

Good morning and welcome to this half-day seminar on treating customers fairly. This is first event that the Association of British Insurers has arranged for the non-executive directors of our member firms. And I am delighted that we have managed to attract such an impressive gathering of experienced individuals to this event. Your attendance today helps to illustrate how seriously the senior management of our member companies takes the issue of meeting our customers' needs. And this is exactly how it must be, because as the ABI Chairman, Archie Kane, has said, "*without the customer we are nothing.*"

Some of you will have extensive knowledge of what the ABI does to support the Insurance industry; others may perhaps be less familiar with our objectives.

The ABI's core aim is to enable the insurance industry to grow its markets, increase its profitability and to enhance its reputation with consumers. This is no small challenge.

To ensure that our members are successful businesses we need consumers to be confident about the industry; this is why 'consumer confidence' are our watchwords for 2009.

- We want consumers to be confident that general insurers can meet the growing risks of an uncertain world and be there for them in times of need;
- We want them to be confident that the industry is keeping their savings secure and will be able to provide them with a comfortable retirement; and
- We want them to be confident that as institutional investors we are holding companies to account and ensuring the long-term stability of the UK economy.

This event is only one of an array of activities that the ABI is undertaking to help the industry improve outcomes for consumers. Since 2006, the ABI has run the Customer Impact

Scheme. This scheme requires signatory companies to make a formal commitment that the needs of customers are placed at the heart of the way they run their business.

Another recent example is the industry's work to develop guidance to ensure that all ABI members' treat customers fairly when dealing with protection insurance claims where the customer has, unintentionally, failed to disclose medical and other information. This guidance, now upgraded to a code of conduct, has helped to halve long-term protection complaints to the Financial Ombudsman Service (FOS) since it was introduced in January 2008.

This kind of work has, and continues to deliver for consumers. But the industry felt we could do more. This is why, in response to the challenge laid down by our Chairman, Archie Kane, we are developing an industry-wide consumer strategy.

This strategy empowers the industry to improve outcomes for consumers by dealing with areas of detriment through collective action. The industry will take proactive steps to identify areas of customer detriment, develop plans to improve outcomes for customers and gather evidence to prove that consumer outcomes have been improved. By taking these actions the industry hopes to benefit from the ensuing reputational gains and any regulatory dividend.

Within firms NEDs have a key role in ensuring that the business is meeting the expectations of TCF. We want to help and this event is the beginning of this work. On the second of April we will be holding another event for non-executive directors. This event will help to foster greater understanding between directors and shareholders. We will cover, among other things, the operation of the ABI's capital raising guidance and our guidance on remuneration. Given that a recent survey of non-executive directors suggested that nearly half of those surveyed thought that the link between pay and performance has broken down, this forthcoming seminar is both timely and unmissable.

Strong governance and consumer confidence are interwoven. Firms with strong, skilled, independent directors deliver better outcomes for the firm and for consumers alike. Those of

you gathered here today play a crucial role in achieving our mission of improving the industry's reputation with consumers.

For the industry can only enhance its reputation with consumers by ensuring that at every turn it treats its customers fairly. This event will, I hope, assist you in your role of challenging your firms to consistently treat customers fairly, and to demonstrate this effectively to the regulator.

Many have said that the FSA's recent statement on Treating Customers Fairly represents a downgrading of its importance - We at the ABI don't see it like that. We think it simply signals the FSA's determination that TCF is not seen as a project to be run and forgotten about, but a step change that will ensure that financial services firms treat their customers fairly every time.

This is why I am delighted to have Sarah Wilson from the FSA here today. She will clearly set out what the FSA expects from the firms. And how the FSA thinks that non-executive directors can provide an independent challenge to firms and help create a TCF culture in their firms.

As we are all too aware, the UK, and indeed the world, is facing one of the most serious recessions since the Second World War. The insurance industry is well placed to weather this storm, but insurance is not immune from the challenges that recessions bring. Insurers are likely to face more claims, more fraud and lower investment returns. Times like these test a firm's ability to treat customers fairly. We are therefore delighted to have a number of non-executive directors present today who will draw upon their personal experiences of TCF. They will talk about the challenges they have faced in ensuring that their firms are treating customers fairly, and that they can demonstrate that they are.

Finally we are pleased to welcome Protiviti, who will detail some of the key questions you should be asking your Board. And drawing from discussions with a range of firms, this thought provoking presentation will give you plenty to digest as you consider TCF within your firm.

Again I would like to thank you all for coming today and I hope you all get something from this event that helps you in your jobs with our member firms. Our industry, like many others, faces difficult days to come, and will have difficult decisions to take. But through your efforts we can ensure that a downturn in the economy doesn't mean a downturn in service to our most valuable asset – our customers.