



LEADING THE WAY IN PERSONAL LINES

FCA Consumer Duty
Updated 25 May 2023

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ageas | BROKER

Consumer duty – Where we are

We welcome the introduction of the Consumer Duty – its principles reassuringly act as a further endorsement of our ingrained customer-first culture.

The Financial Conduct Authority (FCA) requires us to be compliant with new Consumer Duty requirements for all open products by 31 July 2023. And we're pleased to say, Ageas is progressing well to meet this target.

The new Consumer Duty requirements introduce a higher standard of consumer protection across the financial services industry. This is to make sure brokers and insurers always put customers' needs first to deliver good outcomes.

We're pleased to say we've met the FCA's milestone of 30 April 2023 where we are required to share any relevant information to help you with your own readiness to be comply with Consumer Duty, as we already share our [product value statements](#) and [full product outcomes](#). We're on track for 31 July 2023.

Our review has taken every aspect of the FCA's new Consumer Duty regulations into consideration around our relationship with brokers and customers:

Products and services

Price and value

Customer understanding

Customer support

Please, do refer to the [FCA's dedicated Consumer Duty pages](#) if you'd like to find out more about the full suite of requirements. The FCA's published policy statement can also be found [here](#). Also, feel free to [contact us](#) if there's anything we can do to help.

How we've been approaching this

The FCA is introducing a new Principle called the Consumer Duty, which is supported by a suite of requirements and cross cutting rules. Its aim is to deliver better outcomes for retail customers by promoting a customer-centric approach across the entire customer and product lifecycle and requires firms to evidence the outcomes their customers experience and take action where poor outcomes are identified.

To reflect this, here is an overview of how we've engaged with the key elements of the Consumer Duty. We've looked at:



Delivering good outcomes for retail customers



Acting in good faith



Avoiding causing foreseeable harm



Enabling retail customers to pursue their financial objectives

Delivering good outcomes for retail customers



Customers are already fundamental to the way we think at Ageas – it's how we focus on delivering brilliant service, where it matters.

We simply put them first in everything we do. But this has been a great opportunity for us to carry out a thorough and targeted review, identifying how Consumer Duty impacts our business.

Here's some of what we've been doing:

- ✓ We've reviewed internal policies and governance groups to ensure the Consumer Duty is embedded at the heart of our business.
- ✓ We've begun rolling out e-learning to all our staff, bringing them up to speed on Consumer Duty and what it means for their roles.
- ✓ We've also been linking in with our suppliers to make sure they are responding to the Consumer Duty requirements.

Acting in good faith



Firms must act honestly, fairly, and professionally in the best interests of customers, so that those customers can make informed choices.

Firms must prioritise the customer's needs over their own interests, for example, avoiding using sales practices that exploit behavioural biases.

Here's some of what we've been doing:

- ✓ We've been reviewing and testing parts of the customer journeys to identify any unreasonable barriers or risks of harm, in addition to identifying where there's room for improvement.
- ✓ Organisation-wide, we've been identifying high risk communications which are key to customers' decision making so that we can review and test customers' understanding

Avoiding causing foreseeable harm



The FCA require us to identify areas of potential harm for customers in the context of their insurance products, as well as premium finance arrangements. That includes vulnerable customers who may need more tailored or additional support, post-sale barriers when it comes to cancelling, switching providers, making a claim, or lodging a complaint – and fair value: we must not charge customers unreasonable fees or commissions.

Here's some of what we've been doing:

- ✓ We've reviewed all Ageas-owned products, including the policy wordings, to assess where any risks may be and to identify potential poor outcomes.
- ✓ We've reviewed every part of our customer experience and journey touchpoints to identify areas of potential harm.
- ✓ We've started building Management Information tools that will support our oversight of the outcomes that customers experience across the product lifecycle to help us continually learn and improve.

Enabling retail customers to pursue their financial objectives



The FCA wants firms to act to enable and support customers to pursue their financial objectives. In other words, firms need to support customers to make informed decisions about the products and services they purchase and ensure customers do not experience any unreasonable barriers (including unreasonable costs) when trying to make a change, lodge a complaint or make a claim.

Here's some of what we've been doing:

- ✓ We've been building on the oversight and governance we have in place already, reviewing all controls, processes, and templates to understand if any updates are needed to improve outcomes for customers and for us to comply with the Consumer Duty requirements.
- ✓ We've launched some enhancements to the support we provide to vulnerable customers, including mandatory training to our frontline staff.
- ✓ We've also been reviewing our target market statements to ensure our products meet these and match the profile of the customers buying them.

Why this matters

The FCA's new Consumer Duty requirements create a fairer, more transparent financial services industry. Consumers will be better protected, and they'll be in a better position to make more informed decisions. In our view, there are several key benefits to the Consumer Duty's requirements:

Improved transparency and clarity

When firms communicate clearly and fairly, consumers have access to more transparent information about financial products and services. This helps them make more informed decisions and avoid products or services that aren't suitable for their needs.

