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from the
Financial Ombudsman Service



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- ✓ The work of the Ombudsman
- ✓ Assessing proposals and misrepresentation
- ✓ Some words on policy design
- ✓ Questions

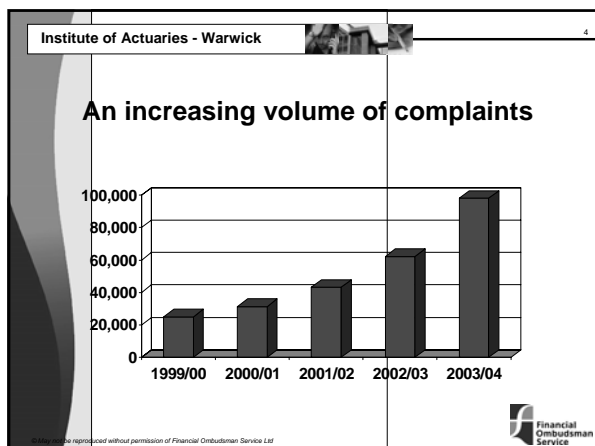


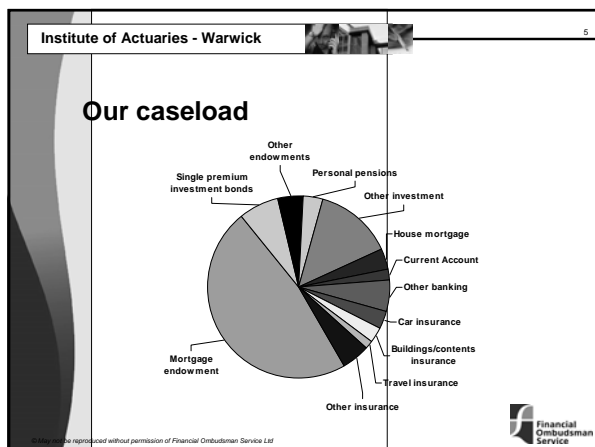
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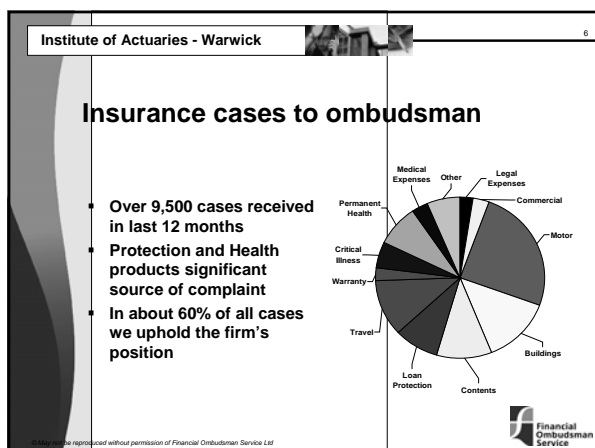
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Role of Ombudsman

- Decide cases on basis of what is "fair and reasonable" in all the circumstances
- Customers of authorised firms can complain (including small businesses)
- Binding awards up to £100,000
- Not ombudsman's role to regulate industry
- Most cases resolved informally
- Intermediaries to join by January 2005







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What do you want from proposals?

- Questions need to be clear
- Context is important
- Are these questions clear? How would you answer?
 - Whether or not you have consulted a doctor, do you or have you ever had:
 - any form of arthritis, back, neck or joint trouble?
 - any form of medical attention for depression, anxiety, stress or breakdown?
- Context and perceived reasonableness of question will influence behaviour of proposer and adviser
- "They don't really want me to... Do they?"

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Some cases:

- "have you within the last five years, seen a doctor or been recommended to see a doctor for any of the following: a medical or surgical investigation or operation, treatment, test or advice?"
- "have you ever suffered from or had investigations for: eye disease, loss of speech, loss of hearing or ear trouble, disorder of the brain (including benign brain tumour), disease of the nervous system, anxiety, depression, back or spinal trouble, joint problems, arthritis or any form of paralysis?"

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Non-disclosure or a mistake?

- An assessment is made of all the circumstances including
 - the questions asked
 - the circumstances of the sale
 - the knowledge of the proposer
 - the materiality of the matter
 - its connection to the claim
- Ombudsman distinguishes between:
 - fraudulent or deliberate non-disclosure
 - reckless (avoid and return premiums)
 - inadvertent (proportional settlement?)
 - innocent (meet claim in full)


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A continuing duty of disclosure?

- Odd provision from customer perspective
- What warnings are given?
- What does your post proposal correspondence say about it
 - nothing much
 - "please notify us of any material changes"
 - "please tell us if any of the answers you gave have changed"
 - "please tell us if any of the following has happened since [date]"


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Critical Illness

- Very significant one-off sums at stake
- Illness definitions leave grey areas
- My consultant says it was a
- Clarity for policyholders
- Unrealistic expectations?
- Limitations as well as benefits need to be explained at point of sale


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Reviewable premiums

- Reviewable premiums & definitions in CI
- Can this be done legally?
- What constraints are there on a review?
- Will your competitors do it fairly?
- Does the customer understand the deal?
- Will the ombudsman support upward reviews?
- Does this become a general insurance product?

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	<p><i>your questions answered ...</i></p>	
