

MEDIA RELEASE

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Ombudsman for Short-term Insurance returns R100 million to consumers in changing environment

The ombudsman for short term insurance saw major changes in 2016 in leadership, its approach to work and the impact of the legislative environment.

With effect from 1 March 2016 Deanne Wood succeeded Dennis Jooste who retired after four years at the helm. “Dennis left behind an impressive legacy – an efficient and stable office with minimal backlogs and notable turn-around times.

“Dennis’s tenure left open for me the opportunity to consider other areas in which OSTI might improve the quality of the service that it offers to consumers and to its members.”

Wood said that to achieve the right balance between efficient turnaround times and a job well done, OSTI had to change its approach to its work and implement measures to ensure greater focus on high quality outcomes. In May 2016 OSTI embarked on another major change as it began its walk along the bridge that its leadership hope will lead to consistently efficient resolution of complaints coupled with an assurance of high quality outcomes.

Deputy ombudsman Edite Teixeira-McKinon, said, “The changes that have been made serve to ensure that OSTI’s decisions are consistent in approach and represent the collective thinking of the organisation. They also strive to encourage greater accuracy in the outcomes of the recommendations made and to ensure that the quality of work produced is of the highest standard.”

Wood added that quality outcomes were essential to the proper functioning of an Ombud scheme. Most consumers approached OSTI for assistance on the basis of their own strength of feeling in the outcome of their complaint, Wood said.

She explained, "It is therefore important that consumers feel listened to, are given a clear and accurate explanation of the outcome of their complaint and feel that their matter has been addressed in a fair, comprehensible, correct and impartial way."

At the opposite end, insurers should feel confident that OSTI operates as an extension of their own quality assurance to their clients. Insurers are also entitled to have their positions heard and their reasoning and rationale properly considered.

Amid a changing environment OSTI still recovered just short of R100million for consumers, an amount only marginally less than in the previous year. "This reduction in the rand recovery can be explained by the concomitant reduction in the number of files closed in 2016," Wood said.

Operational Results

During 2016 OSTI received 14 916 complaints of which 10 175 were registered as formal complaints. This reflects an increase of 780 more complaints received in 2016 compared to 2015.

This increase, coupled with operational changes implemented during 2016 and the focus on quality outcomes resulted in 1 313 fewer complaints closed for 2016 than in the previous year. In total, 8 631 claims were closed. Motor vehicle insurance claims which were closed with some benefit to the insured amounted to R59.2 million.

Wood reported that the average turnaround time per complaint “remains within commendable levels at 91 days”.

More than a third of complaints were resolved in less than 60 days. Only 6% of complaints took longer than 180 days to resolve.

According to Wood, long-standing complaints concerned matters of significant complexity and the delay in their resolution could usually be attributed to the intricacy of the evidence gathering and evaluation process required during their investigation. OSTI’s overturn rate remains constant at 27%.

Statutory changes

With the Financial Sector Regulation Bill in its final stages the provisions of Chapter 14 reveal that the alternative dispute resolution role of the financial services Ombudsmen is important to the ordinary citizens of South Africa. Wood noted, “This is evidenced by the sections in Chapter 14 which compel financial services providers to belong to an ombud scheme, and which seek to promote public awareness of and access to ombud schemes and strive for greater coverage and jurisdictional application of the various schemes.”

“With increased accountability to the Regulator comes an increased responsibility to ensure that there is a consistent standard approach at OSTI when recommendations are made by its assistant ombudsmen,” the deputy ombudsman said.

During 2016 OSTI welcomed two new members to its professional staff – Nadia Gamielien previously with Norton Rose attorneys and Kgomotso Molepo who held a post at ABSA.

Regarding stakeholders, two new members joined OSTI during 2016, namely Workerslife Insurance Limited and Professional Provident Society Short-Term Insurance Company Limited.

Wood thanked the board for their contribution. "I am extremely grateful to the board for their guidance and support during my first year in office. I am grateful too to the members of the risk and audit committee for their dedicated service and commitment to OSTI and for the careful and considered approach that they adopt in analysing potential threats to OSTI's security and viability."

ENDS

ISSUED FOR AND ON BEHALF OF OSTI

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