



Satisfaction levels in regard to subsequent handling of claims were also reasonably high. But our research showed poor communication – such as timeframes and what was going to happen next – and the insurer not taking ownership to drive the claim to resolution can make consumers very dissatisfied.

iii) Management of supply chains (household)

Household insurers, especially the larger ones, have many suppliers that provide building services, supply replacement goods and loss adjusting services. A number of insurers talked about plans they have to improve the management. Improvement is necessary as there is still a way to go. We saw a number of instances where incorrect instructions had been sent, appointments had been missed, and the wrong or faulty replacement goods had been supplied.

iv) The emergency assistance activities and the importance of having the right travel insurance

The assistance arms of travel insurers deal with medical and other emergencies around the world. Their expertise includes knowing which clinics can be trusted in dealing with repatriation of injured people and the dead. This was the one area we saw where consumers are unequivocally at the heart of what the insurer does. Our work, however, emphasised the need for consumers to have the right travel insurance before the venture abroad.

v) Cover for medical conditions (travel)

Our research revealed 88% of consumers understand the need to disclose their own medical conditions when arranging travel insurance. This fell to 82% in respect of their travelling companions and 74% in relation to “others on whom the trip depends”. Against this, the views of senior claims managers involved in the project, correspondence we have received (including from MPs), and complaints we reviewed, indicate there can be problems around coverage for medical conditions. This includes consumers’ understanding of what they must disclose – for example, what a ‘condition’ is – and the implications of any exclusions the insurer might impose. In some cases, insurers exclude latent medical conditions; those not diagnosed at the time of arranging the insurance.

In this area we consider further joint action by the various stakeholders involved in travel insurance – insurers, distributors, the travel industry, banks (because travel insurance is often part of packaged bank accounts), and consumer groups is required. We need to

rd of these people do so. portant it is for insurers that stand claimants’ experiences ssions of dissatisfaction. who did make a formal jority were dissatisfied ndled – because of the n, poor service and poor ven from the firms’ side, there rovements could be made who responded, 65% think ints are handled fairly; this r travel.

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NEXT STEPS

The headline results of the review were presented to an audience of senior insurers at the Financial Conduct Authority in April and the full report has now been published on our website.

We expect insurers to reflect on the findings and what it means for their business, extending beyond household and retail travel product lines. Providing a benchmark for consumer satisfaction levels, and showing where there is scope for improvement, will enable us to embed claims in our ongoing supervisory work. During the coming months we will be deciding on how to take forward further work in relation to travel insurance and medical conditions.


Building on the findings, we also plan to undertake thematic work later this year to consider whether the expectations of commercial customers, particularly smaller businesses, are met.

ensure that consumers understand what and when to disclose.

vi) Handling of claims in long chains of delegation

Retail insurance products can be distributed by many means and claims handled directly by the insurer or delegated. What matters is that consumer outcomes do not vary depending on how the insurance is bought or what the administrative arrangements for the handling of claims are. Where claims handling is delegated – and possibly sub-delegated – we did not see evidence of information about consumer outcomes being collected and fed back to improve products and processes. We also saw some evidence to suggest the claims processes of coverholders or TPAs may not receive sufficient attention from the insurer or syndicate as risk carrier.

vii) The clarity of product documentation

Product documentation sets out the basis of the legal contract between the insurer and the policyholder but it also explains the cover provided. The industry has devoted effort to making documentation clearer. But our consumer research and some of the documentation we saw, which was long and legalistic, suggests there is still a way to go if consumers are not to be deterred from engaging with the material they receive. 

Simon Green is head of general insurance & protection at the Financial Conduct Authority

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