



Association of British Insurers

customer  
impact

Meeting the customers'  
needs by putting them at  
the heart of our industry

# Customer Impact Panel Annual Report 2008/09

July 2009



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## 1. Chair's Overview

I am pleased to present the third report of the Customer Impact Panel. In the Panel's view the Customer Impact Scheme remains unique, aimed at improving outcomes for customers of the life, pensions, savings and investment industry. The Scheme was never intended to be a reporting tool – its real value is demonstrated when the survey findings are turned into action that benefits the customer. It is therefore pleasing to see good progress in some of the areas, which have been the subject of much focus by many firms. And that the actions taken are detailed in many individual company reports. However, there are still some areas where increased effort is necessary.

In terms of progress since our last report in July 2008, we note that:

- 33 companies are now members of the Scheme, collectively representing around 84% of long-term insurance business written by ABI members in 2008. We are pleased to see that three new members have formally signed up to the Scheme – Wesleyan, Royal Liver and Scottish Provident.
- The Customer Impact Good Practice Guides are kept under constant review. During 2008, both the Complaint Management and Claims Handling Guides were reviewed and improved to ensure they continue to provide effective guidance for improving customer outcomes. The Association of British Insurers (ABI) is undertaking a wide-ranging review of all 10 current Guides and their future development.

Our 2007/08 Annual Report received a very positive response from the Board of the ABI, which accepted our recommendations. Progress on the recommendations made in that report is covered in detail in the following pages, but I am pleased that the ABI has undertaken a comprehensive research programme into how the industry could improve the way it explains to customers the investment risk/reward dynamic of the industry's products.

I am also pleased that the review of the Scheme's alignment with the industry's responsibility to treat its customers fairly has demonstrated very good connectivity between the two. In particular, the Good Practice Guides developed within the Scheme have been well received by all stakeholders, including the FSA. In the past year we have also championed research on complaint handling and customer perceptions of fairness. We will continue to identify areas under the Scheme where we can accelerate thinking and good practice within the industry.

We are pleased to see that the survey has grown further this year with 34\* brands participating, and over 20,000 customers surveyed. We note the key findings from the survey, in particular:

- Developing and promoting products and services is an area that continues to score weakly in the survey. The 'excellent' and 'very good' scores for this Commitment decreased by 1-percentage point to 33% this year. This decrease is reflected in a statistically significant 2-percentage point drop in the rating that customers gave to their product, with 42% saying their product was 'excellent' or 'very good'.
- Of the three Customer Commitments, Commitment 2 - providing customers with clear information and good service when they buy a product - continues to receive the highest score. 59% of customers who made a recent purchase rated Commitment 2 as 'excellent' or 'very good', a 1-percentage point increase from last year.
- The 'excellent' and 'very good' ratings for all aspects of the sales process increased or remained the same this year. Of the different aspects of the sales process, customers rated the time taken to arrange a policy the highest and the clarity of information the lowest.
- It is encouraging that the scores in the area of the post-sale relationship typically improved in this year's survey. This is reflected in a 1-percentage point increase in the 'excellent' and 'very good' ratings that customers gave for Commitment 3, up to 42% this year. However, the scores for written communication from providers moved little this year. We are aware that many firms are working to improve their written communications with customers. We regard this as important in making sure that customers can readily understand the communications they receive.
- Payment handling is the area where scores improved the most this year. Customers' overall positive rating of the payment process increased by 3-percentage points this year, with 53% rating it as 'excellent' or 'very good.'
- While the scores for complaint handling improved this year, this continues to be an area where there is significant customer dissatisfaction. Despite a 2-percentage point improvement, 55% of customers still felt that their complaint had been handled in a poor way. These results again highlight that the industry still has work to do in this area.

\* While 33 members have signed up to the Scheme, two of the smaller brands were unable to participate in the survey because of sample issues, and one brand joined the Scheme part way through the year. Three brands owned by two of the larger Scheme members participated in the survey, as well as one brand not formally signed up to the Scheme.

We are encouraged that, at a time when consumer confidence generally has fallen, some of the results show that consumers are seeing and recognising the work that Scheme members are undertaking. Individual company reports highlight some of their specific successes in this regard. However, the current climate makes it even more important that firms continue to focus on the Scheme's objective and improve outcomes for customers of the UK's life, pensions, savings and investment industry. In particular, the industry needs to do more in the area of complaint handling and how it communicates with customers.

While the complaint handling results showed an improvement this year, overall the results are still low and show significant customer dissatisfaction. We are pleased that the ABI has conducted qualitative customer research to further understand the reasons for dissatisfaction with complaint handling, but the industry must now identify and implement changes to improve the customer experience of the complaint handling process.

In terms of company reporting, as covered later, we welcome the very positive steps taken by many firms to improve their reports. However, there are still a number of reports which fall short of providing the level of information we wish to see. In the coming year we will be considering whether it would be helpful to companies for us to provide, in light of our experience so far, more insight into what we believe a good report should look like and should contain as a minimum, whilst recognising the need for companies to be able to put their own stamp on their reports.

Finally, I would like to thank my colleagues on the Panel for their very thoughtful and helpful insights to our deliberations. I am also very pleased that there is a strong desire at industry level to ensure that the Scheme continues to develop in future years and to help firms deliver further improvements in customers' experiences of the industry's products and services.

