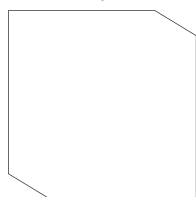
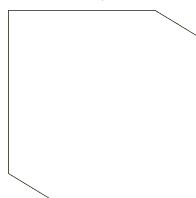
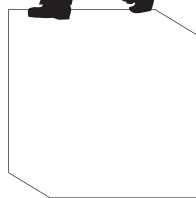


ANNUAL REPORT 2008



Insurers, Banks and the OFSO; partners together in resolving disputes

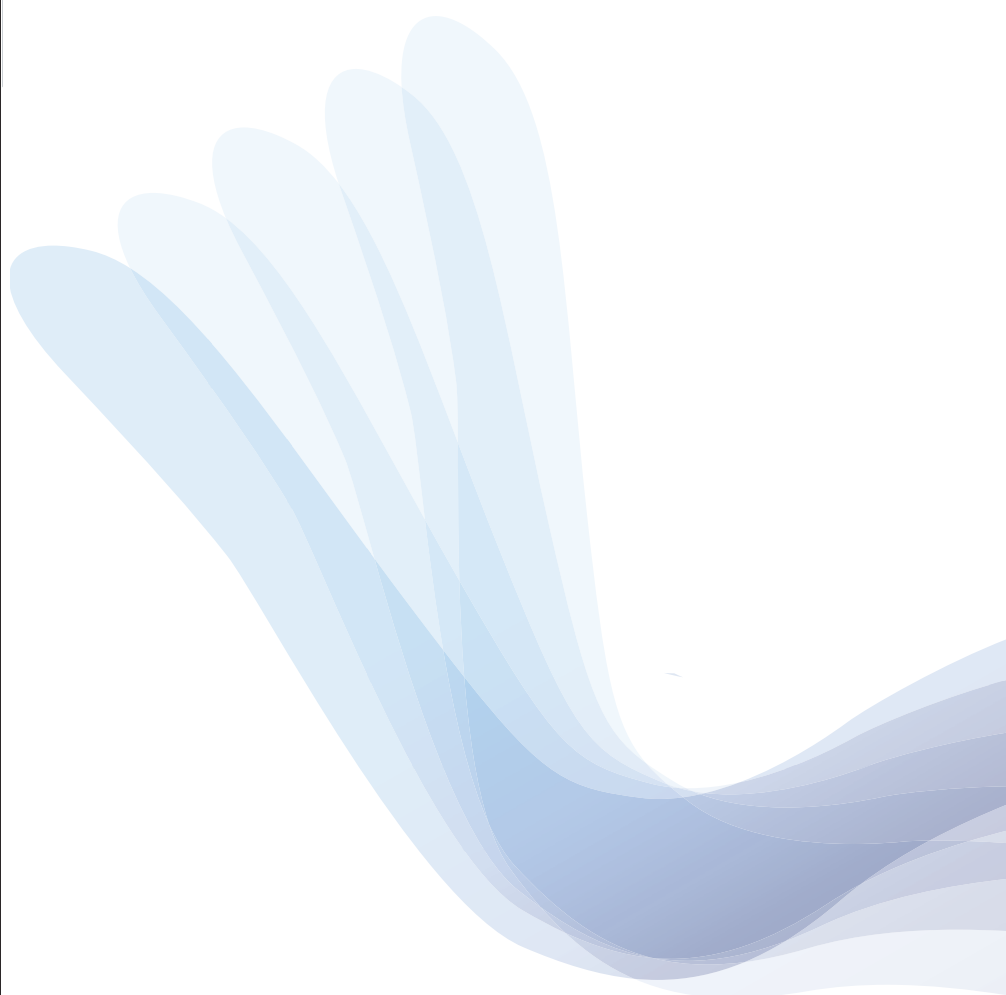
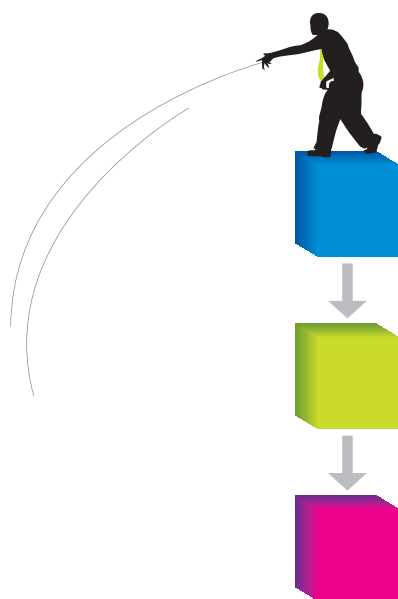
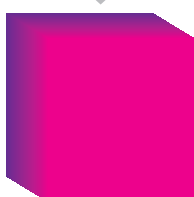
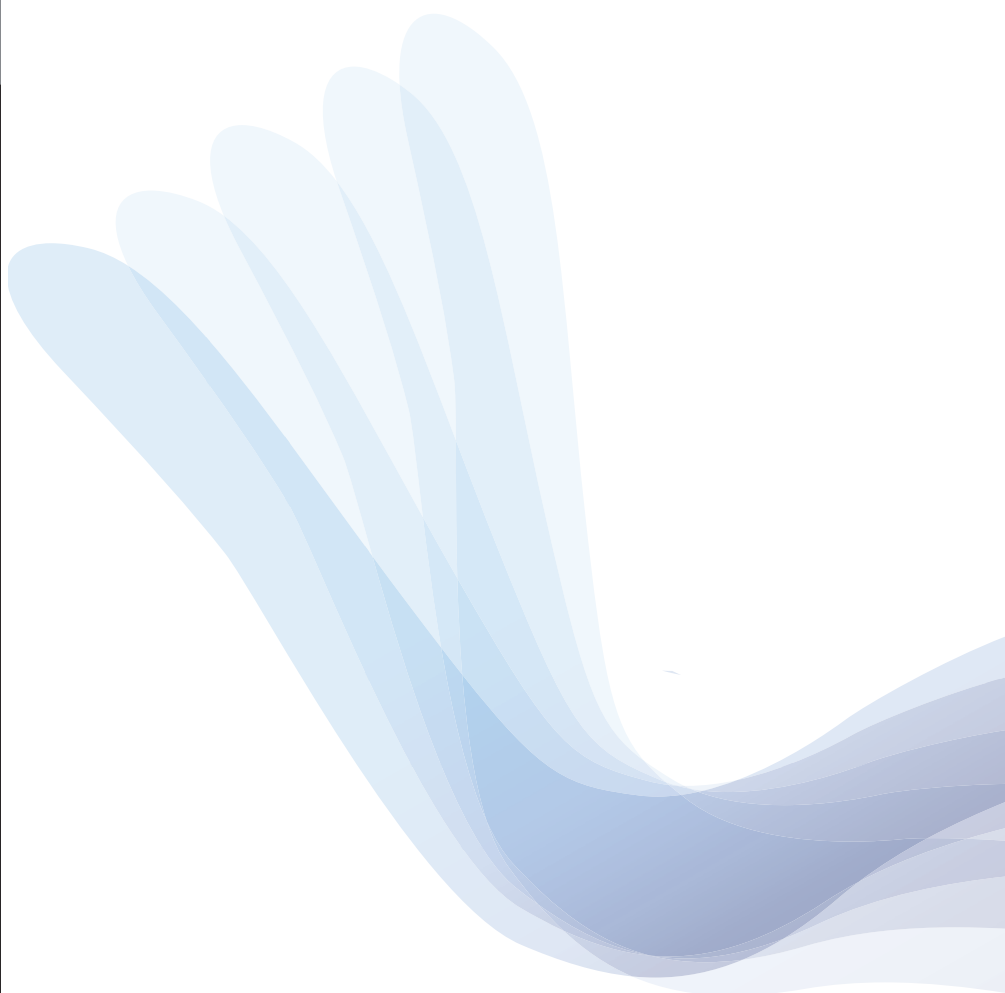
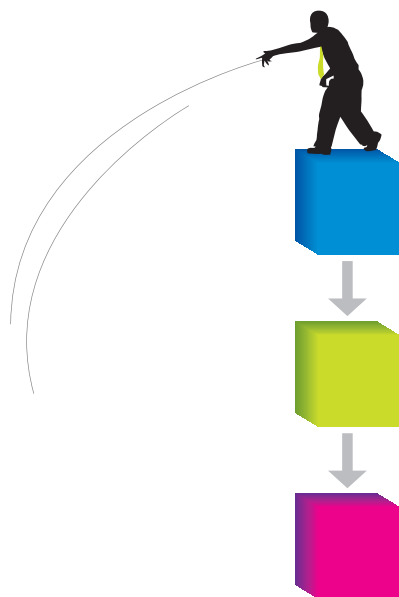


