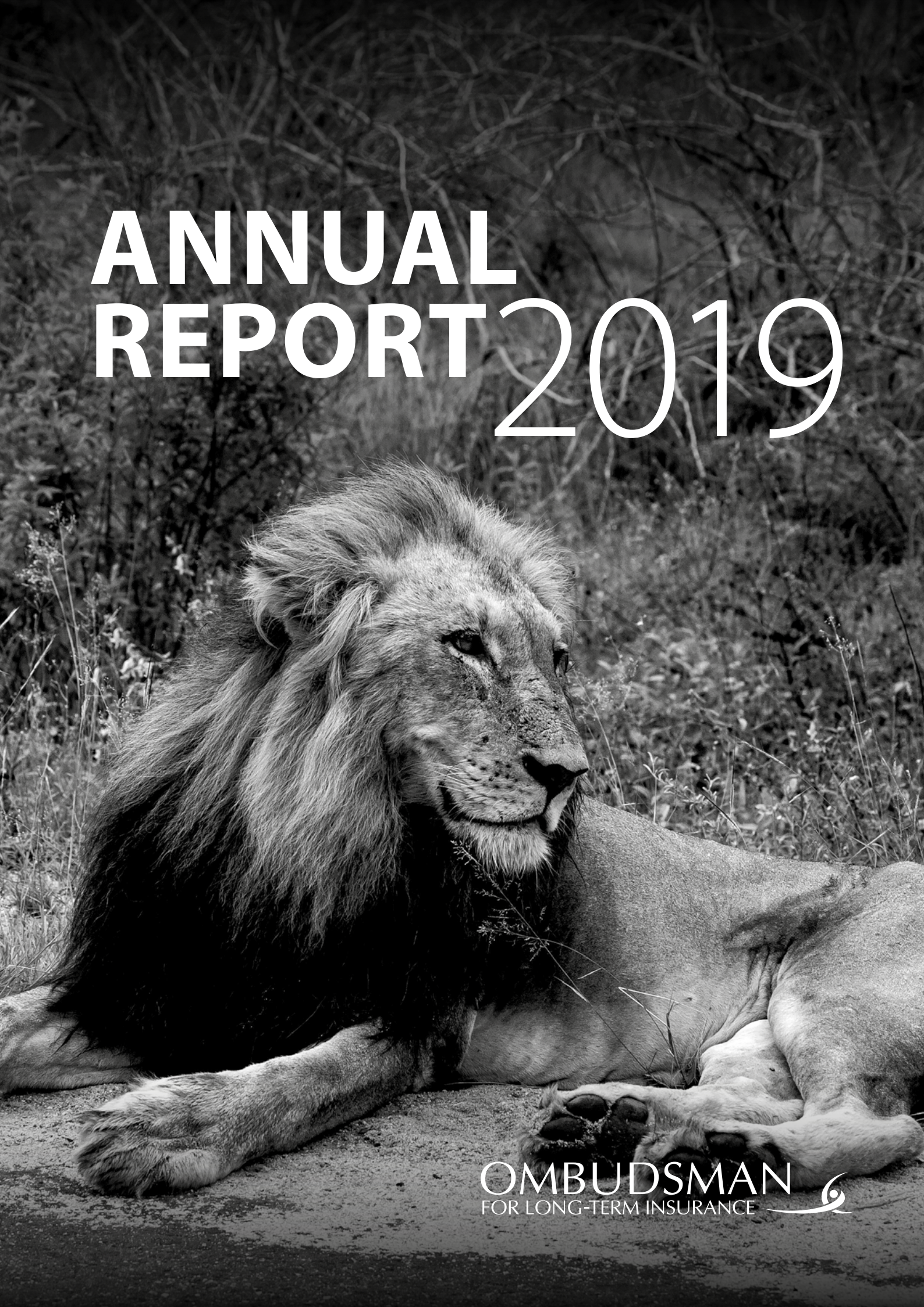
ANNUAL REPORT 2019



OMBUDSMAN
FOR LONG-TERM INSURANCE

STATISTICS

REQUESTS FOR ASSISTANCE RECEIVED

We received 11 915 written requests for assistance in 2019, which was an increase of 147 requests compared to the 11 768 in 2018. Of those requests, 6 107 were chargeable complaints which fell within our jurisdiction – this was an increase of 2% compared to the 5 978 chargeable complaints received in 2018.