Rob Devey left the Panel during the year and I wish to put on record our thanks for his very valuable contribution to our work. In accordance with the Panel remit, I now hand the Chair back to Melanie Johnson and look forward to continuing to work with her and our fellow Panel members in the coming year.

**Mike Ross**

Chair of the Customer Impact Panel

## 2. The Customer Impact Scheme

The Customer Impact Scheme was launched in March 2006. It aims to improve outcomes for customers of the UK's life, pensions and investment industry. The Scheme is part of the industry's commitment to improve customers' experiences and to be held accountable for its performance.

The Customer Impact Scheme comprises five main elements:

### Customer Impact Panel

The Customer Impact Panel (half of whom are non-industry figures) is independent and provides oversight of the Scheme. The Panel produces an annual report on the Scheme's operation.

### Customer Commitments

The Board of each participating company adopts a formal resolution containing three Customer Commitments designed to put customers at the heart of their business throughout the lifecycle of the product:

**Commitment 1** – Developing and promoting products and services which meet the needs of customers

**Commitment 2** – Providing consumers with clear information and good service when they buy products

**Commitment 3** – Maintaining appropriate and effective relationships with customers, providing them with a good service after they have bought a product

### Good Practice Guides

A series of Good Practice Guides help companies deliver better customer experiences and fulfil their Commitments.

### Customer Impact Survey

An annual customer survey measures how well companies are performing relative to the Customer Commitments.

### Annual Reporting

Participating companies make an annual public report on their delivery of the Customer Commitments. The purpose of this reporting is to keep customers informed about how well companies are meeting their Commitments under the Scheme.

The Scheme is designed to be complementary to the FSA's Treating Customers Fairly (TCF) initiative. Like TCF, Customer Impact operates on a principles basis, requires senior management buy-in and endorsement and considers the entirety of the relationship between the customer and their provider.

### 3. The Role of the Panel

Our objective is to improve the experience enjoyed by customers of the industry by advising the Board of the ABI on the operation and development of the Customer Impact Scheme. In particular, we are responsible for producing a publicly available report to the ABI Board on our oversight of the Scheme.

**In carrying out our work we consider:**

- new consumer issues that the industry might seek to address collectively;
- areas of current activity where there is scope for collective endeavour to boost performance in terms of customer experience of the industry;
- areas where good performance argues that the case for formal regulation or concerted industry action is less strong than in the past;
- how well the Customer Impact survey provides a fair and accurate measure of customers' experience of the life insurance industry and areas for improvement;
- the overall performance of the industry as measured by the Customer Impact survey; and
- Good Practice Guides prior to issue and suggestions for possible new subjects.

## 4. Report of the Panel

### A. Activities of the Panel

**We have held four meetings since our last report was published in July 2008. As well as considering the Customer Impact Scheme itself, we have received briefings on wider industry developments and heard from the FSA about its TCF work.**

Throughout 2008 and 2009 the Chair and Deputy Chair of the Panel have continued to visit Scheme members. This continues to be a valuable two-way dialogue to discuss the operation of the Scheme, the work Scheme members are undertaking and the future of the Scheme. These visits help us understand the impact the Scheme is having, both at an executive level and on an operational basis, to improve outcomes for customers, and give firms the opportunity to discuss the way the Scheme is working for them.

### B. Operation of the Customer Impact Survey

**The 2008/09 survey\* is the third full survey under the Customer Impact Scheme. We have reviewed the results and are satisfied that it was conducted by a reputable third party survey agency and is statistically robust. The pilot survey and three full surveys provide solid benchmarks against which to measure progress towards the Scheme's objective of improving outcomes for customers.**

Participation in the survey has increased further this year with 34\* brands participating and 20,267 customers taking part. While we acknowledge that some movement in scores will reflect sample variations year-on-year and the different firms participating in the survey, the scores still provide an important indicator of trends. We believe that the extensive nature of the survey and the level of activity undertaken by member firms is an important element of the industry's commitment to doing better for customers.

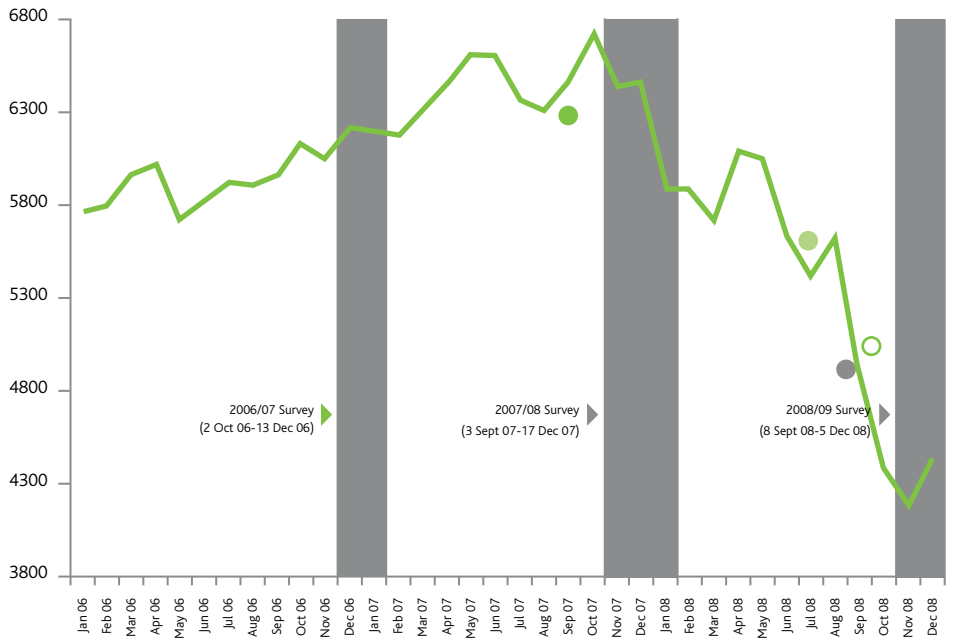
2008 was one of the most volatile years on record in terms of equity returns and the wider economic environment. The FTSE 100 Index suffered a 31% fall in value (see chart 1 below) and consumer confidence dropped significantly (see chart 2 below). The 2008/09 survey fieldwork took place between September and December 2008, a period of upheaval which saw events such as the Government recapitalisation of the banking sector. We feel that, given this backdrop, there is cause to see this year's survey results in a positive light.

