



Association of British Insurers

customer
impact

INDUSTRY REPORT 2007/08 CUSTOMER IMPACT SURVEY

February 2008

Contents	Page
Executive summary	2
1. Introduction to the Customer Impact Scheme	4
2. The Customer Impact Survey	8
3. Overall Satisfaction with the Industry	10
4. Commitment 1 – ‘Developing and promoting products and services which meet the needs of customers’	12
5. Commitment 2 – ‘Providing consumers with clear information and good service when they buy products’	14
6. Commitment 3 – ‘Maintaining appropriate and effective relationships with customers, providing them with a good service after they have bought a product’	16
7. Next Steps	21
Annex 1 - Companies participating in the Customer Impact Scheme	23
Annex 2 - List of products	24

Executive Summary

The Customer Impact Scheme was launched in March 2006, with the objective of improving outcomes for customers of the UK's life, pensions and investment industry. Part of the Scheme is an annual survey of customer views of the industry. This report outlines the results of the second full survey conducted under the Scheme.

In the past year, the industry has undertaken significant work in light of the 2006/07 Customer Impact survey results. At a collective level, five new Good Practice Guides were produced on subjects including product design, unclaimed policies and management information. The ABI has also held several workshops to help firms share good practice and overcome barriers to implementing improvements.

The most intensive work has taken place at an individual company level. Companies have examined their processes and resourcing to identify what work might be necessary to improve customer outcomes. Examples of this work include significant reviews of documentation, enhancing staff training in areas such as letter-writing and customer service, further research to explore drivers of customer views and improving claims processes.

Some of the changes companies are in the process of making will take time to bed in and feed through to customers. The extent of activity by companies is clear evidence of the industry's commitment to improve outcomes for customers in response to the feedback it has received.

2007/08 Survey

In several areas, there was little movement in this year's survey scores compared with the 2006/07 survey. While the industry would have liked to have seen more concerted improvements this year, the Scheme is a long-term undertaking and the industry acknowledges that it may take several years for substantial changes to be seen. This year's results should also be viewed in the context of a volatile year in investment markets. In particular, the survey fieldwork took place against the background of acute turmoil in credit markets through the autumn.

The key findings from this year's survey are below. Although some of the movements are small compared to last year, they are all statistically significant. Increases or decreases of between 1%-6% are statistically significant depending on the sample sizes responding to the questions.

- **Reputation of the Industry**
53% of customers 'strongly agreed' or 'agreed' that the industry has an excellent reputation, compared with 48% in 2006/07.
- **Key Image Statements**
86% of customers 'strongly agreed' or 'agreed' that their company was 'easy to do business with', while 77% felt their provider 'really cares about its customers'. These scores have increased by 1% and 2% respectively on 2006/07. The same proportion of customers as last year, 85%, felt their provider 'treats customers fairly'.

- **Customer Advocacy**
53% of customers said they would be 'extremely' or 'very likely' to recommend their company, down 2% on last year.
- **Sales**
53% of customers rated the sales process as 'excellent' or 'very good' this year compared with 57% last year. Of the different aspects of a sale, customers rated payment handling highest. Clarity of information at point of sale scored lowest, as in 2006/07.
- **Claims**
50% of customers rated the claims and payments process as 'excellent' or 'very good', down from 53% last year. Customers rated the speed of payment most favourably, while the way companies keep customers updated on the progress of their claim was viewed most negatively.
- **Complaints**
Around 3% of customers surveyed had made a complaint to their provider in the past 12 months compared with 4% last year. 10% said the way the company handled their complaint was 'excellent' or 'very good' compared with 14% in 2006/07. 57% of customers felt their complaint had been handled poorly, an increase of 7 percentage points on last year.

1. Introduction to the Customer Impact Scheme*

What is the Customer Impact Scheme?

The Customer Impact Scheme was launched in March 2006, with the objective of improving outcomes for the customers of the UK's life, pensions and investment industry. The Scheme is part of our industry's commitment to improve customers' experiences and to be held accountable for our performance in doing so.

The Customer Impact Scheme comprises five main elements:

Customer Impact Panel

The Customer Impact Panel (including non-industry figures) provides independent oversight of the Scheme.

Customer Commitments

The board of each participating company adopts a formal resolution containing commitments designed to put customers at the heart of their business throughout the lifecycle of the product.

Good Practice Guides

A series of Good Practice Guides helps companies deliver better customer experiences and meet the Customer 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 Scheme was designed to be complementary to the FSA's Treating Customers Fairly (TCF) initiative and the FSA's wider move to more principles-based regulation.

* More information can be found at www.customerimpact.org

Who participates?

ABI member companies writing pensions, protection and investment business participate in the Scheme. 31 companies* are now members of the Scheme, collectively representing around 85% of the sector.

What happened in 2007?

The 2006/07 survey was the first full survey to be conducted under the Scheme. The results were published in February 2007. Much of the work the industry did under the Scheme in 2007 was driven by these survey results. Some of the main areas of industry activity were:

Good Practice Guides

We produced five new Good Practice Guides in 2007 in the following areas:

- Responsibilities of providers and advisers
- Product design
- Managing unclaimed policies
- Management information relating to good customer outcomes
- Description and presentation of charges

In addition to these new guides, we also consolidated the various pieces of guidance on company reporting into a revised Good Practice Guide. This also took into account comments from the Customer Impact Panel on company reports.

Company reports

Companies participating in the Scheme are required to produce an annual report on their progress towards meeting the Customer Commitments. Through the first half of 2007, companies published their reports, the first under the Scheme. The Customer Impact Panel reviewed these and included comments in its Annual Report.

Customer Impact Panel

The Customer Impact Panel published its first Annual Report on the Scheme in July 2007. This considered the operation of the Scheme, the 2006/07 survey results and companies' annual reports. The Panel made several recommendations in its report which the industry has been working to implement.

Workshops

The ABI held three facilitated workshops for members during 2007 on post-sale communication, complaints and company reporting. Post-sales communication and complaints were two areas that customers rated less well in the 2006/07 survey. The three workshops aimed to share good practice and discuss how to overcome barriers to implementing improvements.

Companies who participated in the survey also conducted detailed analyses of their results to identify what work might be necessary to improve customer outcomes. This work is often significant and requires substantial resource from companies. It is also likely to take several years for the results of this work to feed through fully to customers.

* A list of companies participating in the Scheme is provided in Annex 1

The extent of the work that brands participating in the Scheme have undertaken over the past year demonstrates the industry's commitment to improving outcomes for customers. Due to the relatively short time between companies receiving last year's survey results and fieldwork beginning on the 2007/08 survey (around six months) the impact of these improvements are unlikely to have been felt by customers responding to this year's survey. Some examples of the kind of work brands have started this year include:

Training

Companies have looked at the training they provide for their staff to see whether improvements can be made. Some examples of changes companies are implementing include developing their staff's letter writing skills, enhancing their customer service skills as well as further improving their technical knowledge. Some brands have also changed staff competencies to focus more on customer outcomes.

