

November 23, 2012

## Statement: FOS report shows effectiveness of dispute resolution process

Statement from Rob Whelan, CEO, Insurance Council of Australia:

The Insurance Council of Australia (ICA) is pleased that the effectiveness of the external dispute resolution process has been demonstrated in the Financial Ombudsman Service (FOS) 2011-12 Annual Review.

The ICA and its members support independent resolution by FOS of disputes between customers and insurers. Though the number of disputes rose last financial year, the ICA notes that the proportion of General Insurance disputes in FOS's workload remains steady.

Despite the unprecedented number of claims that insurers received following the natural disasters of 2010-2012, very few claims required external dispute resolution.

Of the cases that FOS handled, many related to the size of settlements and not declined claims, and more than half of the disputes were decided in favour of the insurance companies.

However, in response to issues raised by consumer groups, and with the support of the Federal Government, the ICA Board brought forward the triennial review of the General Insurance Code of Practice by 12 months.

In May it appointed an independent reviewer, Mr Ian Enright, to consult consumers and other interested parties and report back to the board on possible improvements to the Code.

This process will conclude early next year. For more information visit:

[www.codeofpracticereview.com.au](http://www.codeofpracticereview.com.au)

Next year the ICA will launch a program to improve consumer understanding of general insurance and help reduce the confusion some customers experience when making insurance decisions.

The ICA acknowledges the hard work of the FOS during 2011-2012 and the significant efforts that have been made to respond appropriately to the increase in general insurance disputes, address systemic issues, and to develop a Strategic Plan for the future.

The ICA will continue to build on its sound relationship with FOS through regular meetings between ICA and FOS management.

Open dialogue between FOS and the general insurance industry is essential to ensure that FOS continues to provide the most effective dispute resolution service for consumers and insurers.