\*The 2008/09 Customer Impact Survey Industry Report is available on the Customer Impact website at: [www.customerimpact.org](http://www.customerimpact.org)

\*\*While 33 members have signed up to the Scheme, two of the smaller brands were unable to participate in the survey because of sample issues, and one brand joined the Scheme part way through the year. Three brands owned by two of the larger Scheme members participated in the survey, as well as one brand not formally signed up to the Scheme.

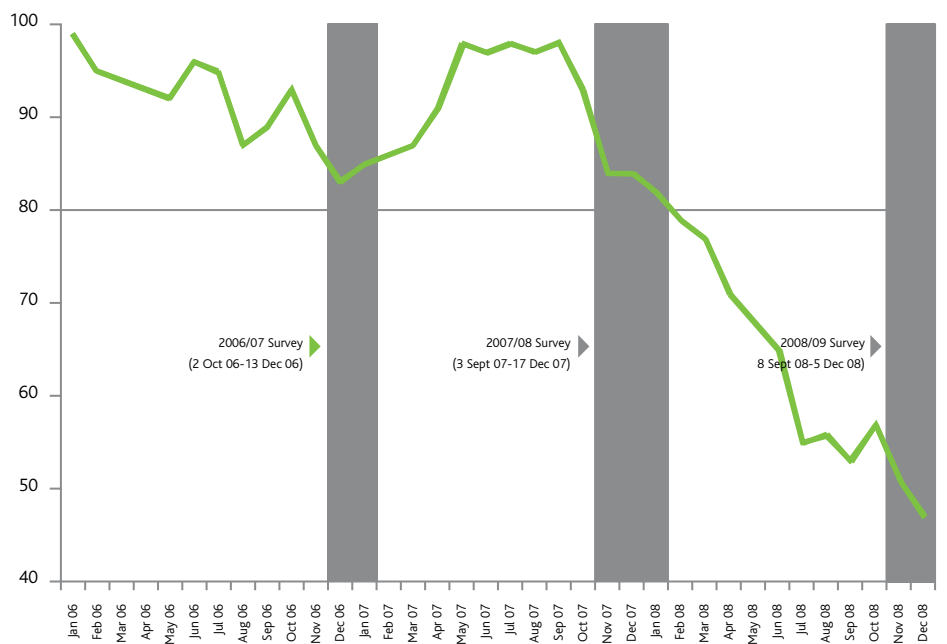
**Chart 1 - Movement of FTSE 100 Index**

- Northern Rock nationalised
- Lehman Brothers files for bankruptcy
- Lloyds proposed take-over of HBOS
- Bradford and Bingley nationalised



Source: Thompson Reuters

**Chart 2 - Consumer Confidence**



Source: Thompson Reuters

There were some encouraging improvements in scores, particularly in the post-sale relationship that Scheme members have with their customers. 53% of customers rated their provider's payment process overall as 'excellent' or 'very good'; a statistically significant 3-percentage point increase on last year. Scores for all aspects of the sales process also increased this year. Customers continue to rate customer service centres relatively highly compared with the written communication they receive, with the positive ratings for all aspects of customer service centres increasing. We consider some of the key survey scores in the following section.

We were pleased to see these improved results, especially given the conditions in the market at the time the survey was conducted. That said, the survey results also highlight areas where the industry still has work to do. These include products, managing expectations on investment returns and complaints, which continue to score relatively weakly.

## 2008 Recommendations

In our 2008 report, we made two recommendations about the operation of the Customer Impact survey:

**'We recommend that the ABI consider whether changes should be made to the Scheme to align it better with TCF.'**

The ABI mapped the various components of the Customer Impact Scheme against the FSA's six TCF outcomes to check alignment. This showed significant alignment between the two, particularly with the Customer Commitments, the Good Practice Guides and the survey questionnaire. The ABI has also conducted qualitative research into customer perceptions of fairness and is considering whether the research findings require changes to the Scheme.

**'We recommend that members of the Scheme discuss with each other their practical experience of what has and has not worked in terms of improving customer satisfaction. We recommend that the ABI facilitate these discussions.'**

The ABI has held several meetings for members to have these kinds of discussions. These have given the opportunity for Scheme members to share experience, discuss the work they have been doing and learn from one another. Areas covered during these discussions include product design and delivery and communicating with customers. In addition, the ABI has established an interactive forum on the Customer Impact website to allow Scheme members to share ideas. We would like to see this work continue through the coming year.