Documentation

Several brands have undertaken significant reviews of their documentation and letters, both at point of sale and post-sale. These reviews have looked at the overall clarity of documents and the language used, the format of the documents and the frequency with which they are issued. As a result, brands have started to make their documentation clearer and easier for customers to understand. Some companies are also investing in technology to make reviewing and changing documents easier in the future.

Customer Service

Brands participating in the Scheme have also been working hard to improve their customer service where necessary. Several companies have reviewed their customer service centre operations to improve the resolution of the customer's query when they first contact the company. Other brands have introduced Freephone numbers for existing customers so that it doesn't cost the customer anything to call their provider.

Brands are also using technology to provide better customer service, for example by improving the systems used by customer service teams to ensure they are better informed and can deal with customers' requests more efficiently. Companies are also increasingly using the internet to improve service. Some brands have redesigned their websites to improve navigability and include more information for customers. Several brands are also developing customers' access to online tools and servicing to help them make decisions about products, and then check the performance of their investments online.

Complaints

Several brands have set up or are in the process of establishing central Customer Feedback Teams to deal with complaints. These teams are dedicated to collecting, managing and reporting customer feedback. They bring together knowledge and expertise from throughout the company. Some brands have also made it easier for customers to register their complaints and are actively seeking customer feedback on how complaints have been handled. Brands are also looking more closely at the root causes of complaints to address issues at source and so improve service for customers.

Customer research

As a result of the insights brands have received from the Customer Impact survey, several have identified a need to explore customer views further. They are therefore undertaking additional consumer research, in areas such as product development, to assist them in understanding changes that would make a real difference for customers.

Claims service

Brands have also been working to improve the way they handle customer claims by, for example, reducing the amount of information they require from the customer, ensuring customers are kept informed of the progress of their claim in the medium of their choice and changing the way they make payments to speed up the process.

2. The Customer Impact Survey

The economic and market background

The Customer Impact Scheme is a clear signal that the industry is determined to serve its customers well. The industry is working hard to help our customers understand the performance of their pensions and savings products in the context of broader economic and capital market developments. This work recognises that customers' views of their insurance provider might well be coloured by developments elsewhere in the savings and investment environment.

2007 has been a volatile year. In equity markets, a strong start to the year was reversed through the summer. The FTSE 100 index ended 2007 little changed after a very volatile period through the second half of the year. In addition, as the survey was being conducted through the autumn, the broader savings market in the UK was hit hard by the global credit crunch and the problems at Northern Rock began to unfold. These events may have had some impact on the survey results. Another factor may be changing customer expectations of service levels, based on their experiences both within and outside of financial services. One of the benefits of the survey is that it will allow us to track customer views over time and better understand how they are influenced by the wider economic and market context.

How does the survey work?

The annual survey is a key part of the Scheme. It is an extensive and in-depth exercise. Participating companies provide samples of customers in three groups:

- recent purchasers (people who have bought a product* in the last 3-9 months);
- claims/payments customers (people who have received payment of claims or maturity, or started to receive regular payments, in the last 3-9 months); and
- general customers (people who have held a product for more than a year).

Customers are asked questions about their product, their company and the areas covered by the Customer Commitments. Companies receive the results from their own customers. All of the individual company results are then aggregated to produce data for the industry as a whole. This year ORC International conducted the survey fieldwork and produced company and industry results. The fieldwork ran between September and December 2007.

How does the survey fit with the wider Scheme?

The survey gives a picture of customer experiences and perceptions. This helps us to prioritise the areas which need most attention under the Scheme, and provides industry benchmarks against which firms can measure their individual results over time.

The companies taking part in the survey use their individual survey results to target their efforts on the areas where they most need to improve. Those companies who participated in the 2006/07 survey have examined their processes and resourcing over the course of last year based on the analysis of their results. Brands have then gone on to start to implement the types of changes outlined in the previous section. Some of the changes will take time to bed in and feed through to customers. The Scheme is clear evidence of the industry's commitment to take action to respond to the feedback it received from customers.

2007/08 Survey

The 2007/08 survey is the second full survey under the Customer Impact Scheme. It has grown further this year with 32 companies participating, and 19,425 customers surveyed. This makes it one of the most comprehensive surveys of financial services customers undertaken in the UK.

* A full list of products included in the survey is provided in Annex 2

For technical reasons, two of the smaller brands signed up to the Scheme were unable to participate in the survey. Three companies who are not formally signed up to the Scheme also participated.

Several minor changes were made to the survey this year, mainly to improve consistency and to aid clarity. It is possible that these may have had a slight effect on the survey results. The main changes were:

Customer definitions:

- The definition for all claims and payment customers was made consistent to include those people who had made a claim or received a payment within the previous 3-9 months.
- The 'recent customer' definition was changed to people who had bought a product within the previous 3-9 months to align to claims and payments customers.

Return on investment:

- This question was changed this year for clarity. Instead of asking about customer satisfaction with the return on their investment, it asked customers how effectively providers had managed their expectations of the potential return on their investment.
- This question was omitted for protection product customers this year, given there is no investment element to these products.

'Mortgage-related' products:

- The 'Mortgage-related' product category was re-named 'Mortgage-related investments'.
- Mortgage term assurance was moved from the 'Mortgage-related investments' product category to 'Protection'.

Presentation of survey results

In discussing the results for most of the questions in the survey, we have concentrated on the strongest and weakest scores. We have chosen to focus on the 'excellent' and 'very good' ratings, as this is what the industry aspires to. We would hope to see these scores improve in successive surveys. The 'fair' and 'poor' ratings are also important as they give a clear indication of the areas where the industry needs to improve. These scores will help us to target our work under the Scheme most effectively.

We have included the 'good' answer option on the charts in this year's report to provide a full picture of the survey results.

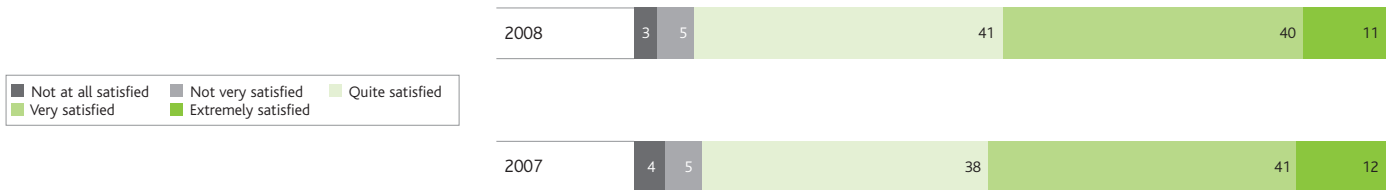
We have also included charts in this year's report showing the quartile ranges for the combined 'excellent' and 'very good' ratings for the three Customer Commitments. This was requested by the Customer Impact Panel to provide more information on the spread of the positive ratings that companies have achieved under the Scheme.