Increased accountability

The principles make firms responsible for outcomes of their products and / or services. This encourages them to ensure those products and services are good quality and provide fair value to customers products or services that aren't suitable for their needs.

Greater consumer trust

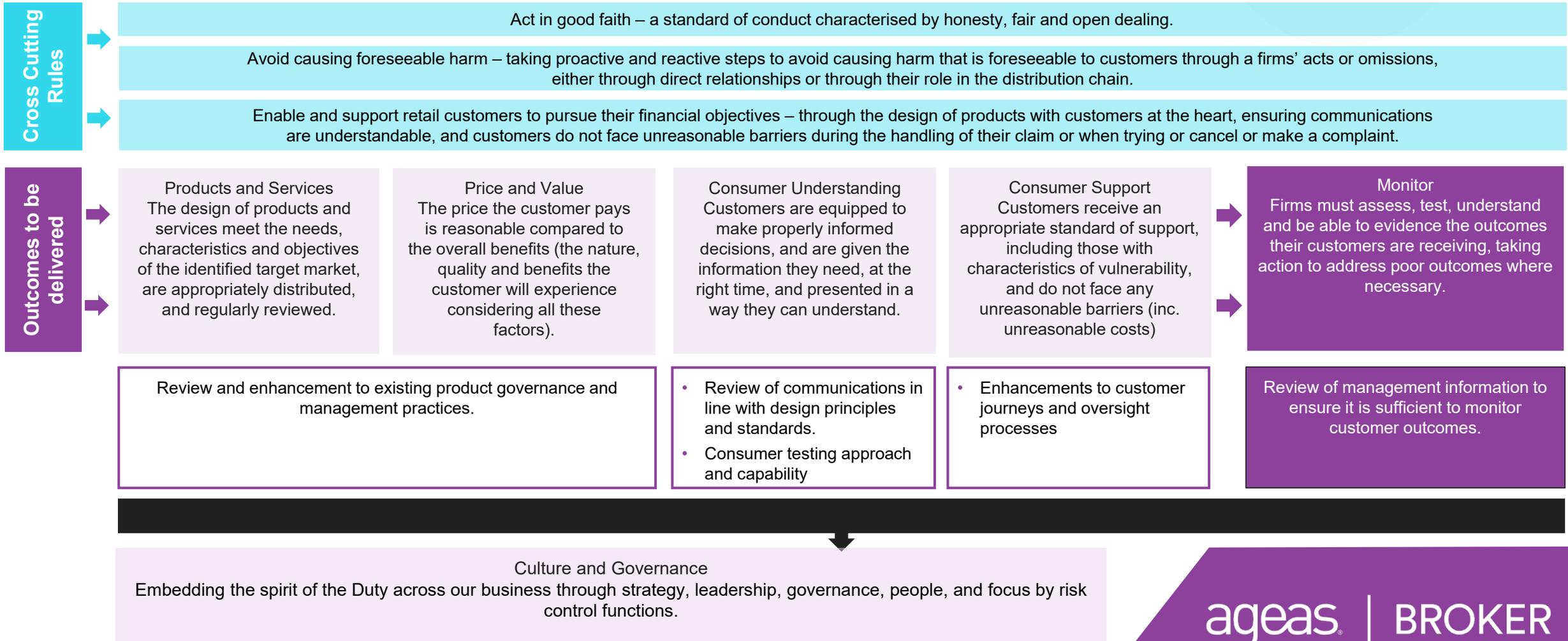
By promoting a customer-centric culture and getting firms to act in their best interests, customers are more likely to have faith in our products and services. The Consumer Duty should improve consumer trust in our industry.

Reduced risk of harm

The principles aim to reduce the risk of consumer harm by providing products and services that meet customer needs and don't have unreasonable barriers to access or use. This will support customers and improve their understanding of the products they're buying - preventing consumers from inadvertently purchasing products that are unsuitable or too complex for their needs.

Consumer duty - at a glance

Principle 12 – ‘A firm must act to deliver good outcomes for retail customers’



The role we play in consumer duty

Co-Manufactured

Product and Service

- Product design and approval
- Target Market Statement
- Information on distributing the product
- Product review

Price and Value

Fair value assessment at product design stage, and annually thereafter.

Understanding

Shared responsibility with broker co-manufacturer for the production and changes to policy literature. In addition, ensuring claims communications are understandable (where in-house)

Support

Ensuring the standard of support as part of the claims journey meets the needs of customers, and avoids causing foreseeable harm. If delegated, the extent of responsibilities may differ according to the contract.

Ageas (Manufacturer)

Broker (Distributor)

Responsible for implementation and review of distribution arrangements aligned to the target market

Obtaining sufficient information from Ageas to ensure its distribution arrangements support fair value, and reviewed annually.