## Commitment 1: 'Developing and promoting products and services which meet the needs of our customers'

### 2009 Recommendations

The Scheme is now in its fourth year. Much has been achieved over the first three years and the Scheme is now bedded in. Therefore, it is an appropriate time to decide how the Scheme should develop and we are supportive of the ABI's move to consider the vision for the Scheme over the next five years.

We are encouraged that part of this work includes discussions between the Association of Independent Financial Advisers (AIFA) and the ABI to look at potentially widening the Scheme to consider all aspects of the service which the industry's customers receive, in which the part played by independent advisers is very important.

### C. Consideration of progress against the Customer Commitments

#### Commitment 1: 'Developing and promoting products and services which meet the needs of our customers'

### 2008 Recommendations

We have been pleased by the industry response to the recommendations made in our 2008 report:

**'We remind the industry of the great importance of communicating effectively with their customers on the subject of risk, particularly during the present volatile market conditions.'**

The ABI has been continuing its research to identify the most effective way of disclosing risk to customers. This work has considered how risk can best be explained and the development of a standard methodology for allocating funds to risk categories.

**'We recommend that all companies review their practices against the Product Design and Delivery Good Practice Guide issued in 2007 to identify any gaps and take necessary action to make improvements.'**

We are pleased to see several members of the Scheme have been working hard to improve their product development processes. For example, involving customers in the design of the products and support services they require, companies making it clearer in literature what products are suitable for particular customer groups, seeking feedback on existing products and reviewing products to make sure they are still relevant for the target customer groups.

## 2008/09 Industry Performance

We would like to make the following comments on industry performance under Commitment 1 of the Scheme:

- Developing and promoting products and services is an area that continues to score weakly in the survey. The 'excellent' and 'very good' scores for this Commitment decreased by 1-percentage point to 33% this year, making it the lowest rated Commitment, and the only Commitment to see a decrease in score.
- This decrease is reflected in a statistically significant 2-percentage point drop in the rating that customers gave to their product, with 42% saying their product was 'excellent' or 'very good'. However, we acknowledge the influence that satisfaction on management of expectations of investment returns has on more general levels of satisfaction with products. Given the steep falls in equity returns during 2008, this correlation appears to have been borne out by the drop in product rating.
- There was a greater spread of results for Commitment 1 this year. It is encouraging that the highest scoring company had 49% of its customers rating it as 'excellent' or 'very good' for Commitment 1, compared with 47% for the highest scoring company last year. However, only 16% of customers rated the lowest scoring company as 'excellent' or 'very good' for Commitment 1, a 1-percentage point decrease from 17% for the lowest scoring company last year.

While some firms may have undertaken work in this area over the last 12 months (as highlighted above), these results reinforce the need to review product design and delivery and highlight the importance of communicating effectively with customers, especially in the current economic conditions.

## 2009 Recommendations

We are aware that some firms have undertaken work on product development as part of Customer Impact Scheme and TCF initiatives. This includes a greater emphasis on customer research during the design phase, ongoing monitoring to check that products are sold to the identified target market and forming links between complaint handling teams and product development so that complaints about a product or design process are fed into the product review process.

**We recommend that firms design appropriate products to meet a customer need and ensure that when designed the products are correctly aligned with target customer groups.**

**As set out in the Good Practice Guide on product development and linking to the FSA's TCF programme, we recommend companies undertake post-launch research to ensure that sales have been targeted correctly and hope to see the score for Commitment 1 improve next year.**

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## Commitment 2: 'Providing consumers with clear information and good service when they buy products'

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### 2008 Recommendation

We have been pleased by the industry response to the recommendation in our 2008 report:

**'Given the decrease in scores, we recommend that companies use the Good Practice Guides to conduct a gap analysis and implement any changes that might be required.'**

From discussions the Chair and Deputy Chair of the Panel have had with companies as part of their visits, it is clear that many members of the Scheme are making extensive use of the Good Practice Guides. This is very positive and demonstrates the value of the Guides as a resource to help members fulfil their Customer Commitments.

### 2008/09 Industry Performance

The information customers receive when they buy a product should help them to make an informed purchase. Excellent service from providers during a sale is also a customer expectation. The industry recognises the important role that advisers have in the sales process to help consumers make an informed purchase. We would like to make the following comments on industry performance in this area:

- Of the three Customer Commitments, Commitment 2 continues to receive the highest score, with 59% of customers who made a recent purchase rating it as 'excellent' or 'very good', a 1-percentage point increase from last year.
- We are encouraged to see that after a drop last year there was a 1-percentage point increase in the number of customers rating the sale process as 'excellent' and 'very good'. This is, however, not back to the 2006/07 level of 57%.
- The 'excellent' and 'very good' ratings for all aspects of the sales process increased or remained the same this year. Of the different aspects of the sales process, customers rated the time taken to arrange a policy the highest and clarity of information the lowest.

## 2009 Recommendations

The ABI has undertaken work with its members to improve the clarity of the Key Features Documents that customers receive at point of sale.

