

Industry Comments –Proposed Minimum Requirements on Customer Complaints Procedures for Insurance Licensees
Rulebook-Volumes 3 – Insurance licensees
May 2011

Industry Comments	CBB’s response
General Comments:	
<p>A licensee requested that the exemption of Reinsurance Companies from these requirements as they don’t transact with retail customers. Reinsurers’ main customers are ‘market counterparties’ such as Insurers, Reinsurers and Brokers for whom such protection is not required. Furthermore the largest part of those customers are overseas entities.</p>	<p>Reinsurance companies will be exempted from the requirements of this directive as they only deal with insurance firms.</p>

Industry Comments –Proposed Minimum Requirements on Customer Complaints Procedures for Insurance Licensees
Rulebook-Volumes 3 – Insurance licensees
May 2011

<p><i>1.6 For the purpose of this paper, customer complaint includes: “any complaint in relation to the provision of regulated services by an insurance licensee in which the customer alleges that he has suffered, or is likely to suffer financial prejudice as a result of the insurance licensee:</i></p> <p><i>(a) Contravening or failing to comply with any instruction given by the customer, or any agreement or mandate entered into with the customer;</i></p> <p><i>(b) Contravening or failing to comply with CBB rules and directives;</i></p> <p><i>(c) Acting dishonestly, negligently or recklessly; or</i></p> <p><i>(d) Treating the customer unreasonably or unfairly”.</i></p>	<p>A licensee suggested amending the definition of a customer complaint to say “contravening or failing to comply without reasonable explanation with any reasonable instruction given by the customer or any agreement or mandate entered into with the customer”.</p> <p>The reason for this suggestion is there may be situations where for example a customer makes unrealistic demands or asks an insurance broker (or an insurer to obtain reductions in premiums/increases in limits/improvement in conditions, which for various valid reasons may not be achievable.</p>	<p>The proposed wording will not be adopted as it leaves too much discretion to the licensee and will not serve the main purpose to ensure consumer protection.</p>
<p><i>2.3 All insurance licensees must appoint a customer complaints officer and publicise his/ her contact details at all branches. The customer complaints officer must be of a senior level at the insurance licensee and must be independent of the parties to the complaint to minimize any potential conflict of</i></p>	<p>A licensee inquired if the Customer Complaint Officer is an approved person? And can the function be combined with the Compliance Officer? The licensee’s opinion is that the Compliance Officer is naturally fit to assume this additional role of Customer Complaint Officer.</p> <p>A licensee noted that specifying a telephone number and an email address could be sufficient. Naming one complaints officer for all issues could be impractical since complaints could be related to</p>	<p>Complaints officer should be a senior person but he is not an approved person, (i.e. no need for CBB prior approval to appoint such person). However, Compliance Officer can take the responsibility of the Complaints officer. The complaints officer must be independent of the business line relating to</p>

Industry Comments –Proposed Minimum Requirements on Customer Complaints Procedures for Insurance Licensees
Rulebook-Volumes 3 – Insurance licensees
May 2011

<p><i>interest.</i></p>	<p>different aspects of the insurance cycle such as certain exclusions, claims handling, price.....etc. Also, if a person should be appointed as a Complaints Officer, is it possible that this function could be combined with another function and if possible which functions would be approved by the CBB to handle the complaints procedure.</p>	<p>customers to minimize any potential conflict of interest</p>
<p><i>2.6 Insurance Licensees are required to ensure that claim forms include a statement informing the customer of the availability of a simple and easy-to-use guide on customer complaints procedure in the event the customer is not satisfied with the services provided.</i></p>	<p>A licensee noted that for the sake of good order we would explain that as a rule, with the exception of motor and medical claims, claims forms are not used for the submission of non-life claims. In accordance with your proposed guidelines any motor and medical claims forms would therefore have reference to insurers' complaints procedures and not those of an insurance broker.</p>	<p>Disagree; all claims forms or claims notification documents should include the statement. The Rule will be made clearer to make reference to claims forms and claim notification documents. There will be a transition period from the date of issuance that will give the licensees adequate time to comply</p>
<p><i>2.7 Adherence to the following principles is required for effective handling of complaints:</i> 4. Objectivity: Xiii Continual improvement: <i>Continual improvement of the complaints handling process and the quality of products should be a permanent objective of the insurance licensee.</i></p>	<p>A licensee noted that since insurance brokers do not necessarily issue their own products but do provide a service to their customers it is suggested that the sentence is expanded to say “Continual improvement of the complaints handling process and the quality of products and/or services should be a permanent objective of the insurance licensee”.</p> <p>A licensee noted that the proposed regulations call for having all details easily accessible to insured/clients. For that, it is suggested to include a clause about "Complaints Handling" in all policy wording.</p>	<p>Valid point- to amend 2.7 as follows: <i>Continual improvement of the complaints handling process and the quality of products and/or services should be a permanent objective of the insurance licensee.</i></p> <p>Agree with suggestion – to be added as guidance to Module BC</p>

