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Introduction/scope

This workshop provided an opportunity to compare and discuss the current hot topics in insurance for different markets around the world.

UK - Financial Ombudsman Service

There is a growth in the number of insurance complaints of increasing complexity. A large number of new insurance policies are appearing on the market, such as long term care insurance and gap insurance.

Loan protection insurance

- This cover provides protection to policyholders if they are unable make loan repayments as a result of illness, loss of employment (out of their control) or death.
- The policy is sold in a single premium format, the lump sum is added to the loan and the lump sum is interest bearing. Generally, refunds are not provided if the policy is terminated.
- When considering complaints about this type of policy the ombudsman considers whether or not the customer was in a position to make an informed choice at the time of sale.

Non-disclosure of health and medical information

- Complaints arise if claims are rejected because the insurer thinks the consumer failed to provide accurate information about his medical history when applying for or renewing policies.
- Insurance companies should ask clear questions about a consumer's medical history. Consumers should provide answers that are correct to the best of their knowledge and belief.

A new regulatory regime – principles based regulation

- The standards used by the Financial Ombudsman Service are based on good industry practice, eg industry codes and guidance.
- There are concerns that the scheme might become a quasi regulator or alternatively, the regulator may make new statements of principle that may or may not be consistent with the scheme's approach.

Insurance law reform and uncertainty in the law

- There is a growing gulf between unsatisfactory law on the one hand and a patchwork of codes, rules and ombudsman principles on the other.
- The Law Commission of England and Scotland is currently reviewing insurance contract law but the pace of law reform is usually slow.

Improving communication with the sector and the public about decisions and approaches without making rules & regulations

- There is an increasing obligation to communicate well with the sector.
- Lord Hunt of Wirral has recently been engaged to lead an independent review of the Financial Ombudsman Service and its relationship with external stakeholders.

SWITZERLAND – Ombudsman of Private Insurance

Effects of deregulation in the insurance sector

- Switzerland has the world's highest insurance density.
- Public opinion about insurers is highly ambivalent. Disappointment frequently arises because consumers have misconceptions about conditions, features and the scope of coverage.
- Supplementary health insurance is optional and subject to private law. Over 1,000 products are available with a wide range of benefits and premiums. It is therefore essential that insurers clearly explain the limits of policies and the insured risks, as well as establishing the consumers' capacity to finance long-term premium obligations at the time of sale.
- In late 2005 the Swiss Parliament adopted a new insurance supervisory law and revised insurance contracts law. This requires an insurer to inform the future policy holder of all of the essential elements of the insurance contract in a comprehensible way.
- If the insurer violates the duty to inform, the policy holder is entitled to terminate the insurance contract by written notice. If the policy holder omits to notify or incorrectly notifies a significant risk factor which they ought to have known about and which they were asked about in writing, the insurer is entitled to terminate the contract.
- Deregulation has brought both benefits and risks for consumers - insurance products have become more varied but not more tangible. Against this background the ombudsman scheme has gained importance.

FRANCE - Federation Francaise des societes d'assurances

Complaints relating to personal loan insurance within an open group insurance contract

- A large number of complaints in France relate to personal loan insurance. They may involve allegations that the seller did not provide the consumer with sufficient information or proper advice. Complaints arise when the seller fails to meet a claim because he alleges that the consumer provided false or inaccurate medical details at the time of sale.
- All banks in France offer or impose personal loan insurance but the scheme's jurisdiction does not actually cover banks. The scheme can therefore only consider complaints about insurance companies, agents and brokers.
- Insurance is highly regulated and new legislation has been introduced relating to life insurance policies. This requires businesses to provide the consumer with a notice of information at the time of sale. Complaints have not decreased

following the new legislation. The notice of information provided might contradict the contract, contain false information or not be provided.

Claims relating to motor insurance

- All motor insurance policies include a clause that excludes cover in cases where it cannot be proved that the car was broken into.
- The use of high quality fake keys often makes it impossible for consumers to prove that the car was broken into, leaving them without cover.