Of the chargeable complaints 4 051 were Transfers, and insurers managed to settle 1 137 directly with complainants. This amounted to 28.06% of Transfers, which is similar to the 28.6% in 2018. Reviews decreased to 1 293 compared to the 1 610 in 2018.

POLICY CANCELLATION REQUESTS

We also received 469 policy cancellation requests from policyholders. We send these to insurers and charge them a small fee for the administration involved.

Our contact particulars appear in the contractual documents which policyholders receive and the insurer's own details need prominence so that policyholders do not make the mistake of sending policy cancellation requests to our office.

DESCRIPTION OF CHARGEABLE COMPLAINTS

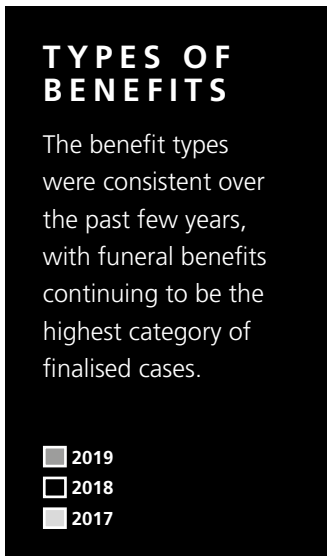
MINI CASES – consist of simple complaints that are within the jurisdiction of the office, but which insurers can handle without the office's involvement. The complainant is always advised that if the matter is not resolved he/she can revert to us. There are also some complaints which have no prospect of success. The assessing staff dismiss these complaints and explain the reasons for the dismissal to the complainants. In these complaints the insurers are charged the reduced mini case fee.

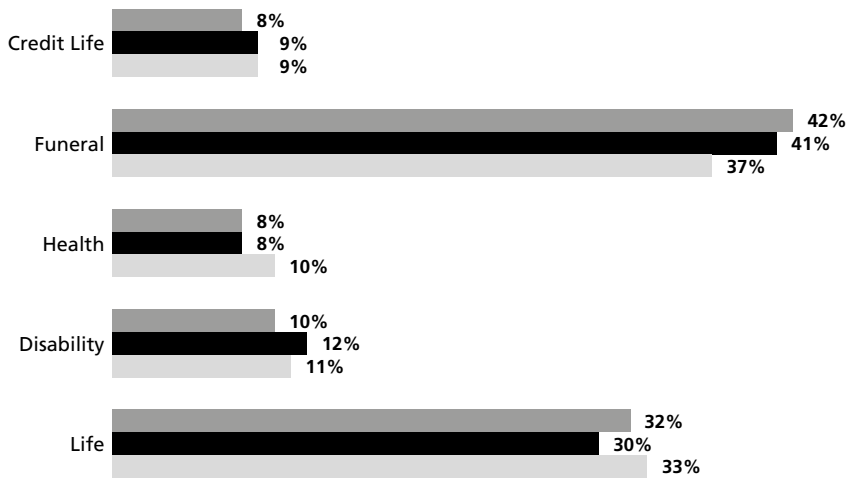
TRANSFERS – these are complaints not previously seen by insurers and referred to them to try and resolve directly with the complainant. If not resolved and if the complainant, when contacted by the office, requests us to do so, they are taken up by the office as Reviews and handled in the same manner as Full Cases.

FULL CASES – these are complaints that have already been seen by insurers and they are handled by the office from inception to finalisation.