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Insurers, Banks and the OFSO; partners together in resolving disputes



FOREWORD

By the Governor of the Central Bank



Mr. Ewart S. Williams

In 2008, complaints to the Office of the Financial Services Ombudsman showed an overall decline of 23 per cent. The number of complaints from both commercial banks and insurance companies fell by 3 per cent and 21 per cent respectively. For those five insurance companies which continue to account for over 70 per cent of complaints received, there was a marginal decline of 7 per cent. However, a 43 per cent fall in complaints from the other insurance companies contributed primarily to the overall decrease recorded in insurance companies.

It is evident that improvements in the internal dispute mechanisms of the larger insurance companies along with the banks were mainly responsible for the overall decline. Despite the efforts of the Ombudsman, some of the smaller insurance companies are yet to establish these mechanisms. This continues to be a source of concern since the Office spends most of its time on complaints emanating from these companies.

In September 2008, the Central Bank issued a Guideline on Claims which is intended to improve market conduct practices involving claims management. Insurance



FOREWORD

By the Governor of the Central Bank

companies are required to, inter alia, develop formal internal procedures to address claims and customer complaints on a more timely basis. We expect that all insurance companies will comply fully with these requirements.

The Financial Institutions Act 2008 received Presidential assent on 19th December, 2008. An important provision in the revised legislation is linked to the Ombudsman's Scheme. Section 127 of the Act states that ***"A licensee shall no later than three months after this Act comes into force, enroll in an Alternate Dispute Resolution Scheme approved by the Central Bank."*** As a result of this provision, eight (8) non-bank financial institutions were required to join the Scheme by March 19, 2009.

There is no doubt that over the short to medium term we will face some challenges given the prevailing financial crisis worldwide and the potential negative impact on our stakeholders. We in Trinidad and Tobago are not immune to the fallout from this crisis and updating our regulatory processes will be critical. At the same time we also need to build a culture of market discipline recognizing the importance of our rights and responsibilities. In the final analysis the OFSO has an important role to play in our overall financial system. I want to take this opportunity to congratulate the staff of the OFSO who continue to provide a service that is impartial and efficient.



