

Customer Impact Scheme

Clerical Medical Annual Report 2010

▶ Our commitment to our customers

The UK has continued to experience challenging economic conditions. Investment returns are starting to pick up, but the unstable and fast-moving environment has had a significant impact on the returns customers are receiving. We know that providing our customers with the best possible experience right now is more important than ever. This means developing the products they want, explaining them clearly and making our information relevant to them. It means looking after them and making sure their interests are at the heart of everything we do.

We do a lot of research to get customer feedback. This allows us to see how we are doing and what we can do better. To this end, four years ago the board of Clerical Medical signed up to the Association of British Insurers' (ABI's) Customer Impact Scheme. This scheme helps pension and investment companies like us to improve the experience of our customers and means we are accountable for our performance. We've adopted the scheme's three important commitments. These are:

- to develop and promote products and services which meet the needs of our customers
- to provide our customers with clear information and good service when they buy our products
- to maintain appropriate and effective relationships with our customers, providing them with a good service after they have bought our products.

We're proud to be part of this scheme. We'd like to share with you some of the things it's helped us to achieve over the last year.

▶ Developing and promoting products and services which meet the needs of our customers

We want to develop pension and investment products that are tailored to the needs of our customers. So last year we:

- continued to carry out regular product reviews and monthly checks on performance measures to give us an ongoing picture of how well our products are meeting customer needs
- developed solid track records of performance for a range of funds within the Clerical Medical Investment Solutions range (which launched in November 2008). This investment solution offers investors a choice of quality funds with robust governance and a monitoring process. Clerical Medical are committed to keeping investors and advisers informed via our suite of factsheets and reports
- extended the Clerical Medical Investment Solutions funds range to our offshore Global Investor product, to provide customers with a greater level of choice over how their investment is structured.



Providing our customers with clear information and good service when they buy our products

Buying one of our products is a long-term commitment for customers and this needs even more consideration when times are hard. So we need to make sure that customers have clear and reasonable expectations when they buy them. We work hard to ensure that our communications are as good as they can be, to make them clear for customers and easy to understand. Last year we:

- produced a mailing to reassure customers about Clerical Medical and the policy they hold with us. We did this by discussing the Clerical Medical approach to investment and how it can withstand short-term economic uncertainties
- improved a customer letter accompanying Guaranteed Minimum Pension retirement illustrations. This ensured that clear information is provided for optional ages for retirement, so that customers are informed of the correct options available
- updated individual pension policy documents and new increment quotations giving customers and their advisers clearer information about our minimum increment levels. This was in response to customer calls which indicated customers and advisers were not fully aware of our minimum pension increment levels which resulted in their applications being rejected
- contributed to the ABI Best Practice With-Profits Communications Guide launched last year. Many best practice examples provided in the guide are based on ongoing activity conducted by Clerical Medical.

Maintaining appropriate and effective relationships with our customers, providing them with a good service after they have bought our product