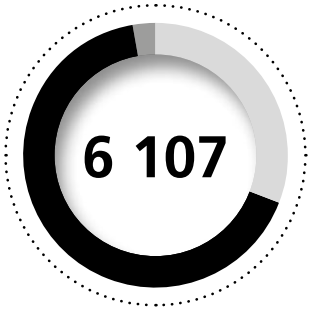
TYPES OF BENEFITS

The benefit types were consistent over the past few years, with funeral benefits continuing to be the highest category of finalised cases.

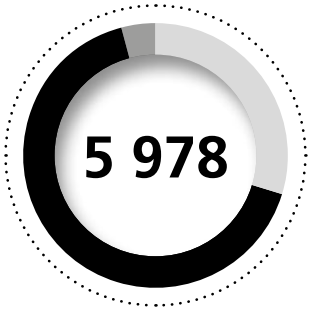


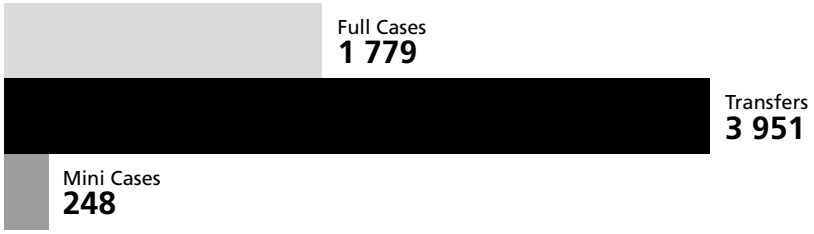


CHARGEABLE COMPLAINTS RECEIVED 2019



CHARGEABLE COMPLAINTS RECEIVED 2018





STATISTICS
CONTINUED

CASES FINALISED – cases finalised incorporate Full Cases as well as Reviews. These are the cases that the office considered and resolved during the year. In 2019 this amounted to 3 558, which is 191 more than the 3 367 in 2018. In total, including Transfers closed, 5 801 complaints were finalised in 2019.

CASE FEES – the office is funded by way of a levy, which amounts to 9% of our funding, and the rest is by way of case fees which are charged for cases handled by the office, irrespective of the outcome thereof. The benchmark Standard Case fee was R4 086, which was slightly higher than the estimate of R3 977.

5 248 complaints
were closed within 180 days.

Finalised cases are categorised as follows for charging purposes:

STANDARD CASES – this term refers to the benchmark category of cases.

INCOMPETENT CASES – these are cases in which the insurer gave a late or an inadequate response. These cases are charged at either double or triple the Standard Case fee, depending on the extent of the incompetence. Unfortunately, we have seen an increase in this category, mostly caused by the number of second reminders sent to one insurer.

COMPLICATED CASES AND COMPLICATED PLUS CASES – these cases are difficult to deal with because of complex legal, medical or financial issues or as a result of the complainant's persistence.

BASIC CASES – these are cases involving complaints about funeral policies issued by small insurers in which the complaint is resolved on the first response from the insurer. A reduced fee is charged for these cases.

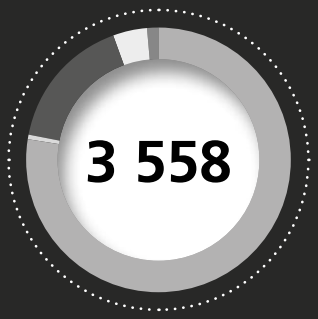
FINALISATION PERIOD

It is gratifying that the percentage of complaints finalised within six months was again 91% as in 2018. This was despite the fact that some insurers were tardy in their responses as can be seen from the number of incompetent cases and the number of second reminders on page 32 of this Annual Report.