Ewart S. Williams



PREFACE

By the Financial Services Ombudsman



Ms. Ann Marie Narine

On May 01, 2008, I assumed the position of Financial Services Ombudsman as Mrs. Judy Chang retired on April 30, 2008. The transition was seamless due in part to Mrs. Chang's assistance, the dedication of the staff and the cooperation of our member financial institutions. I wish to take this opportunity to thank everyone for their support.

The 2008 Annual Report details our achievements in respect of our complaints-handling and stakeholder activities and these are set out on the following pages, where the results, trends and observations are presented in text and graphics. In summarizing our achievements, I am pleased to note that complaints from both the banking and insurance sectors continued on a downward trend. This is testimony to the importance placed on customer relations by our member institutions and the overall adherence to our suggestions. Nevertheless, there continues to be room for improvement.

In the case of the commercial banks reports are submitted to the Office of the Financial Services Ombudsman



PREFACE

By the Financial Services Ombudsman

(OFSO) in respect of complaints received by their internal dispute units. In 2008, I observed that the four large banks received 412 complaints representing a significant improvement over the previous year's total of 736. Most of the complaints continued to be in the area of customer service with people skills featuring as the area of contention. This was also reflected in the complaints which are made directly to the OFSO and suggests that banks should review and/or update their training programmes to improve this area. I would like to recommend that "putting the customer first" be the focus of these programmes.

While there has been some reduction in the number of complaints received from insurance companies, the OFSO spent most of its time resolving complaints against 5 insurance companies in respect of motor insurance claims. The reduction in the number of complaints received from these companies was due primarily to one company which showed significant improvement in its complaint handling process. It is, however, evident that these companies need to institute internal dispute resolution units with trained personnel to address the concerns of their customers in a more efficient way.

I wish to underscore the need for all institutions to recognize the importance of resolving complaints at the first point of contact and to respond to complaints promptly, accurately and with the utmost courtesy. Customers are entitled to no less. In addition, complaints and complaint trends indicate to an institution how to do its job better by alerting management to problems that need prompt attention and correction. It is therefore incumbent on each institution to have systems in



PREFACE

By the Financial Services Ombudsman

place whereby the collection of relevant data will assist in identifying problem areas.

The Way Forward

The support of the skilled and dedicated OFSO staff members who approach their jobs with a high degree of professionalism, enthusiasm and expertise, is invaluable. The team's strong commitment to fair, impartial and consistently high quality decision-making has resulted in positive feedback from our stakeholders. This is clearly an indication of the success of the Scheme.

Going forward, I am, however, mindful of the turbulence in the financial sector both locally and internationally and the potential negative fallout for customers of our member institutions. As such, the OFSO will continue to use various means of communication to provide information to the public on the need to exercise care when conducting financial transactions. A quarterly newsletter, strip advertisements in the daily newspapers, our new and enhanced website and meetings with communities, including those in Tobago, are some examples of our future communication efforts.

In addition, we aim to strengthen our relationship with the Central Bank's National Financial Literacy Programme (NFLP) which is providing yeoman service to the citizens of Trinidad and Tobago with respect to financial matters. In 2008, the OFSO collaborated with the NFLP in producing an insurance booklet on understanding motor insurance entitled "In the Driver's Seat" which was well received by all the stakeholders. Booklets on other financial matters are underway and we look

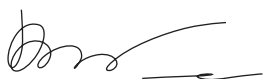


PREFACE

By the Financial Services Ombudsman

forward to working with the NFLP in the development and distribution of these booklets.

Finally, the preservation of stability and confidence in the financial sector is the goal of all stakeholders and we at the OFSO intend to do our part by assisting in any way we can.



Ann Marie Narirne



REPORT ON THE BANKING COMPLAINTS

For the year ended 31 December 2008

Complaints Received

The Office of the Financial Services Ombudsman (OFSO) received twenty five (25) complaints pertaining to banking services in 2008. The majority of these, sixteen (16), were classified as non-qualifying complaints since they did not meet the criteria that would permit them to be given due consideration by the Office. Nevertheless, as is the usual practice, the OFSO treated with them and referred them to the respective institutions for resolution. All but two of these complaints were resolved during the year. Of the nine (9) qualifying complaints received in 2008, all were resolved by the year's end [See Table 1].

As in previous years, most of the banking complaints that were lodged at the OFSO were related to disputes about alleged discrepancies and unauthorised transactions in customers accounts [See Table 2]. Twenty-four per cent of the banking complaints were about excessive fees and charges, loan transactions and the credit policies of the banks.

The OFSO commends the commercial banks for the high level of cooperation received during the year when attempts were made to resolve all complaints. The Office appreciates their willingness to treat with all customer complaints and disputes especially those that are outside the purview of the Financial Services Ombudsman Scheme.



