

Consumers' top insurance grouse: Policy mis-selling

Six in every 10 complaints under the life insurance category received by year-old disputes body Idro relate to that charge

By **LORNA TAN**

THE mis-selling of life insurance was one of the most common grouses among more than 1,000 consumers who approached a new body, the Insurance Disputes Resolution Organisation (Idro), during its first year of operation.

In fact, six out of every 10 complaints received under the life insurance category related to alleged mis-selling, which usually involves agents giving wrongful advice that leads consumers to buy products that are unsuitable for their needs.

For general insurance, the No. 1 complaint by far was disputes over motor car claims, also accounting for more than six out of every 10 complaints.

In its first annual report, released on Wednesday, for the year ended March 31, Idro said it received a total of 1,022 cases comprising 580 complaints and 442 inquiries.

Of these, Idro handled 137 complaints over life policies

with the controversial "critical year" feature.

Last year, The Straits Times broke the story of policyholders who had purchased policies from insurer AIA with the "critical year" feature.

They were led to believe that when they reached this "critical year", they could stop paying premiums because by then, the policies would have become self-funding.

But because of falling investment markets, this did not happen and they had to continue paying, leaving them feeling cheated. AIA is currently settling disputes with hundreds of aggrieved customers.

Out of the 580 complaints, Idro handled 442 itself and directed the remaining 138 to the insurance firms to settle internally.

And out of the 442 complaints handled by Idro, 374 were resolved either by mediation or by adjudication. The other 68 complaints are pending resolution.

Consumers Association of

Singapore president Yeo Guat Kwang, who is also an Idro director, said Idro has "proven itself to be sincere in helping consumers resolve their disputes and promoting transparency" in its dealings with both consumers and insurance firms.

Consumers have also benefited from an efficient turnaround time in handling cases, with 75 per cent of cases handled within a month and 97 per cent handled within half a year.

Idro was established with the aim of providing an independent and affordable avenue for consumers to resolve their disputes with their insurance firms.

Presently, Idro is participating in the development of an integrated dispute resolution scheme for the financial sector. Besides Idro, an independent Consumer Mediation Unit was set up last year to handle bank-related disputes.

Recently, a steering committee was set up to oversee the transition towards an integrated scheme.

Said Idro general manager Ng Wee Jin: "An integrated scheme will benefit consumers by providing them with the convenience of a one-stop centre for all financial disputes involving consumers."