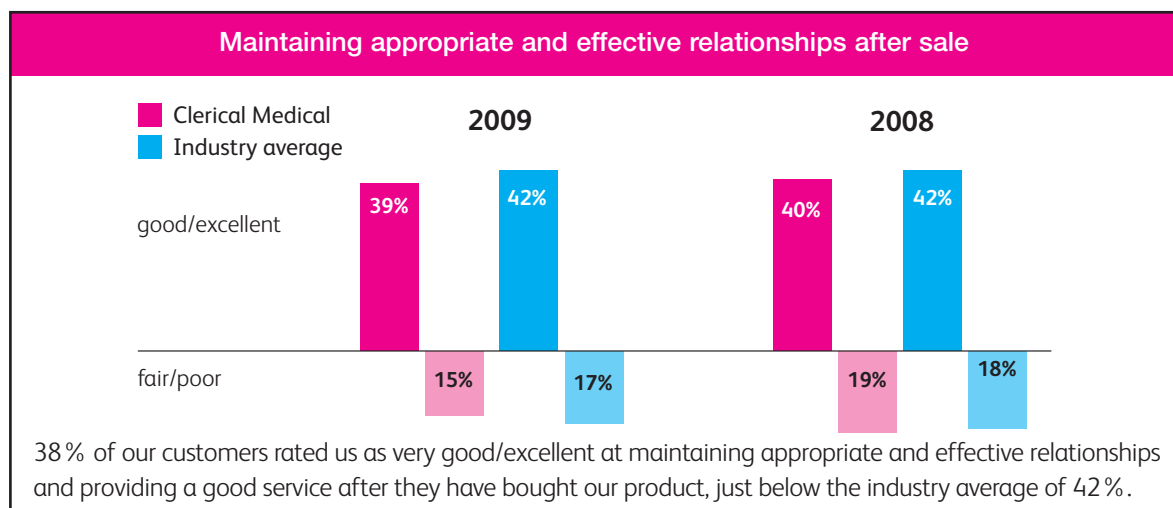
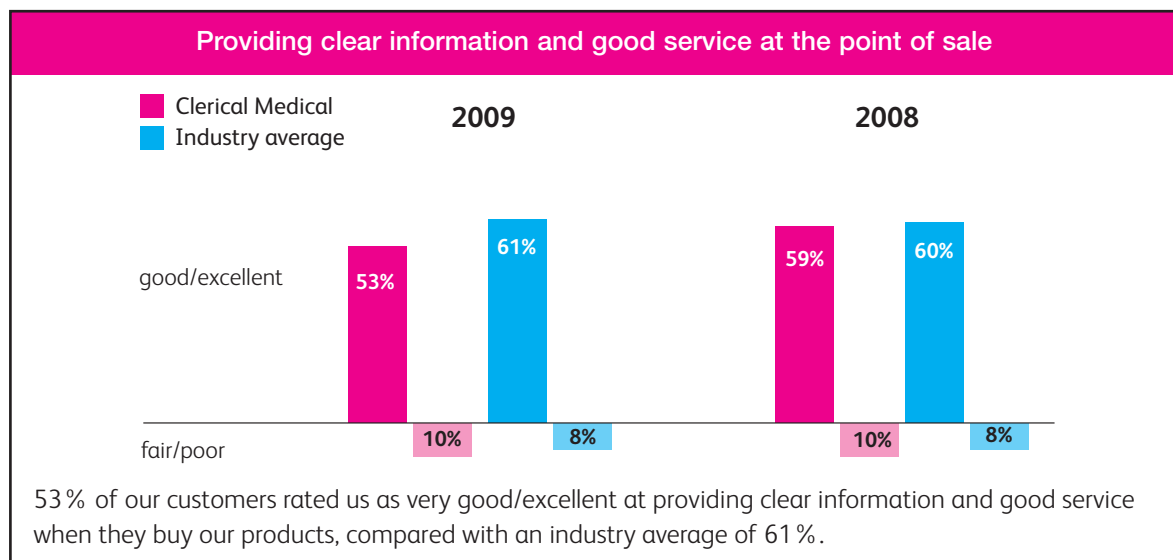
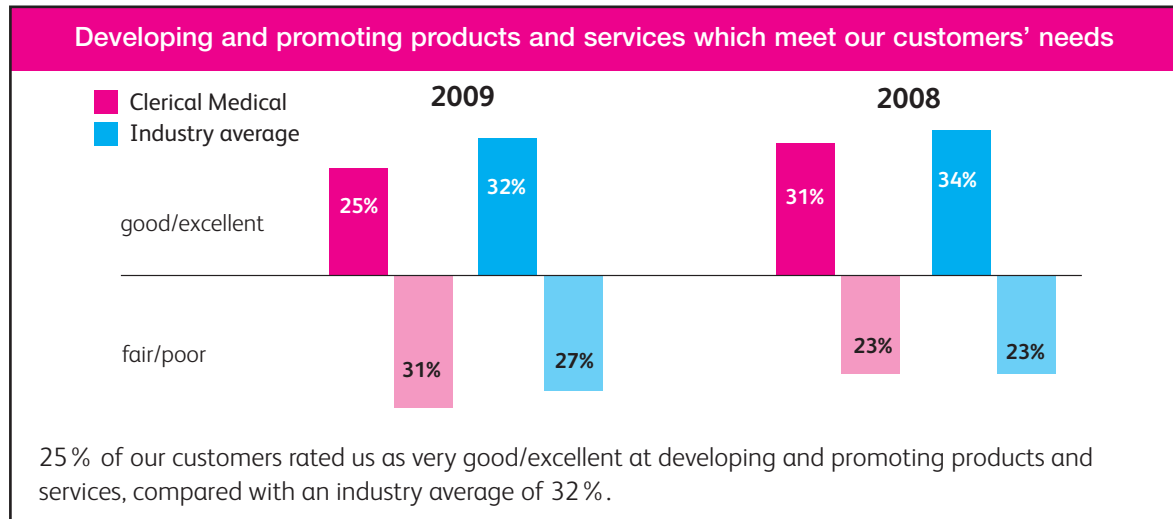
Due to the nature of our products, relationships we have with customers are several years or even decades long. We appreciate that we have responsibilities towards our customers for many years, and we believe in working hard to maintain effective relationships with them. We listen to our customers so that we can improve the service we offer, and we're proactive when it comes to providing information. This was particularly vital in what proved to be a testing year for all. So last year we:

- continued our monthly customer panels to review literature. This ensures that we produce materials that make it easier for our customers to do business with us
- we produced a With-Profits Bond mailing following positive customer feedback through research. This highlighted a key product option at a relevant time and enabled customers to make informed decisions about the future of their With-Profits Bond
- refined a process that aims to telephone all bond and pension customers who had written in to surrender/transfer their With-Profits Bond, but who may not be aware of recent rate increases. The calls explain the recent change and impact on the customer's request, providing the option to change their instruction should they wish to
- introduced a communication which confirms a customer's change of address to assist bond and endowment customers. We recognise that customers often review their policies when they change address and this communication highlighted some of the key features and options open to them. This ensured that customers were able to make more informed decisions and know who they can speak to if they are contemplating withdrawing funds from their policy.

▶ The 2009 Customer Impact Survey

A major part of the Customer Impact Scheme is an in-depth customer survey which we carry out every year. It's our chance to find out how well we're doing and where and how we could improve our service.

The results from 2009 show that we're slightly behind industry averages on a number of customer commitments. In 2008 we were broadly in line with industry averages.



It's important to us that we're level or even ahead of industry averages on our key commitments. We believe that, despite the tough market conditions, the work we're doing will form a solid foundation for future improvements in 2010 and will help to rebuild customer confidence.

Last year's results also show that:

- 82% of our customers agree that we 'treat our customers fairly' the same as the year before, compared with an industry average of 85%
- 85% of our customers agree that we're 'easy to do business with', 2% better than the year before and just 1% behind the industry average
- 72% of our customers agree that we 'really care about our customers', which is up on the year before, compared with an industry average of 76%
- 44% of our customers were satisfied with the 'overall quality of our product or service', 1% down on the year before and 5% below the industry average of 49%
- 42% of our customers were 'satisfied with our customer service', 8% below the industry average of 50%
- 41% of our customers would 'recommend us to someone else', compared to an industry average of 53%
- 32% of our customers were 'satisfied overall with the product they purchased', below the industry average of 41%.

Listening to our customers tells us what we are doing well and where we need to focus our efforts to do better. We were able to make several improvements in 2009 that have really helped our customers. However, we recognise that we can still do better and that the recession is creating fresh issues for our customers. So this year, amongst a whole range of initiatives we will:

- continue to review the information we send to customers with their statements and provide more detail on investment fund performance, plus we'll look at more regular updates
- provide surrender packs for more customers on more products who are considering cashing in their policy to help them in making an informed decision. The feedback we've received to date demonstrates that they're helpful
- maintain the high levels of satisfaction with our customer service centre. We'll continue to provide ongoing staff training, we'll investigate more efficient processes and introduce more collaboration across all of our teams to give our customers the positive service experience they deserve.



Phil Loney
Managing Director, Clerical Medical
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