**We urge all members of the Scheme to consider their Key Features Documents against the relevant section of the Clear Language and Layout Good Practice Guide.**

We are aware that firms have been undertaking work to improve the quality of written communications. Examples we know of include reducing the number of template letters used, reviewing all pensions documents and rewriting them in plain English, and testing comprehensibility of written communications with 13 and 14 year olds.

**We encourage firms to continue this type of activity and consider setting up their own 'consumer testing' panels to review written communications. Suggestions for making up these panels include school children, people who are daunted by financial documents, or people who have never worked in financial services.**

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**Commitment 3:**  
'Maintaining an appropriate and effective relationship with our customers, providing them with a good service after they have bought a product'

**Commitment 3: 'Maintaining an appropriate and effective relationship with our customers, providing them with a good service after they have bought a product'**

## 2008 Recommendations

We are pleased by the industry response to the recommendations we made in our 2008 report:

**'We recommend that all companies participating in the Scheme consider the Complaint Management Good Practice Guide and conduct a gap analysis against their current processes.'**

While we are encouraged to see that several companies have reviewed their complaint management processes using the Complaint Management Good Practice Guide, it is disappointing that not all firms have done this.

As discussed below, this year's survey results show that there is still significant customer dissatisfaction with complaint handling. Therefore, we would encourage those firms that have not undertaken a gap analysis against the Good Practice Guide to do so. Some examples of changes companies have made after conducting such an analysis include introducing increased senior management review and challenge as well as finding ways to share good practice and having one owner of the complaint from the start to the end of the process.

**'We recommend that the industry conduct qualitative research on complaints to explore the drivers of dissatisfaction in this area in more detail.'**

We are pleased to see that the complaint handling research was published in March. The report highlights areas where the industry can improve, including clarity of process when the customer first makes contact with the firm, ongoing communications and staff attitude and responsiveness. We are pleased that those taking part in the research agreed with the high level principles in the Complaint Management Good Practice Guide and would encourage the industry and individual firms to focus on ways of delivering these key principles. We are also pleased that the ABI and members have developed a Complaint Management Toolkit and believe that resources such as those included in the Toolkit will help members deliver better complaint handling processes.

**'We recommend that dialogue continues between the industry, various regulators and Government departments to deliver improvements to yearly statements.'**

The Board for Actuarial Standards has committed to consulting in summer 2009 on the simplification of the requirements for Statutory Money Purchase Illustrations in pensions annual statements.

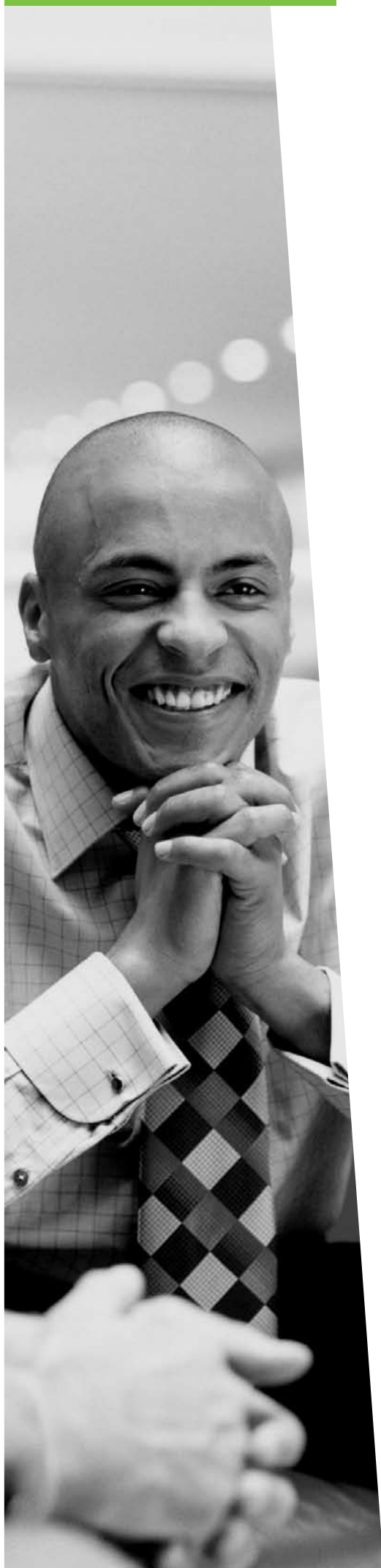
The ABI has written to Lord McKenzie, Parliamentary Under Secretary of State to the Department of Work and Pensions, setting out its proposals for the simplification of the content of annual statements. We are encouraged with the level of activity in this area, and hope it will result in clearer statements for customers. We continue to support the industry in its push for simplification of yearly statements.

## 2008/09 Industry Performance

The long-term nature of the products the industry sells means that customers need to be able to rely on an effective relationship with their provider over a number of years. The third Commitment under the Customer Impact Scheme looks at the post-sale relationship with the customer to help companies deliver good service. We would like to make the following comments on industry performance in this area:

- It is encouraging that the scores in this area typically improved in this year's survey. This is reflected in a 1-percentage point increase in the 'excellent' and 'very good' ratings that customers gave for Commitment 3, up to 42% this year. What is more encouraging is that highest and lowest positive scores achieved by companies in this year's survey have both increased. Compared with the lowest company score of 25% for Commitment 3 last year, this year the lowest company score was 28%. While last year the highest positive company score for Commitment 3 was 59%, this has increased to 64% for the highest scoring company this year.
- The scores for written communication from providers moved little this year. Of the different aspects of written communication, customers continue to rate clarity of written communication the highest and the effectiveness of these communications in prompting customers to take action the lowest.