REPORT ON THE BANKING COMPLAINTS

For the year ended 31 December 2008



Statistical Overview of Banking Complaints

Figure 1
Complaints Received

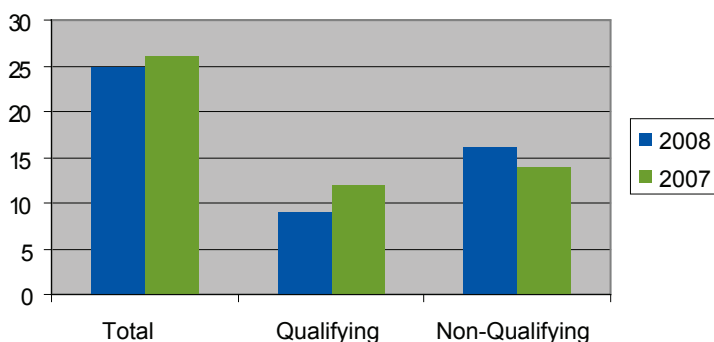


Table 1
Banking Complaints Processed

	2008	2007
Brought Forward	3	6
Received	<u>25</u>	<u>26</u>
Subtotal	28	32
Resolved	-26	-30
Carried Forward	2	2

Table 2
Complaints Received: By Type

	2008		2007	
	Total	Percent of Total	Total	Percent of Total
Accounts and Transactions	17	68	15	57
Card Services	0	0	2	8
Fees and Charges	2	8	0	0
Loans and Credits	2	8	2	8
Privacy and Confidentiality	0	0	1	4
Service and Advice	0	0	2	8
General Interest Rate Level	1	4	0	0
Credit Policies and Decisions	2	8	3	11
Other	1	4	1	4
TOTALS	25	100	26	100

REPORT ON THE INSURANCE COMPLAINTS

For the year ended 31 December 2008

Complaints Received

Although there was a 21 per cent decline in the number of complaints in the number of complaints in 2008, the year was an extremely busy one for the OFSO. Of the two hundred and seventy (270) complaints received during this period, forty three (43) of these complaints fell outside of the jurisdiction of the OFSO and were therefore redirected to the Central Bank of Trinidad and Tobago for the attention of its Financial Institutions Supervision Department. At the beginning of the year, there were sixty four (64) complaints outstanding and these were given further consideration by the Office during the year. There were no complaints from small businesses.

Table 1
Summary of Complaints Processed

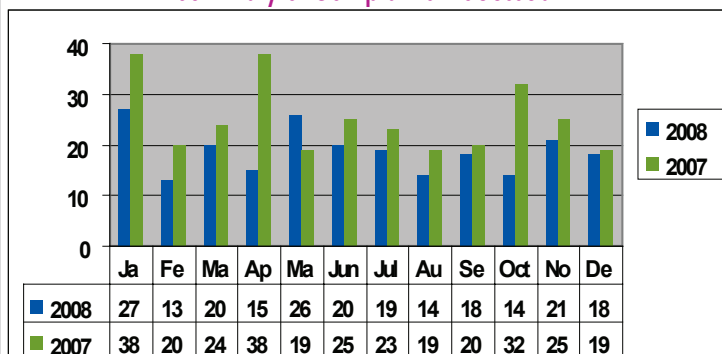
	2008	2007
Brought Forward	64	97
Complaints Received	270	341
Referred to the Central Bank	-43	-39
Processed by OFSO	291	399
Closed	-245	-335
Carried Forward	46	64

REPORT ON THE INSURANCE COMPLAINTS

For the year ended 31 December 2008



Figure 1
Summary of Complaints Processed



Types of Complaints

As in previous years, a substantial percentage of the complaints handled by the OFSO was in relation to motor insurance claims. In 2008, all but thirteen (13) of these complaints were motor insurance related claims. Eight (8) persons registered their dissatisfaction with their insurers about issues relating to their life insurance policies and health plans. There were only four (4) complaints about matters pertaining to annuities and one individual sought the assistance of the Office in resolving a dispute about property insurance. It should be noted that all the complaints that the OFSO received in 2008, which were not related to motor claims, were resolved during the year.

REPORT ON THE INSURANCE COMPLAINTS

For the year ended 31 December 2008



Figure 2
Types of Complaints

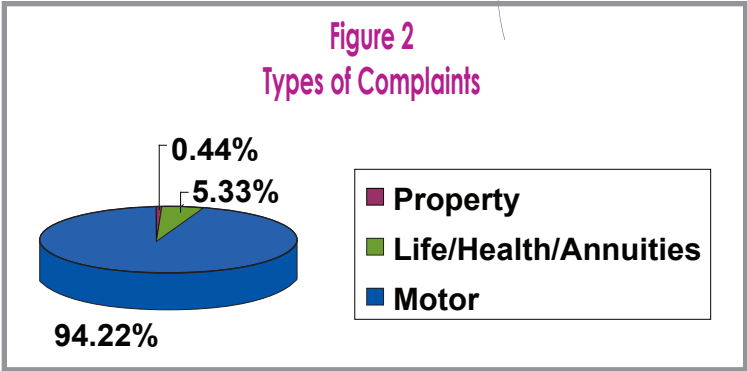


Figure 2
Types of Complaints Received

	2007		2008	
	No. of Complaints	% of Total	No. of Complaints	% of Total
Motor	214	94	284	94
Property	1	1	3	1
Life/Health/Annuities	12	5	15	5
Total	227	100	302	100

Distribution of Complaints Amongst Insurance Companies

In 2008, the distribution of complaints made against the insurance companies was very similar to that of the previous year. One hundred and ninety five (195) or 72 per cent of the new complaints that were lodged at our Office were made against five insurance companies, all of which were involved in the general insurance business. Four of these insurers were included in the five companies mentioned in the 2007 Report as having the most complaints. It should be noted that complaints against these companies have proven to be the most difficult ones to resolve due in part to the fact that the Office did

REPORT ON THE INSURANCE COMPLAINTS

For the year ended 31 December 2008

not receive the level of cooperation that would permit the prompt resolution of the complaints. The distribution of complaints received against these five companies, as compared to the others in the industry, is detailed in the Table 3.