To produce the quartiles, the scores from participating companies are ranked and divided as equally as possible into four groups (the quartiles). The first quartile contains the companies who received the highest proportion of positive ratings, and the fourth quartile contains those who received the lowest. The charts show the upper and lower scores for each of the quartiles, thereby indicating the range of positive ratings received by the companies in that given quartile.

3. Overall Satisfaction with the Industry

Customers were asked several questions about their overall satisfaction with their provider's service and products, as well as how likely they would be to recommend their current company. The following charts show the aggregated answers to these questions, for all the companies participating in the survey.

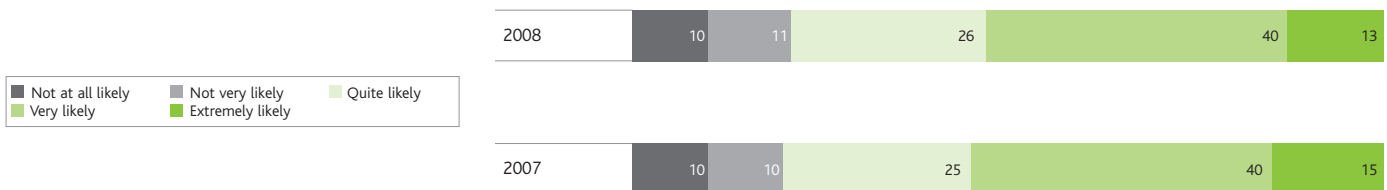
Chart 1 - Overall satisfaction with service (scores shown in %)



51% of customers said they were 'extremely' or 'very satisfied' with the service they had received from their product provider. This was a slight decrease on the 53% of customers who chose the most positive options in 2006/07. 8% of customers were 'not at all' or 'not very satisfied', a 1% improvement on the previous year.

Asking whether a customer would recommend a company to friends or family is a key indicator of trust and satisfaction. As chart 2 shows, 53% of customers said they would be 'extremely' or 'very likely' to recommend their company, a 2% decrease on the previous year. 21% of customers said they would be 'not at all' or 'not very likely' to recommend their company.

Chart 2 - Customer advocacy (scores shown in %)



We have combined the scores from the questions in the survey likely to be relevant to customer advocacy to develop a 'Customer Impact Index'. This provides a useful indicator of customers' overall satisfaction with the industry.

To produce the Index we combine scores from questions asking about customer satisfaction with various aspects of products and services, as well as the question about customer advocacy.

Chart 3 shows the Customer Impact Index for the 2007/08 survey. There is a positive rating of 52%, and a negative rating of 18%. These are very similar scores to 2006/07.

Chart 3 - Customer Impact Index (scores shown in %)

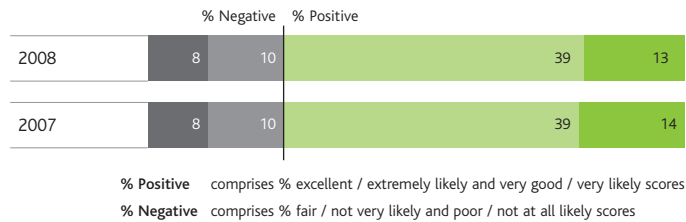
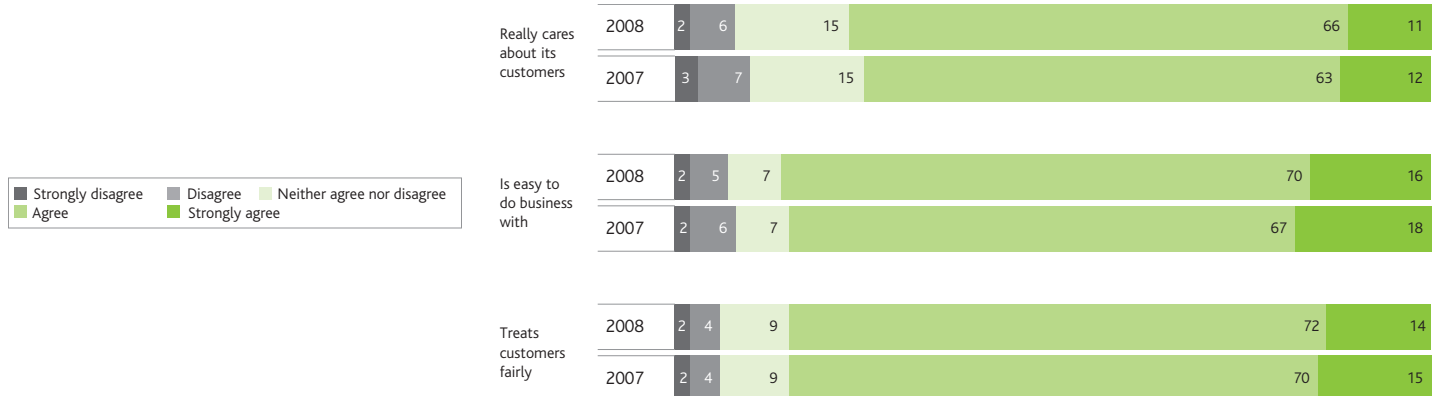


Chart 4 shows customer ratings of companies' customer focus. 77% of people 'agreed' or 'strongly agreed' that their provider 'really cares about its customers', up 2% on 2006/07. When customers were asked to rate whether their company was 'easy to do business with', 86% of customers 'agreed' or 'strongly agreed' with this statement compared with 85% the previous year. The same proportion of customers this year, 85%, 'agreed' or 'strongly agreed' that their provider 'treats customers fairly' (figures in chart 4 subject to rounding).

Chart 4 - Agreement with statements about customer focus (scores shown in %)



4. Commitment 1 - 'Developing and promoting products and services which meet the needs of customers'

The first Commitment which companies make under the Customer Impact Scheme involves a promise to develop and promote products that meet customers' needs. As the list at Annex 2 indicates, customers who take part in the survey hold a wide variety of products including pensions, annuities, regular savings and protection products. Some of these products are very different in structure and purpose and so customer views can differ significantly depending on which products they hold. Those products which are perceived negatively by customers can lower overall industry scores.

The Customer Impact survey asks customers to rate the following elements related to the product they have purchased:

- their overall view;
- whether it offers a tailored solution;
- how easy it is to understand;
- the choice available;
- whether their expectations on the potential return on their investment have been managed*; and
- flexibility.

The results from these questions were then averaged to give an overall score for Commitment 1, shown in chart 5. This year there was increased evidence of responses clustering in the 'good' category with slight decrease in the 'excellent' and 'very good' ratings from customers and in the 'fair' and 'poor' ratings.