- These results reflect the work that companies have been undertaking over the last 12 months to improve documentation. Examples include investing in new technology to improve the quality of system-generated letters and statements and using customer feedback to improve understanding of words and phrases used in written communications. However, the results also show that there is more the industry can do on written communications to ensure that customers take any necessary action.
- Customers continue to rate customer service centres relatively highly compared with the written communication they receive. While the 'excellent' and 'very good' ratings remained constant at 52%, the positive ratings for all aspects of customer service centres increased. Customers continued to rate courtesy and professionalism of staff the highest, while customer service centre follow-through was rated the lowest.
- How companies handle payments (for example a claim on a protection policy, a maturity payment or a regular payment such as an annuity) is an important test of their relationship with the customer. It is very encouraging that this is the area where scores were most improved this year. Customers' overall positive rating of the payment process increased by 3-percentage points this year, with 53% rating it as 'excellent' or 'very good'.
- We are encouraged by these scores and are aware of the work that companies have been doing to improve customers' experience of the payment process. For example; ensuring the options are clear, that forms are required less often and where they are used, they are easier to complete. Companies have also tested specific processes such as surrenders and maturities with customers and made changes where appropriate.
- Scores for all aspects of the payment process increased this year. Continuing the trend, customers rated speed of payments the highest aspect and keeping them updated on progress of the claim the lowest.
- While the scores for complaint handling improved this year, this continues to be an area where there is significant customer dissatisfaction. 3% of customers made a complaint this year, the same proportion as last year. 11% of customers said their complaint had been handled in an 'excellent' or 'very good' way, compared with 10% last year. Despite a 2-percentage point improvement, 55% of customers still felt that their complaint had been handled in a poor way. These results again highlight that the industry still has work to do in this area.



## 2009 Recommendations

**We recommend that all firms participating in the Scheme work to improve the clarity of written communications to ensure that customers take any necessary action after receiving communications.**

We are pleased to see that the ABI is working with the industry and stakeholders to improve with-profits communications. The ABI has reviewed a sample of member with-profits communications and held a workshop with members to discuss different approaches to communicating with customers and how to overcome challenges.

**This, however, remains an area of concern and therefore we recommend that the ABI continue to work with members and stakeholders to ensure that with-profits communications with customers are improved.**

**We also recommend a strong and continued focus on complaint handling.** The research carried out for the ABI, which we have considered, showed that what is termed as a 'formal' complaint is generally handled quite well. However, those enquiries that may start as 'quasi-complaints' can end up being handled quite poorly, subsequently turning into formal complaints. **This may be very relevant to the results we are seeing with regard to complaint handling and we recommend that firms consider this to see what can be done to improve customer service and therefore improve satisfaction.**

## D. Company reporting under the Customer Impact Scheme

Members of the Scheme are required to keep their customers informed about how well they are meeting their Commitments under the Scheme. It is part of our remit to review companies' reports and give our opinion on whether companies have properly fulfilled this obligation.

Whilst the core purpose of the Scheme is to improve customer experiences, we view the reporting by companies as a very important element of the Scheme, as it provides transparency in terms of how companies are performing against the Customer Commitments made by their Board.

This is the third year of reporting under the Scheme. Given the outcome-focused nature of the Scheme and the range of types of company participating in the Scheme, there is flexibility around how companies report. However, to assist firms in meeting the requirement to report their progress against the three Customer Commitments, last year we agreed the following criteria to assess company reports and communicated this to Scheme members:

- Providing a balanced assessment of performance.
- Action to be taken - update on past action and inclusion of detail on future plans to improve outcomes for customers.
- Clarity of presentation - use of graphics to present results.
- Accuracy of reporting - inclusion of percentage score or quartile position for the three Customer Commitments with year-on-year comparisons and comparison of Customer Impact survey results with the industry average.
- Accessibility of report.
- Clarity of language.

As with previous years and reflecting the flexibility in reporting companies adopted different approaches in reporting. It is fair to say that, in the third year of Scheme reporting, we have seen quite a range of reports, from the excellent to the very disappointing.

We believe that the reports should be consistent with the spirit of the Scheme, but this has not always been the case. Once again we shall write to each company with our thoughts and recommendations for next year's report. We expect to see a big improvement next year from those companies who have produced poor reports this year. More detail on our views of this year's reporting are contained in the following pages.

## Providing a balanced report

Balanced reporting provides transparency and accountability - an essential part of the Scheme - and further demonstrates a commitment to improving outcomes for customers. In reports, we expect that companies will be honest about disappointments or areas of weakness identified by the survey results - even well-performing companies will have areas that can be improved.

We were encouraged to see many examples of balanced reporting this year, including highlighting disappointments in survey scores, showing the full range of scores from 'poor' to 'excellent' and detailing how the areas of weakness would be improved. We also found the reports where companies included a year-on-year comparison of scores were particularly helpful. Other companies, however, reported selectively and only showed positive scores.

Last year we recommended that companies focus on their aspirational scores of 'excellent' and 'very good'. As with last year, many companies did this in their reports this year. However some companies continue to include the 'good' score so that customers cannot separate that score from the aspirational scores.