FINALISATION PERIOD

0 – 30 days **34.65%**
31 – 60 days **19.85%**
61 – 90 days **13.46%**
91 – 180 days **22.80%**
181 – 365 days **8.50%**
Over 365 days **0.74%**

CASES FINALISED 2019



Standard
2 842

Basic
21

Complicated
492

Incompetent
157

Complicated +
46

CASES FINALISED 2018

Standard
2 710

Basic
24

Complicated
461

Incompetent
106

Complicated +
66

STATISTICAL SUMMARY OF

	LIFE				DISABILITY			
NATURE OF COMPLAINT	**2018**	**W/P***	**2019**	**W/P***	**2018**	**W/P***	**2019**	**W/P***
Poor communications/documents or information not supplied/poor service	414	37%	**504**	**37%**	61	25%	**37**	**35%**
Claims declined (policy terms or conditions not recognised or met)	335	36%	**437**	**27%**	343	37%	**273**	**37%**
Claims declined (non-disclosure)	92	20%	**101**	**24%**	60	22%	**54**	**19%**
Dissatisfaction with policy performance and maturity values	98	11%	**122**	**11%**	0	0%	**0**	**0%**
Dissatisfaction with surrender or paid-up values	49	14%	**59**	**10%**	0	0%	**0**	**0%**
Misselling	18	39%	**17**	**24%**	1	100%	**1**	**0%**
Lapsing	60	30%	**79**	**33%**	3	33%	**1**	**0%**
Miscellaneous	117	26%	**100**	**35%**	4	25%	**7**	**14%**
Total	1 183	30.7%	**1 419**	**28.3%**	472	33.5%	**373**	**33.2%**

* Resolved wholly or partially in favour of the complainant.

NATURE OF COMPLAINT

We added a category for funeral benefits to this summary. These benefits were previously included in the "life" category. It is seldom clear from our complaints under which licence the funeral benefits were underwritten and, therefore, we include all complaints relating to funeral benefits under this category.

The Treating Customers Fairly outcome categories as stipulated in the Policyholder Protection Rules ("PPR") appear in the block alongside.

PPR COMPLAINTS CATEGORISATION

Design of policy or related service **6.1%**
Information provided to policyholders **11.8%**
Advice **0.8%**
Policy performance **4.7%**
Service to policyholders **13.0%**
Policy accessibility, changes or switches **2.3%**
Complaints handling **1.1%**
Insurance risk claims **58.7%**
Other complaints **1.5%**

FULL CASES FINALISED

HEALTH				FUNERAL				TOTALS				% OF TOTAL	
2018	W/P*	2019	W/P*	2018	W/P*	2019	W/P*	2018	W/P*	2019	W/P*	2018	2019
25	44%	**51**	**27%**	437	46%	**509**	**54%**	937	38%	**1 101**	**44%**	27.83%	30.94%
225	23%	**198**	**21%**	758	34%	**767**	**36%**	1 661	31%	**1 675**	**32%**	49.33%	47.08%
35	0%	**27**	**19%**	11	9%	**12**	**33%**	198	15%	**194**	**22%**	5.88%	5.45%
0	0%	**0**	**0%**	3	33%	**1**	**0%**	101	11%	**123**	**11%**	3.00%	3.46%
0	0%	**1**	**100%**	4	0%	**2**	**0%**	53	11%	**62**	**11%**	1.57%	1.74%
1	0%	**0**	**0%**	4	25%	**1**	**100%**	24	33%	**19**	**26%**	0.71%	0.53%
4	75%	**2**	**50%**	143	36%	**139**	**38%**	210	34%	**221**	**36%**	6.24%	6.21%
7	57%	**5**	**40%**	55	18%	**51**	**27%**	183	24%	**163**	**25%**	5.44%	4.59%
297	23.2%	**284**	**22.5%**	1 415	37%	**1 482**	**42%**	3 367	31.5%	**3 558**	**34.12%**	100%	100%

RESOLVED WHOLLY OR PARTIALLY ("W/P")
IN FAVOUR OF COMPLAINANTS

The percentage of cases resolved in favour of complainants increased from 31.5% to 34.12%. If we add the Transfers settled in favour of complainants, then the W/P percentage increases to 41%.

R200.4 million was recovered for complainants in the form of lump sums. This figure does not reflect the value of all benefits awarded in favour of complainants, such as recurring income disability benefits, annuities, the reinstatement of policies, etc.

The amount of compensation awarded to complainants in terms of Rule 3.2.5 increased from R632 737 in 160 complaints in 2018 to R874 286 in 190 complaints in 2019.