Chart 5 - Overall score for Commitment 1 (scores shown in %)

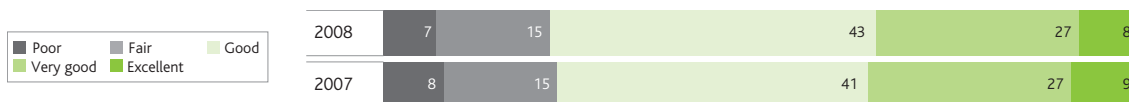
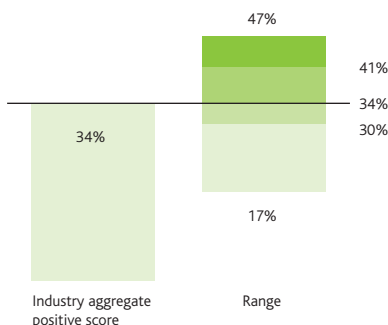


Chart 6 shows the breakdown of the aggregated 'excellent' and 'very good' ratings for Commitment 1 by quartile. This indicates the spread of positive scores, as well as the highest and lowest positive scores achieved by companies. Compared to the industry aggregate score of 34% (figures in chart 5 subject to rounding), the lowest scoring company had 17% of its customers rating it 'excellent' or 'very good' for Commitment 1. The highest scoring company had 47% of its customers giving it one of these two positive ratings.

Chart 6 - Quartile range for Commitment 1



* This year this question was changed to ask how effectively providers had managed customers' expectations of the return on their investment. It was also omitted for protection product customers this year, given there is no investment element to these products.

Chart 7 shows the overall rating customers gave the product they had purchased. This year there was a small increase in the number of customers who rated their product as 'excellent' or 'very good', up to 44%, and a small decrease in the number that rated their product as 'fair' or 'poor', down to 20%.

Chart 7 - Overall rating of product purchased (scores shown in %)

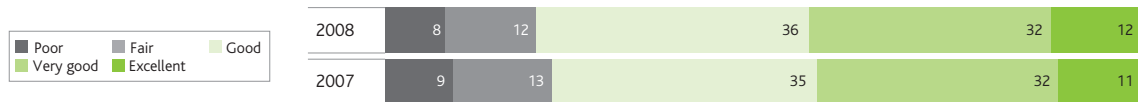
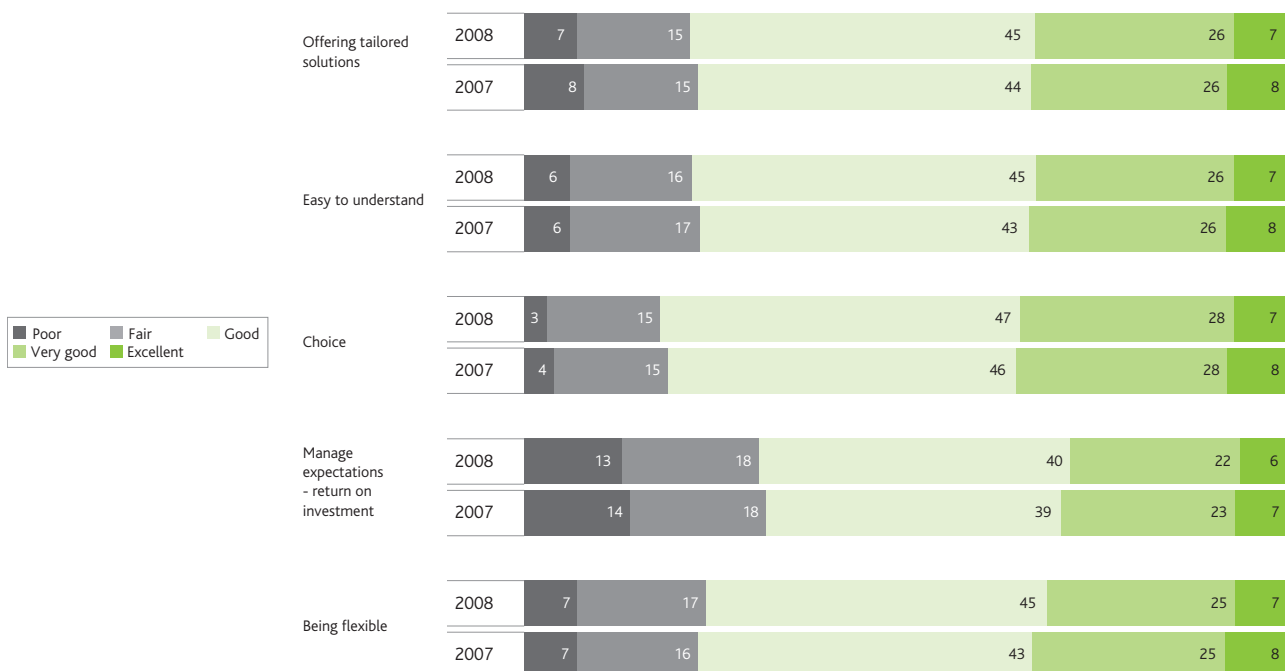


Chart 8 shows the ratings customers gave when they were asked about specific aspects of the products they had purchased. All product attributes saw a small decrease in the 'excellent' and 'very good' ratings compared with 2006/07. Most of the attributes also show a slight decrease in the number of customers who rated them as 'poor' or 'fair', with the exception of 'being flexible', which shows a slight increase to 24%.

The best and worst performing attributes in the 2007/08 survey remained the same as last year. Companies scored highest on the choice they offer customers. 35% of customers rated the choice as 'excellent' or 'very good'. 18% of customers thought the choice was 'fair' or 'poor'. The lowest rated attribute this year was managing customer expectations about potential returns on investment. 28% of customers rated their provider as 'excellent' or 'very good' at this while 31% rated their provider as 'poor' or 'fair' here.

Chart 8 - Scores for product attributes (scores shown in %)



5. Commitment 2 - 'Providing consumers with clear information and good service when they buy products'

The information that customers receive when they buy a product should help them make an informed purchase. Excellent service from providers during a sale is also a customer expectation. Recent purchasers (around 30% of the sample) were asked for their views on the sales process.

Customers in the survey were asked to rate the following elements of the sales process:

- their overall view;
- ease of paperwork;
- clarity of information;
- payment handling; and
- time taken to arrange the policy.

The results from these questions, as well as view of the salesperson, were then averaged to produce the overall score for Commitment 2 as shown in chart 9. In 2007/08 the 'excellent' and 'very good' rating decreased slightly to 58% and there was a slight increase in the 'fair' and 'poor' ratings (figures in chart 9 subject to rounding).

Chart 9 - Overall score for Commitment 2 (scores shown in %)

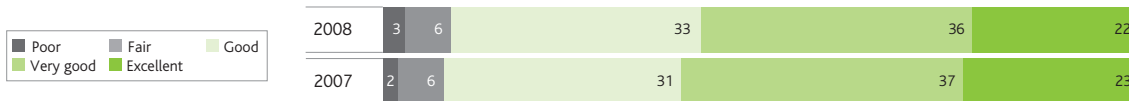


Chart 10 shows the breakdown of the aggregated 'excellent' and 'very good' ratings for Commitment 2 by quartile. This indicates the spread of positive scores, as well as the highest and lowest positive scores achieved by companies. Commitment 2 had the smallest spread in results of the three Customer Commitments, with a 22% difference between the highest and lowest scores.