Table 3
Summary of Complaints Processed

COMPANY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Subtotal (OFSO)	FISD	Total 2008	Total 2007
Company A	16	14	17	13	60	15	75	66
Company B	14	11	8	10	43	10	53	83
Company C	7	9	12	6	34	1	35	34
Company D	6	3	3	4	16	3	19	19
Company E	2	4	3	2	11	2	13	8
SUB TOTAL	45	41	43	35	164	31	195	210
Other Companies	15	20	8	18	63	12	75	131
TOTAL	60	61	51	53	227	43	270	341

Categories of Complaints

In 2007, the largest proportion of complaints from members of the public was related to their dissatisfaction with the tardiness of the insurers in settling their claims. In 2008, the complainants were discontented with what they regarded as the inadequacy of the amounts being proposed for the settlement of their claims. However, a significant number of complainants continue to be unhappy about undue delays in the payment of claims and the denial of liability by the insurers.

Of the two hundred and twenty seven complaints handled by the OFSO, eighty four (84), or 37 per cent of these were lodged in relation to the insufficiency of the

REPORT ON THE INSURANCE COMPLAINTS

For the year ended 31 December 2008

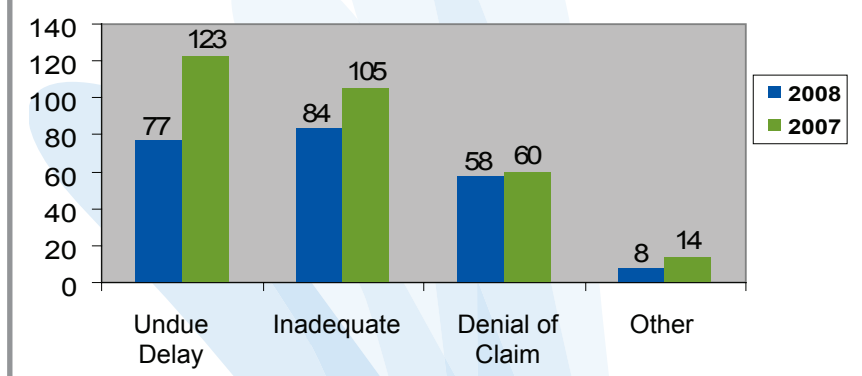
proposed settlements. Seventy seven (77) complaints or 34 per cent were made with respect to delayed settlements (See Figure 3 and Table 4).



Table 4
Categories of Complaints

Categories of Complaints	No. of Complaints		% of Total	
	2008	2007	2008	2007
Inadequate	84	105	37	35
Undue Delay	77	123	34	40
Denial of Claim	58	60	26	20
Other	8	14	3	5
TOTALS	227	302	100	100

Figure 3
Categories of Complaints



Resolution of Complaints

A. How Complaints Were Resolved

During the past year, the OFSO was able to facilitate the resolution of one hundred and sixty nine (169)

REPORT ON THE INSURANCE COMPLAINTS

For the year ended 31 December 2008

complaints by agreement between the parties in the respective disputes. Sixty seven (67) complaints were withdrawn for various reasons. In some instances, the complainants were required to submit additional information to support their disputes with the companies but failed to do so. There were also a few cases where the complainants indicated that they were no longer interested in having the OFSO pursue the matter on their behalf and requested that the complaints be withdrawn.

As is the usual practice, all the complaints that were received were carefully scrutinized to determine whether the relative subject matters were within the jurisdiction of the OFSO and could be handled according to the Terms of Reference of the Financial Services Ombudsman Scheme. Some complaints, which were deemed to be entirely without merit, were dismissed and the complainants were advised accordingly.

One complaint was resolved after a recommendation was made by the Financial Services Ombudsman to the respective insurer and in accordance with the Terms of Reference of the Scheme. No awards were made by the Financial Services Ombudsman during the year (See Table 5).



REPORT ON THE INSURANCE COMPLAINTS

For the year ended 31 December 2008



Table 5
Resolution of Complaints

Complaints Resolved By	2008		2007	
	No. of Complaints	% of Total	No. of Complaints	% of Total
Agreement	169	69	214	64
Withdrawals by OFSO	67	27	92	27
Withdrawals by Complainants	6	2	6	1
Referred to Court	2	1	1	1
Transferred to Liquidator	-	-	21	6
Recommendation/Awards	1	1	1	1
TOTALS	245	100	335	100

B. Time Taken to Resolve Complaints

The OFSO wishes to register its dissatisfaction with the length of time that many complaints remain unresolved and outstanding. In both 2007 and 2008, the vast majority of the complaints that were resolved were outstanding for periods well in excess of thirty days. Over 25 per cent of the settled disputes were resolved after a period of more than 120 days had elapsed subsequent to the lodgement.

The OFSO acknowledges the fact that many of the insurers have given the Office excellent support and cooperation. Nevertheless, there are some which have been somewhat tardy in their responses to the notices of the complaints made against them. Indeed, this is the major contributory factor to the delay in the settlement of the disputes. In some instances, the complainants themselves were responsible for the delays in that they failed to furnish the Office with the requisite information to further support their cases against the insurers when requested to do so. The OFSO will continue to make every effort to ensure that communication with

REPORT ON THE INSURANCE COMPLAINTS

For the year ended 31 December 2008

the insurers and the complainants is maintained and that both parties are kept informed promptly of the status of the complaints.