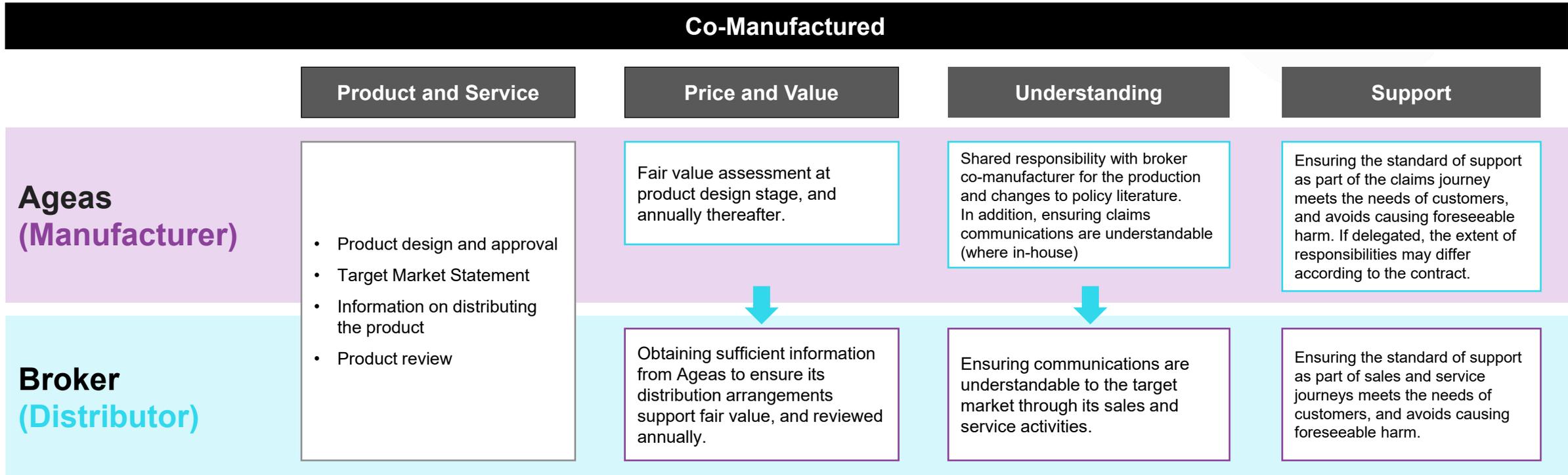
Ensuring communications are understandable to the target market through its sales and service activities.

Ensuring the standard of support as part of sales and service journeys meets the needs of customers, and avoids causing foreseeable harm.

Outcome Monitoring – In line with the activities you are responsible for, there must be sufficient governance and information in place to assess, test, understand and evidence the outcomes customers are experiencing, and take action where poor outcomes have been identified.

The role we play in consumer duty

Co-Manufactured



Outcome Monitoring – In line with the activities you are responsible for, there must be sufficient governance and information in place to assess, test, understand and evidence the outcomes customers are experiencing, and take action where poor outcomes have been identified.

Please refer to your contract for details of your responsibilities associated with Ageas, or contact your Ageas Account Manager.

What Consumer Duty means for claims

Online or off, the claims experience is a critical point in every customer's journey. It's the moment of truth for those who need to use their policies. Our approach to brilliant service involves continuous improvements and to support this, we've identified what good and bad outcomes look like:

Examples of good outcomes

- Customers understand the options available to make a claim.
- Customers who want to report or talk about a claim can do so without having to wait for an unreasonable amount of time. Or, if there's a surge in calls that makes this unavoidable, then they're informed of the approximate time they'll have to wait and given other options for making contact.
- Customers get an appropriate standard of support that meets their needs throughout the claim lifecycle, including those customers who might be identified as vulnerable.

Examples of bad outcomes

- Customers find it hard to understand their settlement, as documents contain jargon.
- There are unfair barriers to claiming, such as unreasonable burdens around proof of ownership and proof of loss of an item.
- Customers can't submit a complaint, or there is a '2-stage process' where customers who complain obtain a better outcome than those who don't.
- There are unreasonable delays, requiring high levels of customer effort and potential distress and inconvenience.
- Customers are given generic advice where they are experiencing financial difficulty, without considering their individual needs.

Updates

What we've been doing ahead of July

- We've set up Key Performance Indicator monitoring in line with the outcome measures set out by the FCA, and we've reviewed our timely management of claims and associated measures such as day one settlements, average lifecycles, average cost per claim.
- We've conducted customer testing as well, to make sure we're creating documents that can be understood easily. This includes standard claims letters, and Electronic Notification of Loss (ENOL) documentation.
- We've also been looking at our Claims Acceptance Rates, ensuring they're aligned to FCA Value Measures definitions, and at Complaints Management Information: complaints rates, uphold rates (FOS and internal) and the amounts of redress paid.

Implementation timetable

The FCA's expectations in relation to firms' implementation of the Consumer Duty's requirements:

Milestones	Deadline
Board approval of firms' implementation plan	October 2022
Review of open and existing products and services and where necessary, sharing information with the distribution chain	April 2023
Completion of the work required to be substantively compliant with the Consumer Duty	July 2023
Review of closed products and all remedial actions completed	July 2024
Completion of the first annual governing body assessment	July 2024



THANK YOU

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