Chart 10 - Quartile range for Commitment 2

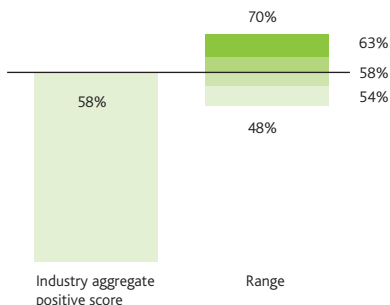


Chart 11 shows the overall rating that customers gave the sales process. Compared with 2006/07, there was a 4% decrease, to 53%, in the proportion of customers rating the sales process as 'excellent' or 'very good'. 10% of customers rated the sales process 'fair' or 'poor' this year compared to 9% last year (figures in chart 11 subject to rounding).

Chart 11 - Overall sales process rating (scores shown in %)

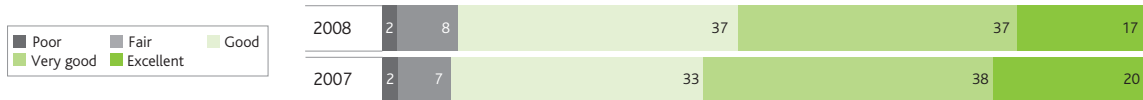
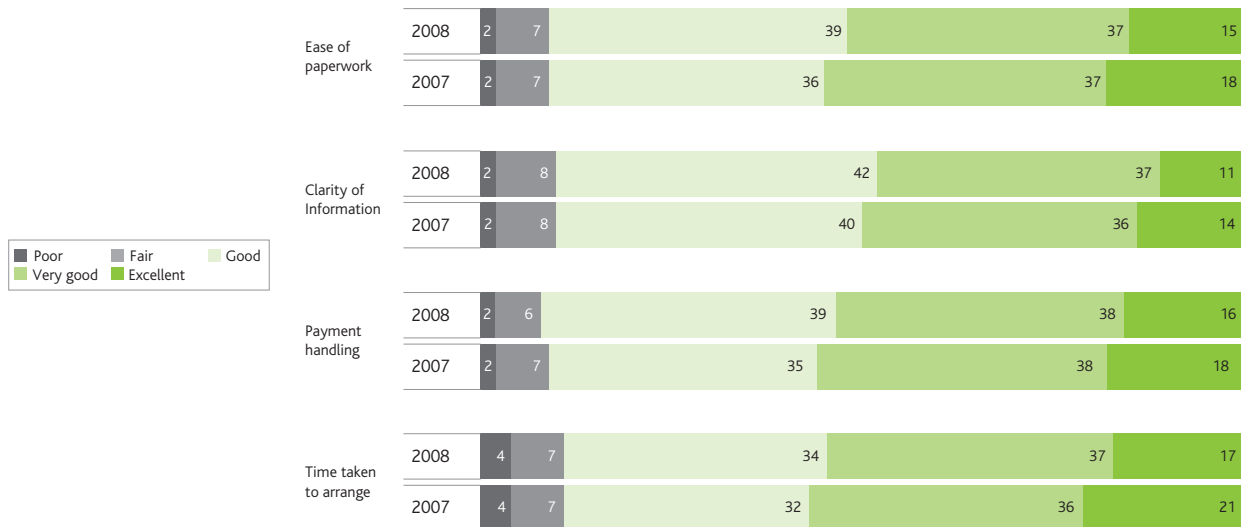


Chart 12 shows how customers rated the specific aspects of the sales process. This year there were decreases across the 'excellent' and 'very good' ratings for all attributes, while the 'fair' and 'poor' ratings remained constant except for payment handling, which decreased by 1% to 8%.

Companies scored the highest on payment handling and the time taken to arrange a policy. 54% of customers felt that both these elements of the sales process were 'excellent' or 'very good'. 11% of customers rated the time taken to arrange a policy as 'fair' or 'poor' – the most negatively rated of the attributes.

Chart 12 - Scores for sale attributes (scores shown in %)



6. Commitment 3 - 'Maintaining appropriate and effective relationships with customers, providing them with a good service after they have bought a product'

Given the long-term nature of the products that our industry sells, customers need to have good quality relationships with their provider throughout the lifecycle of their product. The third Commitment under the Customer Impact Scheme looks at the post-sale interaction with the customer to help companies deliver good service.

In the survey, customers were asked to rate the following four elements of the after-sales relationship with their provider:

- written communications;
- service centres;
- claims and payment processes; and
- complaints handling.

The results from these questions were then averaged to give the overall score for Commitment 3 as shown in chart 13. This score stayed constant from 2006/07 with 41% of customers giving an 'excellent' or 'very good' rating, and 20% giving a 'fair' or 'poor' rating (scores in chart 13 subject to rounding).

Chart 13 - Overall score for Commitment 3 (scores shown in %)

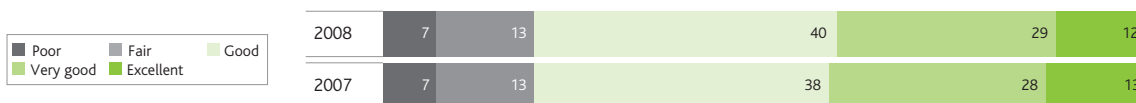
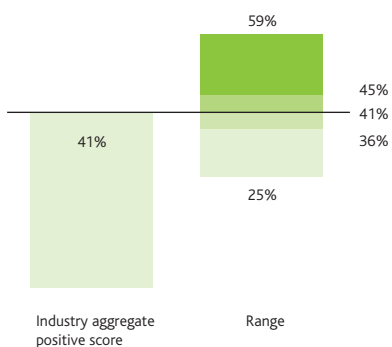


Chart 14 shows the breakdown of the aggregated 'excellent' and 'very good' ratings for Commitment 3 by quartile. This indicates the spread of positive scores, as well as the highest and lowest positive scores achieved by companies. Commitment 3 had the largest spread in results of the three Customer Commitments, with 34 percentage points between the lowest and highest scores. The highest 'excellent' or 'very good' score achieved by a company for its post-sale service was 59%, and the lowest 25%.

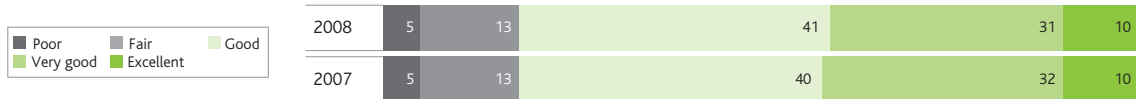
Chart 14 - Quartile range for Commitment 3



Written Communication

The statements and letters that providers send are a key part of their contact with the customer in the years after a product has been sold. As part of the survey, customers were asked to rate this material. Chart 15 shows the aggregated overall rating of companies' written communication.