Table 6
Resolution of Complaints

2008			2007	
Resolved Within	No. of Complaints	% of Total	No. of Complaints	% of Total
30 days of receipt	29	12	55	16
31-60 days of receipt	58	24	67	20
61-90 days of receipt	58	24	67	20
91-120 days of receipt	37	15	27	8
More than 120 days of receipt	63	25	119	36
TOTALS	245	100	335	100

Outreach Programmes

The OFSO is mindful of the need to continually heighten public awareness of the service being offered by the Office to the members of the public, both individuals and small businesses. In this regard, and within the last year, the Office has intensified its outreach programmes to many areas of Trinidad and Tobago. These programmes are intended to inform the various communities of the ways in which the OFSO can provide valuable assistance to them.

The OFSO was an active participant in small business expositions in Tobago and in the Borough of Chaguanas. Participation in these two events was highly successful and the desired result was achieved. The public's response to the OFSO's presence at these expositions was overwhelming and

REPORT ON THE INSURANCE COMPLAINTS

For the year ended 31 December 2008

as a result, several enquiries about the service have since been received.

During 2008, the Office placed several public notices in the newspapers with helpful tips for both account holders in financial institutions and policy holders of insurance companies. In addition, the Financial Services Ombudsman was featured in media appearances and interviews in both the print and electronic media.

The OFSO has taken a decision to extend its operations to Tobago and, in this regard, appropriate arrangements with the Tobago House of Assembly are underway for use of their facilities to provide a service that is more convenient to the residents of Tobago. The OFSO has also agreed to participate in some of the town hall meetings which would be held throughout Tobago and conducted by the Financial Literacy Secretariat of the Tobago House of Assembly.

The OFSO has distributed thousands of brochures and booklets with information to enlighten the public about the various aspects of the operations and to provide valuable hints and suggestions about the management of their financial affairs. This was done primarily through the mail and at the display centres on the premises of the financial institutions. In addition, a quarterly newsletter **"The Mediator"** is being developed and should be ready for distribution soon.





The OFSO at the Tobago Exposition

CONCLUSION

The success of the Financial Services Ombudsman Scheme in 2008, and indeed in previous years, was to a significant extent owing to the co-operation of most of the participating financial institutions. As a result of their timely and prompt responses many complaints were resolved in an efficient and timely fashion. Regrettably, however, a few insurers have not been as obliging and, as a result, some complaints remained unresolved for periods longer than what may be deemed to be acceptable. It would seem that there is, on the part of these companies, a lack of appreciation of the fact that the success of the Scheme would naturally redound to the benefit of the insurers and an overall improvement in the public's confidence in the industry.

Over the period May 2003 to December 2008, the OFSO received and handled no fewer than one thousand, six hundred and eighteen (1,618) complaints from both the banking and insurance sectors. One thousand, one hundred and fourteen (1,114) or 69% were resolved primarily by agreement between the parties. This is testimony to the success of the OFSO scheme which is voluntary. Most international schemes are regulated through legislation.

The staff of the OFSO must be given credit for their hardwork, particularly for the way in which they provide quality assistance to members of the public who visit the Office and who make numerous enquiries by telephone from time to time for various reasons. All stakeholders are assured that every effort will be made to treat them with courtesy and respect at all times. The OFSO has recently adopted the maxim **"We Can Help"** which represents the essence of the operations of the Scheme.





From left to right

Karen Thompson-Morris, Cbar-Ann Thompson,
Ann Marie Narine, Nicola Robinson, Susan Morris,
Natalie Abraham-Syriac, Selwyn Trim



The Office of the Financial Services Ombudsman team

BANKING CASES FOR THE 2008 OFSO ANNUAL REPORT



Banking Case

1

Mr. John¹ borrowed some money from a commercial bank sometime between 1995 and 1996 and in April 2000, the loan was restructured. The customer was advised that the restructured loan was for a period of two and a half years and the maturity date would be 31 October, 2008. However, he did not receive a copy of the new loan agreement. Mr. John's monthly loan installments were paid through a standing order.

In July 2008, the customer made enquiries at the bank about the outstanding balance on his loan and was very surprised when the bank advised him that the balance owing was much more than he had calculated. He was also informed that the last payment on the loan was due in March 2010 and not October 2008 as was previously agreed. When Mr. John further questioned the credit officer, he was advised that "the bank had made a mistake" in calculating his installment and as a result the term of the loan was extended. The bank acknowledged that an error was made on their part and proposed that the customer should repay only 50% of the balance of the loan. The customer was of the view that the bank had treated him unfairly and was adamant that the loan should be liquidated according to the originally agreed terms. The bank then indicated that since the customer had refused to accept its proposal, it had no alternative but to demand payment of the full amount due plus accrued interest.

The customer sought the assistance of our Office to resolve this dispute. The OFSO held discussions with both parties and as a result, the bank reviewed its position and proposed that Mr. John pay 25% of the

BANKING CASES FOR THE 2008 OFSO ANNUAL REPORT



Banking Case cont'd

1

outstanding balance. The customer agreed and an arrangement was made for him to only pay two further installments.

¹Not the customer's real name

BANKING CASES FOR THE 2008 OFSO ANNUAL REPORT



Banking Case 2

The complainant, who resides abroad, received a monthly pension from a government agency and these pension payments were credited to his account at a branch of a particular bank. However, during the period between September 2000 to October 2003, and as a result of errors that occurred during the processing of these pensions at the government agency, the complainant's pension payments were deposited in error to another pensioner's account at another branch of the same bank.