## Action to be taken

The aim of the Scheme is to improve outcomes for customers. We believe customers value companies who can identify and remedy their weaknesses, as they are more likely to be sensitive to the needs of the customer. As well as identifying areas where improvements can be made for customers, we believe it is important for firms to outline the tangible action they will be taking to do so. Reporting progress against those actions provides accountability under the Scheme.

We saw some good examples of reports that detailed what companies had been doing over the past year, and the action companies intend to take to improve their scores. However, as with the previous two years, this is an area where we are disappointed with the lack of specific detail in some reports. **We therefore recommend that, in future reports, all companies outline the work they have been doing to improve outcomes for customers, as well as proposed action to address areas of weakness identified by the survey.**

## Clarity of presentation

As well as using customer-friendly language, we believe that reports that used graphics to present survey results were clearer and easier to understand and we were pleased to see that most companies did this. However we did feel that some graphs were very busy this year, making them difficult to understand. **Therefore we recommend that all companies include easily understood graphical representations of relevant information in future reports.**

## Accuracy of reporting

While the Good Practice Guide on reporting is non-mandatory, members are asked to 'publish as a minimum the percentage or quartile score from the Customer Impact survey for each of the Customer Commitments' on a comply or explain basis. Last year we also recommended that firms include a comparison of performance against the industry average to provide context to results.

It was pleasing to see that most firms included this information. However we continue to be disappointed that some companies do not provide the Commitment scores or quartile position and do not explain the reason for not doing so in the report.

**We therefore remind all firms of the requirement to publish, as a minimum, their percentage score or quartile position for the Customer Commitments relevant to their business. We also recommend that firms include a comparison of performance against the industry average for survey scores reported.**

## Accessibility of reports

An important part of keeping customers informed about progress against the Customer Commitments is making sure that customers are able to easily access the report.

We were pleased that all companies have made their reports available online and that the ABI has included links to all the company reports on the [Customer Impact website](#)\*. However, just making the report available online does not in itself make it easy to access. We were disappointed with the number of companies that had not clearly signposted their reports, making them difficult to find. In future we would like to see clear signposting of reports from an accessible part of the company website.

## Clarity of language

The purpose of reporting under the Scheme is for members to keep their customers informed about how they are meeting their Commitments under the Scheme. Therefore the language used in the reports should be easy for customers to understand. Overall we were pleased to see that most companies had written clear reports that were easy to read. However we did see some examples of industry jargon or reports being wordier than necessary. **We know that firms test their written communications with customers and we would encourage companies to apply the lessons learnt from that feedback when writing their reports.**

\*[www.customerimpact.org/company-reports.aspx](http://www.customerimpact.org/company-reports.aspx)

## E. Members of the Panel

**Mike Ross, CBE, (Chair)** currently holds a number of non-executive appointments in the financial services sector, including as a director of the Pearl Group and Principle Insurance Holdings Ltd. He was Chief Executive of Scottish Widows from 1991 to 2003 and a Deputy Group Chief Executive of Lloyds TSB from 2000 to 2003. He served as Chairman of the ABI from 2001 to 2003, was a vice-president of the Committee of European Insurers from 2002 to 2003 and Chairman of Scottish Financial Enterprise from 1999 to 2004.

**Melanie Johnson (Deputy Chair)** held ministerial positions in the Treasury, in the DTI and in the Department of Health between 1999 and 2005 and was MP for Welwyn Hatfield (1997 - 2005). As Economic Secretary to the Treasury she was responsible for financial services and for taking the Financial Services and Markets Act through the House of Commons. In the DTI she was Minister for Consumers and responsible for a number of measures to strengthen consumer protection, including the review of the Consumer Credit Act.

**David Anderson** joined Co-operative Financial Services as Chief Executive in June 2005. In his early career he worked in marketing roles in the manufacturing and information sectors, before becoming a management consultant. He spent 15 years with Yorkshire Building Society where he was Chief Executive for seven years, cementing the society's position as one of the leaders in the sector and becoming a champion of mutuality. For the two years before joining CFS, David worked in the Civil Service as Chief Executive of Jobcentre plus, driving forward the establishment of a new operating model formed out of a merger of the Employment Service and the Benefits Agency.

**Kay Dixon** was for five years a member of the National Council of Postwatch and its chair for Greater London where she represented consumer interests during a major sub post office closure programme and abolition of the second mail delivery. Prior to that she was Head of Press and Public Affairs at the London Stock Exchange, following jobs at the House of Commons and within a government department, as well as in the private sector. She is currently a Public Member of Network Rail and a board member of the newly formed Complementary and Natural Healthcare Council.

**Ruth Evans** is Deputy Chair of the Office for Communications Consumer Panel, a Non-Executive Commissioner of the Independent Police Complaints Commission and Chair of the Commission's Remuneration Board. Ruth was a Lay Member of the General Medical Council until 2008 and former Chair of its Standards and Ethics Committee. She is a Member of the Queen's Counsel Appointments Panel, and a Member of the Advisory Board of ING Direct UK. Ruth was Chair of the Bar Standards Board and Chief Executive of the National Consumer Council for seven years until 1998. Following that, among other things, she chaired two inquiries, including one into Drug Testing at Work during 2002-3.

