

Summary of FIDReC Annual Report 2007/2008

In its third financial year (1 July 2007 to 30 June 2008), the Financial Industry Disputes Resolution Centre Ltd (FIDReC) dealt with 1,640 cases which included 600 inquiries. Out of the 1,040 cases which were not inquiries, more than half of these cases (677 cases) were resolved by FIDReC's Counselling Service and 363 cases were lodged as complaints at FIDReC (a decrease from the 531 complaints handled in its second financial year (1 July 2006 to 30 June 2007)).

In the period 1 July 2007 to 30 June 2008, FIDReC successfully resolved a total of 1,094 cases comprising 417 cases lodged as complaints and 677 cases by way of case management through its Counselling Services.

The turnaround time for 39% of the complaints was less than three months, while 36% of cases took between three and six months to resolve. This means that 75% of complaints were resolved within six months.

"In the 34-month period since its launch, FIDReC has handled 4,348 cases comprising 1,387 cases lodged as complaints at FIDReC, 677 cases resolved by case management and 2,284 inquiries. This translates to approximately 127 cases per month. These figures affirm the efficacy of FIDReC's dispute resolution process," said FIDReC Chairman, retired Supreme Court Judge Mr Goh Joon Seng in its third Annual Report.

Out of the 417 complaints that were resolved in the latest financial year, which included complaints lodged in the previous financial year, 348 cases were resolved by mediation, while 69 cases were adjudicated. Awards were made in 10 out of the 69 adjudicated cases.

Breakdown of complaints handled

For the period under review, 41.79% of the complaints were lodged against banks and finance companies, and 39.48% were lodged against life insurers. The rest of the complaints were made against general insurance companies (15.85%), capital markets services licensees (2.31%) and licensed financial advisers and insurance intermediaries (0.58%).

The categories of the complaints that were handled by FIDReC are as follows:

- 1) Market Conduct
(176 complaints, 50.72% of total number of complaints)
- 2) Financial Institutions' Practice / Policies
(131 complaints, 37.75% of total number of complaints)
- 3) Service Standards
(40 complaints, 11.53% of total number. of complaints)

Please refer to Appendix 1 of the media release for an explanation of the types of complaints for each category.

Within the market conduct category of complaints, the majority of the cases were in relation to alleged inappropriate advice, misrepresentation and disclosure issues. Other market conduct complaints against financial institutions in general included allegations of (i) unauthorised transactions; (ii) fraud or forgery; and (iii) aggressive sales tactics.

Complaints in relation to financial institutions' practices and policies included disputes on liability and other contractual matters..

Complaints in relation to service standards included alleged delay or failure in processes and staff-related issues.

The breakdown of the categories of complaints by the categories of financial institutions is shown in the table below.

	Banks and Finance Companies	Life Insurers	General Insurers	Capital Markets Services Licensees	Licensed FAs and Insurance Intermediaries	Total
Market Conduct	102	71	2	0	1	176
FI Practice / Policies	21	56	52	2	0	131
Service Standards	22	10	1	6	1	40
Total	145	137	55	8	2	347

A further breakdown of the types of complaints by category for each type of financial institution can be found at www.fidrec.com.sg.

The FIDReC Annual Report can also be viewed in its entirety on www.fidrec.com.sg.

FIDReC-NIMA Scheme

FIDReC's most significant achievement and challenge in financial year 2007/2008 was the launch of the FIDReC Non-Injury Motor Accident Claims Scheme ("FIDReCNIMA Scheme") on 14 May 2008 by the Honourable Judge of Appeal, Justice Chao Hick Tin, Vice-President of the Court of Appeal. The

FIDReC-NIMA Scheme was set up in collaboration with the Subordinate Courts, the Monetary Authority of Singapore and the General Insurance Association of Singapore, in consultation with the Law Society of Singapore. It has also received funding support from the Singapore Academy of Law.

Under the FIDReC-NIMA Scheme, non injury motor accident claims below \$1,000 will have to be first heard by FIDReC before court proceedings can be commenced. The Honourable the Chief Justice Chan Sek Keong had announced that 1,176 such claims involving a quantum of S\$1,000 or less were filed in the Courts in the year 2006.

“Although still in its early days, the assessment of the FIDReC-NIMA Scheme so far has shown promising results which are above our expectations. FIDReC will continue to closely monitor the Scheme and finetune its processes where necessary,” said Ng Wee Jin, CEO of FIDReC.

