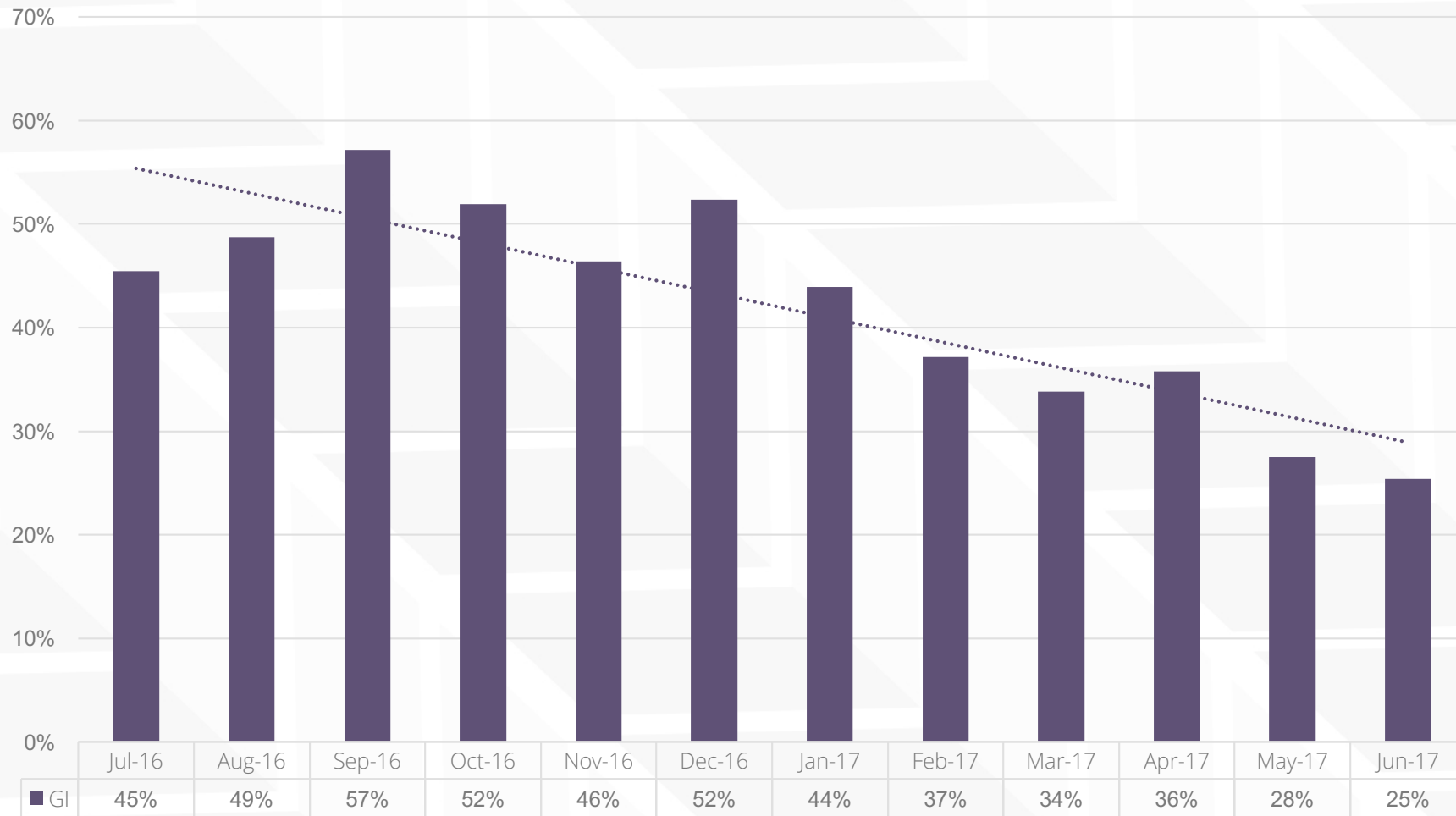
Denial of Claim Exclusion/Condition

Delay in claim handling

Top 4 issues consistent since
2010/2011

Disputes progressed to workflow - No response from FSP

General Insurance - No response from FSP and Progressed to Workflow



General Insurance Code of Practice Industry Data Report 2015-16 Year at a glance

Retail insurance – policies and claims – compared with 2014-2015

44,171,089 <i>issued policies</i>		
3,755,643 <i>lodged claims</i>	↑	2%
270,799 <i>withdrawn claims</i>	↑	29%
143,445 <i>declined claims</i>	↑	14%

Retail insurance – internal disputes – compared with 2014-2015

28,587 <i>received disputes</i>	↑	32%
25,563 <i>reviewed disputes</i>	↑	19%

Why are claims disputes increasing and taking longer to resolve?

Consumers

- ▶ Consumer awareness of their right to dispute and the role of FOS
- ▶ Consumer sentiment about Financial Services Providers “putting their customers first”
- ▶ Newer generations less bound by tradition of acceptance – less intimidated by institutions
- ▶ Financial Imperatives
- ▶ Consumer expectations of getting what they paid for

Why are claims disputes increasing and taking longer to resolve?

Financial Services Providers (FSPs)

- ▶ General increase in complaint/dispute numbers
- ▶ Natural disasters and significant events
- ▶ Increased likelihood of public scrutiny/exposure in the age of social media
- ▶ Entrenched positions not open to applying fairness & reasonableness
- ▶ Limited training / technical knowledge / high staff turnover / resources
- ▶ Limited authority of staff handling disputes
- ▶ Outsourcing of claims functions

Why are claims disputes increasing and taking longer to resolve?

Financial Services Providers (FSPs) cont.

- ▶ Communication issues and lack of engagement
- ▶ Limited accessibility for consumers to speak with FSP
- ▶ Willingness to make commercial settlements or pay ex-gratia
- ▶ Quality of repairs

Questions?