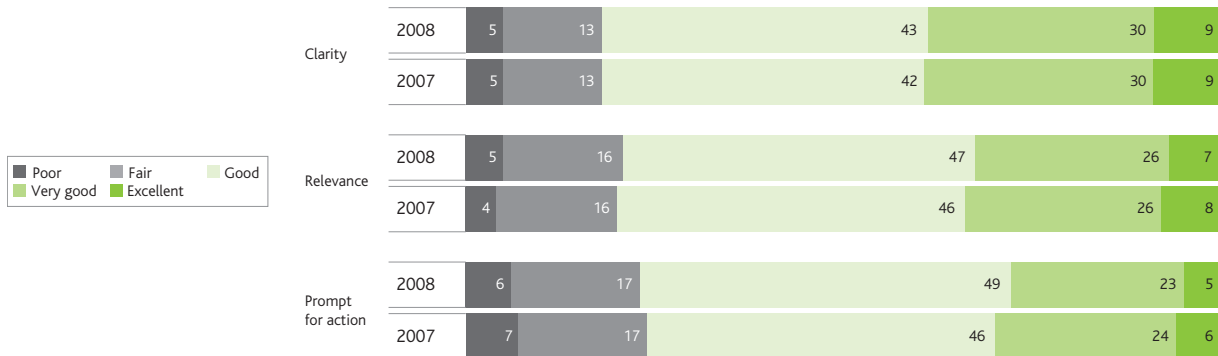
Chart 15 - Overall score for statements and personalised letters (scores shown in %)



As chart 15 shows, customers' ratings this year moved little from the 2006/07 score. 41% of people felt their providers' statements and letters were 'excellent' or 'very good', while 18% rated them as 'fair' or 'poor'.

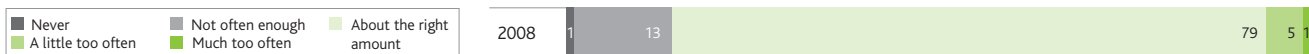
Chart 16 shows customer ratings of the following aspects of the statements and personalised letters they had received from their provider; clarity, relevance and prompt for action. As in 2006/07, customers rated clarity of providers' written communications highest, with 39% saying providers' material was 'excellent' or 'very good'. The lowest rated attribute, the effectiveness of statements and letters in prompting customers to take action, was also the same as last year. 23% of customers rated this as 'fair' or 'poor'.

Chart 16 - Rating of written communication attributes (scores shown in %)



The question asking customers to rate the frequency of the written communications they received from their provider was changed this year to improve clarity. Chart 17 shows that the vast majority of customers, 79%, described the frequency with which they received statements and letters as 'about the right amount'. Among the remaining customers, twice as many said they did not receive written communication often enough compared with those who said they received them too often.

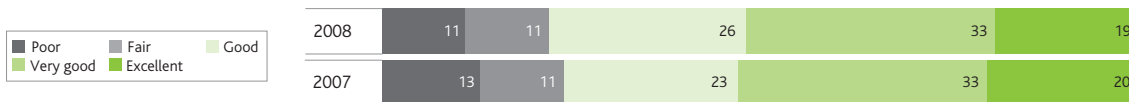
Chart 17 - Frequency of written communication (scores shown in %)



Customer Service centre

Customers who had called their provider’s telephone customer service centre in the last 6 months were asked to rate the service they received. This year, 20% of customers fell into this category. Chart 18 shows the overall rating customers gave for companies’ call centres.

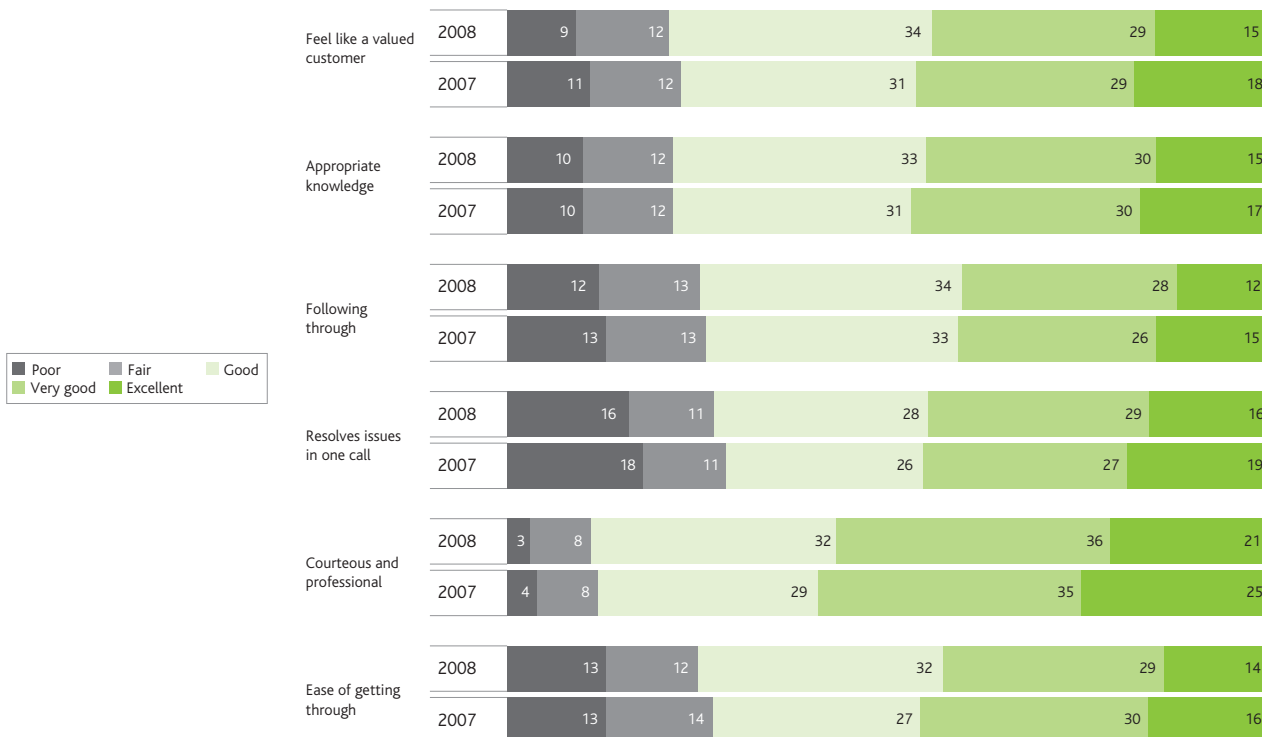
Chart 18 - Overall rating of customer service centre (scores shown in %)



As chart 18 shows, there was a slight change on last year’s results. 52% of people rated their providers’ customer service centre as ‘excellent’ or ‘very good’, while 22% rated it as ‘fair’ or ‘poor’.