The complainant only became aware of the situation in November 2003, when the agency discovered that his pension payments were being credited to someone else's account and notified him accordingly. The receiver of these pension payments had subsequently died and monies from his account were paid to his estate. The complainant attempted to have the matter resolved with the bank, but the bank maintained that they were not liable because they were acting on the information, albeit erroneous, that was forwarded from the government agency. The complainant requested that the Office of the Financial Services Ombudsman (OFSO) assist him in resolving this matter.

The OFSO recommended that the bank should reconsider its position and pointed out to the bank that while the errors originated outside of their institution, the bank was also at fault to a certain extent in that it continued to deposit the funds, which were forwarded with a named payee, into the wrong account. It was evident that the bank had no systems in place to detect the discrepancies that had occurred in the processing of the payments, including

BANKING CASES FOR THE 2008 OFSO ANNUAL REPORT

Banking Case cont'd

2

the matching of the names of payees on the cheques to the appropriate account numbers. The bank was so advised.

At the request of the OFSO, the bank did revisit its position and agreed to pay the customer the total of the pension payments with interest for the period September 2000 to October 2003.



BANKING CASES FOR THE 2008 OFSO ANNUAL REPORT



Banking Case 3

Mr. Q gave instructions to the National Insurance Board (NIB) to deposit his retirement benefits into his US\$ account at a particular bank. He was unaware of the fact that TT\$ funds could not be deposited into US\$ denominated accounts. Sometime after, when he visited the bank, the customer discovered that no benefits were deposited to the US\$ account since the funds were returned to the NIB by his bank. He was redirected to the NIB to enquire about the status of his funds.

The National Insurance Board provided evidence that those benefits were forwarded to that bank, with instructions to be deposited to that particular account. When Mr. Q returned to the bank with the information, he was advised that his retirement benefits could not be deposited to that account because it is a US\$ account. The bank had therefore deposited the monies to another account that Mr. Q held jointly with another party. The complainant then discovered that the funds had been withdrawn from the account by the other party without his knowledge.

The OFSO suggested to the bank that if the benefit cheques could not have been deposited into a particular account as was required by the instructions of the NIB and the customer, then the cheques should have been returned to NIB. If the bank had followed this procedure, the withdrawals of these funds from the joint account could have been avoided.

The dispute was resolved after the bank reviewed Mr. Q's claim and took a decision to credit the customer with the total amount of the missing funds.

BANKING CASES FOR THE 2008 OFSO ANNUAL REPORT



Banking Case

4

This customer, who is a retiree, borrowed from a bank in 2007 and agreed to pay a monthly installment of \$500.00 over a period of three years. However, the customer, in an effort to pay off the loan quicker, decided to increase her monthly repayment towards the loan to over \$1,300.00. She did not consult or advise the bank of her decision beforehand.

One year later in 2008, she made a payment towards the loan, believing it to be her last payment. However, the bank advised her that her loan was not fully paid off and she still owed the bank over \$2,000.00 which represented interest for two years.

The Office of the Financial Services Ombudsman enquired from the bank as to the conditions of the customer's loan and was advised that according to the loan agreement, the bank must be first advised of the customer's intention to repay the loan before the agreed completion date. The bank would then calculate the amount of interest to be refunded and the final settlement figure of the loan account would be determined. If the bank is not notified of the customer's intention, the customer will be expected to repay the full value of the debt as is stated in the loan agreement.

The complainant was advised that the bank acted in keeping with their policies and procedures as regards the granting of loans and that she was required to pay off the final settlement figure. The complainant was also reminded that it is important that a customer reads all information provided and asks the relevant questions before signing any loan documents.

INSURANCE CASES FOR THE 2008 OFSO ANNUAL REPORT

Insurance Case

1

Property insurance should represent current market value

The retaining wall at the back of a homeowner's property had collapsed after heavy rainfall. She lodged a claim with her insurance company for compensation to cover expenses for repairing of the wall.

The insurance company, after reviewing her claim, made an offer of settlement to her. She was of the view that the offer was inadequate and did not accept. She then attempted to negotiate a better settlement with her insurers but without success. The complainant was advised by a friend that she should visit the Office of the Financial Services Ombudsman (OFSO) to lodge a complaint against the insurance company.

The OFSO reviewed her case and asked the insurance company to provide information pertaining to the claim. The insurer, in their response, advised that, based on their adjuster's report, the estimated cost of repairs submitted by the complainant was indeed reasonable. However, since the property was assessed as being underinsured that is, insured for less than its current market value, the average condition clause had to be applied.

There was a provision in the homeowner's policy contract which stated that ***'the insured shall be considered as being his own insurer for the difference (between the insured and market values) and shall bear a rateable proportion of the amount of such loss.'*** As a consequence, the company was prepared to settle the claim but only for the net amount after the application of the average clause and the policy's excess.



INSURANCE CASES FOR THE 2008 OFSO ANNUAL REPORT

Insurance Case cont'd

1

The OFSO was satisfied that the offer being made to the complainant was a fair one and this was explained to her accordingly. The complainant agreed to accept the offer.

Lesson of the Case:

It is important that home owners with property insurance understand the terms and conditions of their policy contracts to avoid disappointments in the event of a claim. The insurance company is within its right to apply the terms and conditions of the contract in the determining settlement amount of a claim. Policyholders are reminded that they must ensure that the sums insured are adequate at the time of applying for the insurance cover and at renewal of the policies.