**Chris Pomfret** has over 30 years experience in industry through a long career with Unilever primarily in marketing and general management. Since leaving Unilever in late 2005, Chris has been appointed a Board member of the Food Standards Agency, he is a senior associate of the University of Cambridge Programme for Industry, a trustee of a Southern England charity, CHASE, which provides community and hospice care for life limited children and their families and was also a member of the Roundtable for Sustainable Consumption set up jointly by the Sustainable Development Commission and the National Consumer Council. He also runs his own marketing and sustainability consultancy.

**Shamit Saggar** is a Professor of Political Science at the University of Sussex and the Non-executive Chairman of the Board of the Legal Complaints Service of the Law Society of England & Wales. Shamit is also visiting professor of Public Policy at the University of Toronto. He has held international visiting appointments at Yale University, UCLA, NYU, Notre Dame University, Oxford University, ANU and University of Western Australia. He has also worked with several UK think-tanks including IPPR, Demos, the Royal Society for the Arts, the Hansard Society, the Foreign Policy Centre, the Fabian Society, and the Citizenship Foundation.

**Otto Thoresen** has been chief executive of AEGON UK since April 2005. His career began at Scottish Equitable in 1978 and from 1988 he held senior marketing roles at Abbey Life, and Royal Insurance and then managing director of Royal Life International. He returned to Scottish Equitable (by then acquired by Dutch insurer AEGON) in August 1994. In January 2007, Otto was invited by the Economic Secretary to the Treasury to lead an independent review into how generic financial advice might be delivered in practice. The Thoresen Review was published on 3 March 2008. Otto is Deputy Chair of the ABI Board and Chair of its Life Insurance Committee.

**Malcolm Streatfield** was appointed Chief Executive of LighthouseGroup plc in January 2003. He has 32 years experience in financial services and was elected to the council of AIFA (Association of Independent Financial Advisers) in June 2002. In June 2008, Malcolm was appointed to the Customer Impact Panel of the ABI (Association of British Insurers) and from February 2009, he has become a member of the Financial Services Practitioner Panel. He joined Lighthouse in April 2002, following the acquisition of BWA Group where he was Chief Executive.

Rob Devey left the Panel during the past year.

## Appendix 1 - The Customer Commitments

Resolution made by Participating Boards

The Board of each company participating in the Scheme has passed the following resolution:

"We will ensure that the needs of our customers are at the core of the way in which we run our business. This will be done by:

- Developing and promoting products and services which meet the needs of our customers
- Providing customers with clear information and good service when they buy our products
- Maintaining an appropriate and effective relationship with our customers, providing them with a good service after they have bought a product

We recognise the important role of advisers in the relationship we have with many of our customers and will take this into account as we deliver these Commitments.

We also make an undertaking to keep our customers informed about how well we are meeting these Commitments"

Closed funds and others not actively promoting new products or using advisers can modify the model Board resolution as appropriate.

## Appendix 2 - Members of the Customer Impact Scheme

### Membership of the Scheme

33 companies have notified us that they have formally passed the required Board resolution to join the Scheme. They are:

AEGON Scottish Equitable  
AEGON Scottish Equitable International  
Aviva  
AXA  
B&CE  
Bright Grey  
Bupa Health Assurance  
Children's Mutual  
Clerical Medical  
Co-operative Insurance Society  
Forester Life  
Friends Provident  
Guardian  
Halifax Life  
Just Retirement  
Legal & General  
LV=  
NFU Mutual  
Partnership Assurance  
Pearl Group  
Police Mutual  
Prudential  
Royal Liver  
Royal London  
Scottish Friendly  
Scottish Life  
Scottish Provident  
Scottish Widows  
Standard Life  
Sun Life Financial of Canada  
Unum  
Wesleyan Assurance Society  
Zurich Financial Services

## Appendix 3 – The Customer Impact Survey

The annual survey is a key part of the Scheme. 34\* companies took part in the 2008/09 survey, with over 20,000 customers interviewed. Participating companies provide samples of customers in three groups:

- recent purchasers (people who have bought a product in the last 3-9 months);
- payment customers (people who have received a payment, for example because they have made a claim on a protection product or their product has matured, or they have started to receive regular payments, for example an annuity, in the last 3-9 months); and
- established customers (people who have held a product for more than a year).

Customers are asked 25 questions about their product, their company and the areas covered by the Customer Commitments. Companies receive the results from their own customers. All the individual company results are then aggregated to produce data for the industry as a whole.

ORC International conducted the fieldwork and compiled the industry results this year.

### How does the survey fit with the wider Scheme?

The survey gives a picture of customer experiences and perceptions. This helps to prioritise the areas that need most attention under the Scheme, and provides industry benchmarks against which firms can measure their individual results over time. Companies use their individual survey results to target their own efforts on the areas where they most need to improve.

\* While 33 members have signed up to the Scheme, two of the smaller brands were unable to participate in the survey because of sample issues, and one brand joined the Scheme part way through the year. Three brands owned by two of the larger Scheme members participated in the survey, as well as one brand not formally signed up to the Scheme.

## Appendix 4 - Customer Impact Scheme Good Practice Guides

Clear Language and Layout

Reporting against the Customer Commitments

Yearly Statements

Responsibilities of Providers and Advisers

Product Design and Delivery

Managing Unclaimed Policies

Management Information Relating to Good Customer Outcomes

Description and Presentation of Charges

Handling Customer Claims

Complaint Management

## For more information, contact:

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