Customers were asked to rate several aspects of their provider’s customer service centre, as shown in chart 19. As in 2006/07, customers rated the courtesy and professionalism of call centre staff highest with 57% saying this was ‘excellent’ or ‘very good’. However, this is a 3% drop on 2006/07. Customers rated customer service staff follow-through lowest for the second year, with 40% saying this was ‘excellent’ or ‘very good’ and 25% rating it as ‘fair’ or ‘poor’.

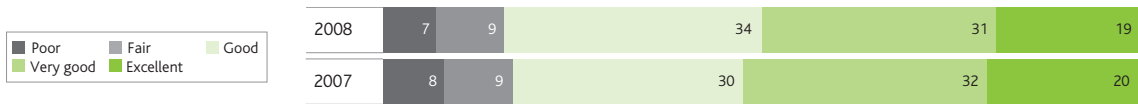
Chart 19 - Rating of customer service centre attributes (scores shown in %)



Claims and payments

How providers handle claims is an important test of their relationship with the customer. Customers who had made a claim or received a payment from their provider in the last three to nine months were asked for their views of this process.

Chart 20 - Overall rating of claims and payments process (scores shown in %)

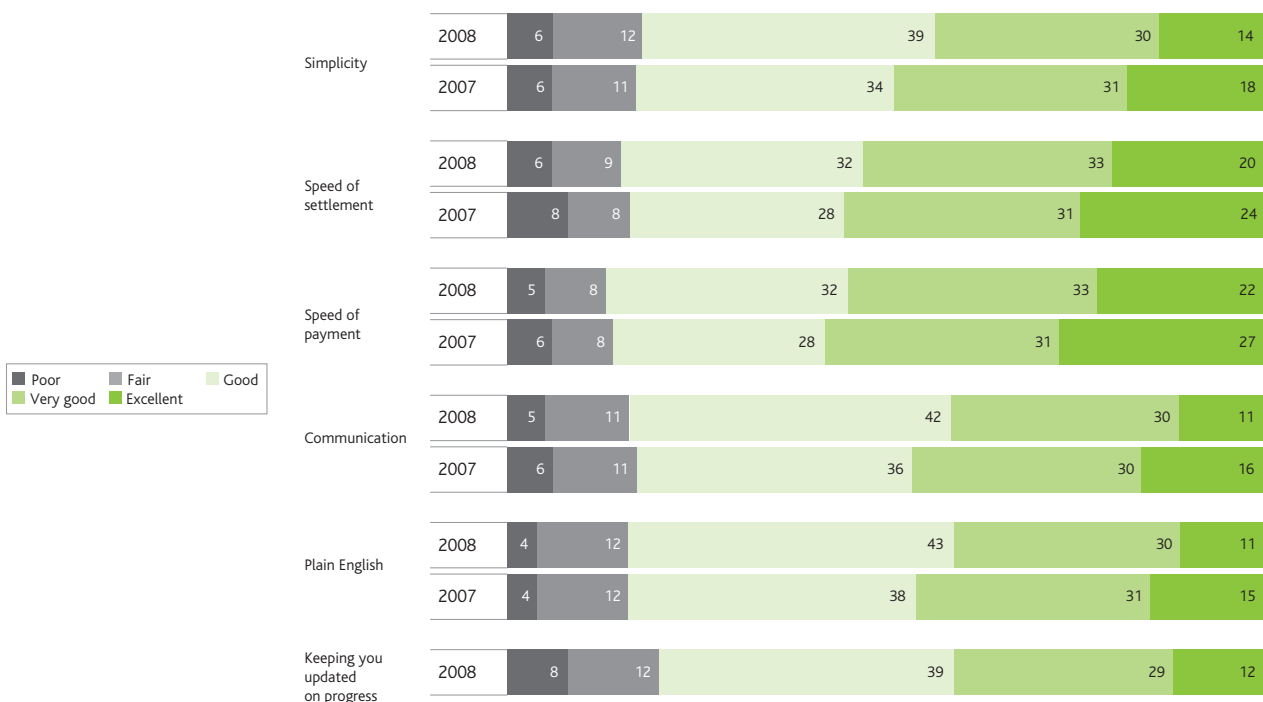


As chart 20 shows, the overall positive rating of the claims and payment experience fell this year with 50% of respondents saying it was 'excellent' or 'very good' compared with 53% in 2006/07 (figures in chart 20 subject to rounding). Slightly fewer customers, 16%, rated the process as 'fair' or 'poor'.

To obtain more detail on customer views, respondents were again asked to rate several aspects of their provider's claims and payments process. A new attribute was also added for this year's survey; how well the provider had kept the customer updated on the progress of their claim.

Claims and payments was the area where scores fell most significantly on the survey this year. Chart 21 gives more detail on the changes in scores for each of the attributes. As in 2006/07, customers rated speed of payment most positively, with 55% rating this as 'excellent' or 'very good', but this was a drop of 3% from the previous year. Slightly fewer people, 13%, rated speed of payment as 'fair' or 'poor' this year. Positive scores for simplicity, communication and use of plain English in the claims and payments process also fell significantly to 44%, 41% and 41% respectively. When it came to providers keeping customers updated on the progress of their claim, 41% of customers rated this as 'excellent' or 'very good', however 20% rated it as 'fair' or 'poor'.

Chart 21 - Rating of claims and payments process attributes (scores shown in %)

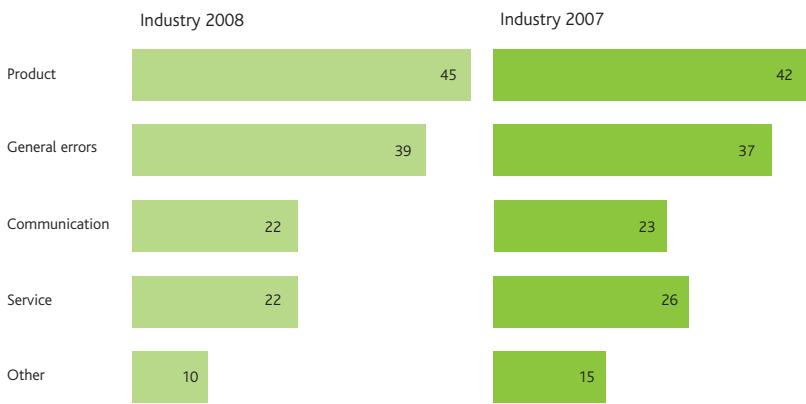


Complaints

Those customers who had made a complaint to their provider in the past 12 months were asked to rate their experience. This year, slightly fewer respondents had made a complaint, around 3% of the sample. However, this still provides a sample of just over 600 people, which can be considered robust.

As chart 22 shows, the two main subjects of complaint were the same as in 2006/07, problems with the product and general errors. Fewer customers gave poor service and communication as the reason for their complaint this year.

