

## meeting of the industry steering-group (insurance)

21 November 2011



### present

from the insurance sector:

- Tim Breedon, Legal and General
- Andy Briggs, Friends Life
- Adrian Brown, RSA
- Rob Devey, Prudential UK and Europe
- Paul Evans, AXA UK
- Paul Geddes, RBS Insurance
- Lindsay Sinclair, NFU Mutual Insurance Society
- Toby Strauss, Lloyds Banking Group

from the Financial Ombudsman Service:

- Chris Kelly, chairman
- Natalie Ceeney, chief ombudsman
- Tony Boorman, decisions director

### apologies

Trevor Matthews, Aviva  
David Nish, Standard Life  
Barry Tootell, Co-operative

### welcome and introductions

The chairman welcomed members to the first meeting of the new industry steering group (insurance).

### planning for 2012/2013

#### *anticipated complaint volumes for 2012-13 and emerging issues*

The chairman explained that the ombudsman service was starting to consider its *plan and budget* for 2012/2013, prior to public consultation in the new year. The group noted that volatility is a major issue for the ombudsman – and that PPI volumes are currently around 3,000 new cases a week. These are overwhelmingly *sales*-related rather than *claims*-related cases. The costs imposed on the service by this could well be considerable.

The service hoped that this could be handled through fees collected from those businesses directly involved in the issue. Charging claims managers is not possible under present legislation, and in any event would not have a significant impact on behaviour in a market where customer-charging is not transparent.

The group discussed the likely trends in other complaint volumes over the next twelve months – noting, in particular, the potential impact of wider economic conditions which may have been responsible for the rising number of insurance cases this year. Some industry practitioners were concerned about the possible impact of the revised case handling rules (in particular, the end of the two stage process). Insurers suggested that there may be scope for discussion with FSA and the ombudsman on practice in this area.

There was also concern about insurance fraud in some sectors. The ABI and the ombudsman will have further discussion on fraud.

#### *ombudsman service priorities for 2012/2013*

The chief ombudsman outlined the ombudsman service's current development priorities:

- to deliver a trusted, fair and easy to use service – for everyone;
- to put knowledge and expertise at the heart of everything we do;
- to be flexible, reliable and effective;
- to operate a “lean” and efficient organisation;
- to share our experience and insight – helping to prevent future problems.

As most of these priorities are ‘themes’ which contain multi-year projects or culture change work, 2011/2012 has been about developing a strategy and getting the leadership in place to deliver it – 2012/2013 will be need to be focused on delivery. The group noted that a continued focus on the same themes is critical.

Industry practitioners noted the importance of consistency of decision making.

#### **the funding model for the ombudsman service**

The decisions director briefly explained the current funding model for the ombudsman service, details of which had been circulated to members in advance. He invited group members to comment on whether they still considered the current arrangements “fit for purpose” and drive appropriate behaviours.

The differing needs of larger and smaller businesses were noted. The possibility of differing charging schemes for larger and smaller users was discussed. Any changes to funding arrangements would probably not be implemented before April 2013.

#### **transparency – an update**

The chairman noted that the Government has indicated it would like ombudsman decisions to be published – and has included a clause to that effect in the draft Bill. [The ombudsman service is currently consulting](#) on how this might work in practice. The group also noted the application of the *Freedom of Information Act* to the ombudsman service.

The group recognised that there are potential benefits if the ombudsman service itself proactively releases objective, balanced and structured information. But it was important as well to consider the potential impact on financial businesses and consumers.

The next steps would be for the board of the ombudsman service to consider the feedback received during the consultation (ending on 9 December 2011). The chairman encouraged all interested parties to have responded before the deadline.

### **code of practice for “non-disclosure”**

The decisions director noted that there is a code of practice for medical non-disclosure cases which the ombudsman service helped the ABI to draw-up. This appears to have been successful in preventing complaints unnecessarily coming to the ombudsman service. The group noted that there may now be an opportunity – in advance of the Consumer Bill becoming law – to review other insurance areas, such as motor insurance, where guidance around non-disclosure might be of assistance. It would be useful if the ABI and the ombudsman service explored this further.

### **AOB and future topics**

The group agreed that it had been a useful and productive meeting and that they should meet again in six months. It was noted that the [new chairman of the ombudsman service](#) will be chairing the next meeting.

### **next meeting**

The next meeting will be arranged for approximately six months time.