INSURANCE CASES FOR THE 2008 OFSO ANNUAL REPORT

Insurance Case

2

Compensation under comprehensive motor policy limited to the sum insured

Mr. G was driving his private car when another vehicle travelling in the opposite direction crossed onto his lane and collided with his vehicle. Mr. G had comprehensive insurance coverage on his motor vehicle and proceeded to submit a claim to his insurer for payment for repairs to his damaged vehicle.

The insurance company, after giving consideration to the extent of the damage on the vehicle, was willing to settle the claim as a constructive total loss, as recommended by the adjuster in his report, rather than on a repair basis. Mr. G was in agreement with the method of settlement but was not satisfied with the net amount of the offer. He had further discussions with the insurance company on the matter and even submitted an independent adjuster's report, prepared at his own expense, for further consideration. However, the company was not willing to change their position.

Mr. G was adamant that the insurance company should compensate him according to his adjuster's report and brought the matter to the attention of the Office of the Financial Services Ombudsman (OFSO). The complaint was reviewed by the OFSO and the company was asked to provide documentation to support their position.

The company noted that the adjuster's report from Mr. G did state the pre-accident value as exceeding the sum insured of the vehicle and the salvage value quoted was less than the price being offered for the sale of the wreck.



INSURANCE CASES FOR THE 2008 OFSO ANNUAL REPORT

Insurance Case cont'd 2

However, the company offered the claimant the option of the company taking possession of the wrecked vehicle and paying him the sum insured, less the policy excess, or paying the net amount of the sum insured less the salvage value and the policy excess.

The OFSO considered these options to be equitable and Mr. G was advised accordingly. The complainant accepted the second option and expressed his appreciation to the OFSO for its efforts in resolving this matter to his satisfaction.

Lesson of the Case:

Under a comprehensive motor insurance policy, the liability of the company in the event of a total loss or destruction of the motor vehicle shall not exceed the sum insured of the vehicle immediately before the loss or accident. The insurance company was therefore justified in indemnifying their insured against his loss by offering the two options for the settlement of his claim.



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Insurance Case

3

No payment to named beneficiary without proof of legal entitlement

Mrs. S bought a life insurance policy and chose to designate her beneficiary as her estate. Some years later, she nominated her daughter as the new beneficiary on the policy and subsequently Mrs. S passed away.

The daughter, being the named beneficiary, filed a claim with the insurance company for the death benefits under the policy. However, the company advised her that they would be unable to settle the claim until a Probate of Will or Letters of Administration was submitted. The beneficiary was advised by her attorney that the above documents were not required as she was rightfully entitled to the proceeds of her mother's policy as the named beneficiary. She brought this to the company's attention but the insurer was unwilling to change its position. She then sought the assistance of the Office of the Financial Services Ombudsman (OFSO).

In its response to the OFSO, the insurer admitted that the complainant was indeed the named beneficiary. However, they indicated that they had been advised by legal counsel that they were not liable for the payment of the claim since, at the time of the change of the beneficiary Mrs. S, the owner of the policy, failed to create a trust in accordance with Section 11 of the Married Persons Act and therefore the named beneficiary was not privy to the contract of the insurance and



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Insurance Case cont'd

3

therefore was not entitled to proceeds of the policy, except through the legal process of administration of the estate or the probate of a will.

After further discussions with the OFSO, the company agreed to reassess their position. They were prepared to settle the claim by paying the proceeds of the policy but only on the condition that the complainant signs a Letter of Indemnity, indemnifying the insurance company against any future claims on the said policy. The complainant was advised of the company's decision and agreed to sign the Letter of Indemnity and her claim was settled.

Lesson of Case:

Potential owners of life insurance policies are advised that if their intent is to include a named beneficiary on their policies that it is more appropriate to do so at the time of issuance of the policy. Making a change afterwards does not automatically ensure that the persons named will receive the benefits of the policy. Always ensure that you discuss in detail with your insurer all issues relating to having a beneficiary on your policy before entering into any policy contract.



KUDOS

Kudos received for the period July to September 2008

"We must express our many thanks for your support and assistance in this matter which has been totally resolved to our client's satisfaction."

~lawyer on behalf of his client

"I wish to extend my thanks to your office for the assistance you rendered me..."



DESIGN RATIONALE

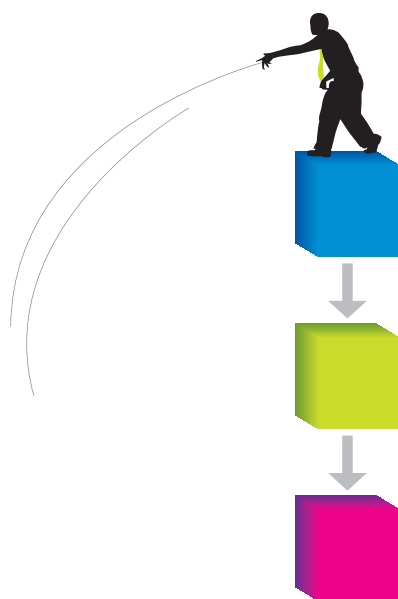
for the 2008 Annual Report

The building blocks used as the design concept for the Annual Report are representative of the theme for 2008 i.e. building partnerships to resolve complaints.

The boomerang represents the effect of the Office of the Financial Services Ombudsman on the wider public with respect to the provision of information and the readiness to receive feedback.

The businessman silhouette is representative of the importance of the corporate stakeholders in the complaints handling process.







ANNUAL REPORT 2008

An Agency created under the auspices of the Central Bank of Trinidad and Tobago