Chart 22 - Subjects of customer complaints



(Customers could choose more than one option for this question)

Disappointingly, customers viewed both the outcome of their complaint and the way it was handled more negatively this year. 44% of customers who had made a complaint were satisfied with its resolution, down 7 percentage points on the previous year. As chart 23 shows, 10% of customers said their complaint had been handled in an 'excellent' or 'very good' way, down from 14% in 2006/07. More customers this year felt their complaint had been handled in a 'poor' way – 57% compared with 50% in 2006/07. The industry has started a programme of work to improve complaint handling, and this is detailed in the next section.

Chart 23 - Rating of how complaints were handled



7. Next Steps

The aim of the annual Customer Impact survey is to help the industry identify the areas where it needs to improve. Each year, the survey results help individual companies and the industry as a whole to decide what work should be undertaken to improve outcomes for customers.

The industry has undertaken significant work in the light of the 2006/07 survey results. Our programme of work will be further refined using the 2007/08 survey results to ensure that work over the coming year adds maximum value. It is nevertheless recognised that it is likely to take several years before the true effect of the work undertaken as part of the Customer Impact Scheme can be seen. Through its continued participation in the Scheme, the industry is demonstrating its long-term commitment to improving outcomes for its customers.

Many of the key results from the 2007/08 survey are similar to last year's. This is not unusual for a benchmarking survey of this kind. Some results have improved or declined more markedly. There has been a welcome improvement in customers' perceptions of the reputation of the industry and of how they are treated by providers in general terms. However, there has also been a downturn in customer ratings of the sales, claims and payments, and complaints processes. In this section, we outline work that has started or is planned by the industry to address the issues in these areas. Individual companies will also be analysing their own results and developing appropriate work to address any issues.

Sales Process

The sales process for the majority of life and savings products is intermediated. This means that the interaction with the customer is a partnership between the intermediary and the provider. We will discuss these results with intermediary trade associations to see if there is joint work that could usefully be undertaken to improve scores in this area. A Good Practice Guide covering the responsibilities of providers and advisers has already been produced in collaboration with AIFA.

Wide-ranging changes are also likely to distribution in the life and pensions sector as part of the FSA's Retail Distribution Review (RDR). This review is considering all aspects of the distribution process, including professionalism of advisers and remuneration. The ABI and its members have been fully involved in discussions with the regulator, professional bodies and intermediary representatives to shape the future distribution landscape for these products.

Claims and payments

The Good Practice Guide on handling customer claims is being revised to incorporate previous guidance on pensions transfers and maturities. The aim of this is to help firms improve and speed up transfer processes. The existing sections on other types of claim have also been reviewed to ensure relevance. The finalised guide will be reissued towards the end of Q1 2008.

The ABI also held a workshop with members in summer 2007 to explore improving post-sale communication, including for claims and payments processes.

When the quartile results for this section are analysed in more detail, it is clear that some companies score very highly, up to twice the industry score. We know that several members have made, or are in the process of making, changes to their processes. We will therefore continue to explore alternative ways of sharing good practice through events such as workshops.

Complaint Handling

In October 2007, the ABI held a workshop facilitated by Ernst & Young to promote the Good Practice Guide amongst companies participating in the Customer Impact Scheme and assist them in embedding the principles contained within it. We will also continue to promote the guide to members in other sectors.

The ABI has developed a workplan with members to improve complaint handling. The key pieces of work for 2008 will include:

- Developing a Complaint Management Toolkit to establish and share good practice. The toolkit will include a variety of practical resources for companies and will be available on the ABI's member website by mid 2008.
- Continuing to develop the ABI's self-assessment Complaints Benchmarking Exercise so that more companies participate, and it adds maximum value for members taking part.
- Encouraging the industry to obtain feedback on and learn from the customer experience of the complaint process once a complaint is closed.
- Enhancing the complaint management pages of the ABI's member website so that networks of support and communication between member companies are strengthened.

Annex 1 - Companies participating in the Customer Impact Scheme

AEGON Scottish Equitable
AEGON Scottish Equitable International
AXA
B&CE Insurance
Bright Grey
BUPA Health Insurance
Children's Mutual
Clerical Medical
Co-operative Insurance Society
Forester Life
Friends Provident
Guardian
Halifax Life
Just Retirement
Legal & General
LV=
NFU Mutual
Norwich Union
Partnership Assurance
Pearl Group
Police Mutual Assurance Society
Prudential
Resolution plc
Royal London
Scottish Friendly (now incorporating Scottish Legal Life)
Scottish Life
Scottish Widows
Standard Life
Sun Life Financial of Canada
UnumProvident
Zurich Financial Services

Annex 2 - List of products

List of products included in survey

Annuities

- 1 Annuity (immediate, temporary and deferred)
- 2 Annuity (unit-linked and with-profit)
- 3 Self-invested annuity
- 4 Income drawdown
- 5 Self-invested income drawdown

Protection

- 1 Term assurance
- 2 Whole of life (non-profit)
- 3 Mortgage term assurances
- 4 Long-term care (bond based)
- 5 Long-term care (immediate care)
- 6 Long-term care (risk based)
- 7 Standalone critical illness
- 8 Income protection

Individual Pensions

- 1 Personal pension (unit-linked and with-profit)
- 2 Self-invested personal pension (SIPP)
- 3 Free standing additional voluntary contributions (FSAVC)
- 4 Personal pension transfer
- 5 Section 32 buy-out plan
- 6 Rebate-only personal pension
- 7 Stakeholder pension
- 8 Individual executive pension

Regular Savings

- 1 Whole of life (unit-linked and with-profit)
- 2 Regular savings plan life (unit-linked and with-profit)
- 3 Endowment
- 4 Friendly Society plan life
- 5 Stakeholder savings
- 6 Child Trust Fund

Grouped Pensions

- 1 Group personal pension (GPP)
- 2 Group stakeholder pension
- 3 Group executive pension
- 4 Small self-administered scheme (SSAS)
- 5 Funded unapproved retirement benefit scheme (FURBS)

Retail Collective Investment Schemes

- 1 Unit trust
- 2 OEIC
- 3 Equity ISA
- 4 Personal equity plan (PEP) and ISA transfer
- 5 Insurance ISA
- 6 Self-invested ISA
- 7 Investment trust share plan

Mortgage-Related Investments

- 1 Mortgage endowment
- 2 Mortgage ISA

Single Premium Bonds

- 1 Bond (unit-linked and with-profit)
- 2 Distribution bond
- 3 Guaranteed income bond
- 4 Guaranteed equity bond
- 5 Single premium endowment
- 6 Friendly Society plan (unit-linked and with-profit)

For more information, contact:

Association of British Insurers
51 Gresham Street
London EC2V 7HQ
020 7600 3333

www.abi.org.uk

Printed on Revive 75 Silk from the Robert Horne Group, which contains at least 75% recycled fibre and is produced at a mill that has been awarded the ISO14001 certificate for environmental management. The pulp is bleached using a combination of elemental chlorine free (ECF) and totally chlorine free (TCF) methods.

