

No room to hide for unhelpful insurers

The long-term insurance ombudsman office has put R103m back into the hands of consumers who received poor service from their insurance companies last year.



The long-term insurance ombudsman has resolved complaints against insurance companies worth R103m in the past year. Image: Cooldesign [Free Digital Photos](#)

In addition, it granted a compensation of R343,741 to consumers who received poor service from their service providers, according to the ombudsman for long-term insurance's annual report which was released on Tuesday (8 April).

According to complaints data in the annual report, Liberty leads the list with 900 complaints lodged against it last year - 742 of which have now been resolved to the consumers' satisfaction.

Sowetan also observed that Old Mutual is the second highest on the list with 775 complaints and 241 resolved in favour of the consumer.

Long-term insurance ombudsman Judge Ron McLaren who took over the position of ombudsman in June, following the retirement of Judge Brian Galgut, said his office finalised 4496 complaints within six months of his taking office.

"This office deals with complaints relating to long-term insurance products such as life, disability, credit life policies, retrenchments and health and funeral cover," he said.

McLaren said the report showed that complaints were becoming increasingly complex and consumers were becoming more vigilant, regarding their rights and pursuing complaints.

"Most of the complaints received by the office related to poor communication and claims which insurers had declined," he said.

McLaren said many insurers had improved their processes to resolve complaints relating to funeral cover.

But, he said, it was worrisome that there were rogue funeral administrators who collected premiums on behalf of insurance companies but did not pay over the premiums to the insurer.

"This unavoidably leads to a cancellation of the policy by the insurer and non-payment of any benefit to the life-insured's family," McLaren said.

He said complaints against insurers were published on [Ombud](#) in a move to improve transparency.

This online publication included details of the number of complaints received and finalised and whether they were in the complainant's or the insurer's favour.

"The publication encourages insurers to benchmark their standards of complaints-handling against other insurers and [help them] learn from insurers who appear to be better at complaints-handling," McLaren said.

He said that there was growing use of social media to resolve complaints.

"People are using social media to voice their dissatisfaction with financial institutions and social media is increasingly being seen as an alternative to the more traditional forms of consumer recourse," McLaren said.

He said financial institutions tended to react swiftly to social media complaints because of the threat of negative publicity.

McLaren said this in turn encouraged the use of social media as a platform for complaint resolution.

"Ultimately, what complainants want is 'fair' resolutions from financial institutions, not just a reliance on legal or contractual grounds," he said.

Source: Sowetan via I-Net Bridge

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