Media enquiries:

John Lim
Reputation Management Associates
Mobile: 9756 3582
Tel: 6298 2520
Fax: 6291 3624
E-mail: jlim@reputation.com.sg

Ann Toh
Reputation Management Associates
Mobile: 9766 3043
Tel: 6298 2520
Fax: 6291 3624
E-mail: ann@reputation.com.sg

Appendix 1: CATEGORISATION FOR COMPLAINTS

Nature of Dispute	Definitions / Examples
<p><u>Service Standards</u></p> <p><i>Staff-related issues</i></p> <p><i>Delay / failure in processes</i></p> <p><i>General industry feedback</i></p>	<p>Dissatisfaction with FI's standard of service (e.g. rude or incompetent staff); Mistake or oversight by staff.</p> <p>Delay or inability of FI to perform certain services due to system problems or inflexible procedures. Delays in processing and settlement of insurance claims should be included here.</p> <p>General feedback on service standards of the financial services industry, not targeted at any particular FI.</p>
<p><u>Financial Institutions Practice / Policies</u></p> <p><i>Pricing policies / premiums / interest rates / fees & charges</i></p> <p><i>Policy values & investment returns</i></p> <p><i>Disputes on liability</i></p> <p><i>Disputes on claim amount awarded</i></p> <p><i>Other contractual matters</i></p> <p><i>Rejection of new applications / underwriting decisions (new applications)</i></p> <p><i>Non-renewal of services / underwriting decisions (renewal)</i></p>	<p>Disputes over interest rates on credit facilities, savings accounts and other banking facilities; insurance premiums; and fees & charges of investment products and services (e.g. subscription fees, fees and charges for opening of accounts etc.).</p> <p>Lower policy values (including bonus cuts, dividends etc); Poor investment returns (not relating to misrepresentation by adviser).</p> <p>FI has repudiated liability but complainant argues that it is a valid claim.</p> <p>Complainant is unhappy with the claim amount awarded.</p> <p>Disputes relating to the terms & conditions of contractual agreements (except pricing matters, which should be classified under "Pricing Policies").</p> <p>Disputes over FI's assessment / underwriting decisions leading to a rejection of new applications for credit cards, loans, insurance policies and other financial products and services.</p> <p>Disputes over FI's assessment / underwriting decisions leading to FI's refusal to renew existing insurance policies or other financial products or services, or inclusion by FI of additional costs or exclusion clauses in view of higher claims / higher risks assumed (except matters on pricing / premiums, which should be classified under "Pricing Policies").</p>

Nature of Dispute	Definitions / Examples
<p><i>Debt Restructuring</i></p> <p><i>General industry feedback</i></p>	<p>Appeals to have debts restructured due to complainants' inability to service their debts.</p> <p>General feedback on commercial practices and business decisions of the financial services industry, not targeted at any particular FI.</p>
<p><u>Market Conduct</u> <i>Unauthorised transactions / fraud / forgery</i></p> <p><i>Inappropriate advice / misrepresentation / disclosure issues</i></p> <p><i>Unregulated / unlicensed activities</i></p> <p><i>Issues on fitness and propriety of licensees / regulated persons</i></p> <p><i>Aggressive sales tactics</i></p> <p><i>Other misconduct</i></p> <p><i>General industry feedback</i></p>	<p>Allegations of unauthorised/dishonest transactions by FIs / FI's staff and cases of cheating & fraud.</p> <p>Making recommendations without due consideration to the client's financial objectives, financial situation and particular needs (insufficient explanation of product features / risks or insufficient fact-find analysis); Making deceptive, false and misleading statements; Not making full and / or adequate disclosure of all facts for clients to make an informed decision.</p> <p>Unlicensed persons carrying on licensable activities; Regulated entities carrying on activities without proper licence / authorization.</p> <p>Complaints about the integrity / fitness and propriety of licensees / persons providing financial advisory services.</p> <p>Aggressive product pushing and marketing of financial products and services; Nuisance calls and hard selling by advisers.</p> <p>Misconduct other than those described above. Examples of such misconduct include 'pooling' (Agent A submits a new application under Agent B in order to help Agent B reach his quota), 'financing' (Agent is subsidising the payment of premiums for policyholder in order to close sales and achieve production quota), 'phantom policy' (Agent submits proposal using fictitious policyholder name in order to achieve production quota) and 'replacement of policy'.</p> <p>General feedback on market conduct issues relevant to the financial services industry including unfair / unethical practices undertaken by industry as a whole (e.g. cartel pricing).</p>
<p><u>Enquiries</u> <u>Others</u></p>	<p>General enquiries on procedures for filing a dispute, when to file a dispute, operating hours etc.</p> <p>Other types of disputes not listed above.</p>