Industry Comments –Proposed Minimum Requirements on Customer Complaints Procedures for Insurance Licensees
Rulebook-Volumes 3 – Insurance licensees
May 2011

<p>2.8 Internal Complaint Handling Procedures <i>Insurance licensee’s internal complaint handling procedures must provide for:</i> <i>(a) The receipt of written complaints;</i> <i>(b) The appropriate investigation of complaints;</i> <i>(c) An appropriate decision-making process in relation to the response to a customer complaint;</i> <i>(d) Notification of the decision to the customer; and</i> <i>(e) The recording of complaints.</i></p>	<p>A licensee noted that licenses should entertain only written complaints received. Point 2.8 (a) of the Consultation Paper seems to support this argument and confirmation is required of the same.</p>	<p>Section. 2.10 states “<i>insurance licensee must acknowledge in writing within the same day of receipt of customer written complaints for non-life insurance policies and within 5 business days of receipt of customer written complaints for life insurance policies</i>” therefore, it is clear that complaints should be received in writing</p>
<p>2.10 Timely Response to Complaints <i>(a) An insurance licensee must acknowledge in writing within the same day of receipt of customer written complaints for non-life insurance policies and within 5 business days of receipt of customer written complaints for life insurance policies;</i> <i>(b) An insurance licensee must respond in writing to a customer’s complaint within one week of receiving non-life insurance policies complaint</i></p>	<p>A licensee proposed that the acknowledgement to be taken place in the next working day as the customer might send the complaint after working hours or during the weekend.</p> <p>A licensee noted that there should be no differentiation in response times between life and non-life policies and that</p> <p>a) The acknowledgement should be within 5 working days for both types of policies (i.e. not the same day for non-life) and</p> <p>b) A response in writing should be sent within 2 weeks of receipt of the complaint regarding how they propose to deal with the complaint.</p> <p>Both categories of policies can be equally complicated and the individual who is responding will need sufficient time to avail themselves of facts and prepare a suitable and meaningful response.</p>	<p>Disagree; the nature of complaints raised on the non-life insurance policies requires an urgent response.</p>

Industry Comments –Proposed Minimum Requirements on Customer Complaints Procedures for Insurance Licensees
Rulebook-Volumes 3 – Insurance licensees
May 2011

<i>and within 2 weeks of receiving the life insurance policies complaint, explaining their position and how they propose to deal with the complaint.</i>	A licensee proposed 2 working days acknowledgment for non-life insurance policies instead of the same day.	See comment above.
--	--	--------------------

Industry Comments –Proposed Minimum Requirements on Customer Complaints Procedures for Insurance Licensees
Rulebook-Volumes 3 – Insurance licensees
May 2011

<p>2.12Recording of Complaints <i>An insurance licensee must maintain a record of all customers’ complaints. The record of each complaint must include:</i></p> <p>(a) <i>The identity of the complainant;</i> (b) <i>The substance of the complaint;</i> (c) <i>The status of the complaint, including whether resolved or not, and whether redress was provided; and</i> (d) <i>All correspondence in relation to the complaint.</i></p> <p><i>Such records must be retained by the insurance licensees for a period of 10 years from the date of receipt of the complaint.</i></p>	<p>A licensee proposed that customer complaints records to be retained for 5 years to be in line with other record keeping rules. Ten years is very onerous especially in case of complaints that do not relate to complex issues.</p>	<p>The record retention period will be amended to be 5 years instead of 10 years.</p>
<p>2.13 Reporting of Complaints <i>An insurance licensee must submit to the CBB a quarterly report summarising the following:</i></p> <p>(a) <i>The number of complaints received;</i> (b) <i>The substance of the complaints;</i> (c) <i>The number of days it took the insurance licensee to acknowledge and to respond to the complaints; and</i></p>	<p>A licensee proposed that the licensees report complaints semiannually or annually as the volume of the complaints is not much.</p> <p>A licensee required clarification regarding the quarterly reporting of complaints in order to provide the correct information. For example would the CBB expect the quarterly report to identify:</p> <ul style="list-style-type: none"> • Only any complaints received in that particular quarter (both resolved and unresolved) or • To report any complaints received in that quarter and any existing open complaints from previous quarters or 	<p>Quarterly report is to be required at this time for all licensees.</p> <p>The CBB will not issue a template at this time. The report should show complaints received in the quarter and those that remain</p>

Industry Comments –Proposed Minimum Requirements on Customer Complaints Procedures for Insurance Licensees
Rulebook-Volumes 3 – Insurance licensees
May 2011

<p>(d) <i>The status of the complaint, including whether resolved or not, and whether redress was provided.</i></p>	<ul style="list-style-type: none"> • Any new complaints received in that quarter, any existing complaints which still to be resolved and any previously reported complaints which have been resolved in the past quarter or • All complaints from a date to be specified by the CBB, whether resolved or unresolved. 	<p>unresolved from previous quarters or have been resolved since then.</p>
---	--	--