

Customer impact  
report – 2009/10

For a better future.



**Scottish Life**  
a division of Royal London

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# Who is Scottish Life?

We've been helping people plan for their future since 1881.

We're specialists because we focus only on selling and managing pensions. So our clients can rely on us, knowing that we are experts in what we do. That's why over 580,000 people trust us with their retirement<sup>1</sup>.

Our aim is to provide people with the greatest degree of financial freedom in retirement we can and our business is focused on helping people to make the most of their hard earned cash today and plan for their financial future, so that they can enjoy the retirement they deserve tomorrow.

We are proud of our mutual heritage. Like all parts of Royal London, our job is to understand people's desire to make financial sense of their lives, to reflect it and to respond to it in everything that we say and do.

We aim to run our affairs as entrepreneurially and decisively as any public company. But we are certain that

being ultimately responsible to our members, not to shareholders, can make for better long-term decision-making.

**"Our competitive advantage will be our relentless focus on what customers want and our willingness to act decisively."**

John Deane, January 2010.

## Our commitment to our customers

Our purpose, what drives our business and our people, is our commitment to help customers make informed financial choices and prepare for the future that they want.

Put simply our strategy is to deliver benefits not features in the most efficient way to our customers.

<sup>1</sup> Figures are as at 31 December 2009.

## What is the Customer Impact Scheme?

We are delighted to be part of the Customer Impact Scheme – an initiative from the life and pensions industry, which aims to ensure that our customers are at the heart of everything we do.

The Customer Impact Scheme demonstrates how seriously our industry takes the responsibility of helping customers to save for their future, live comfortably in retirement and protect their families.

We support the Customer Impact Scheme because we passionately believe in the primary purpose of this survey which is to improve the way we look after our customers whilst at the same time building their trust and confidence in our industry.

The Association of British Insurers (ABI) has commissioned this annual survey, now in its fourth year, and the findings are based on a representative sample of 750 of our customers.

These are the three commitments that are the foundation of the Customer Impact Scheme:

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

For more information on the Customer Impact survey please click on this link to the ABI's dedicated website – [www.customerimpact.org](http://www.customerimpact.org)

## How did we do?

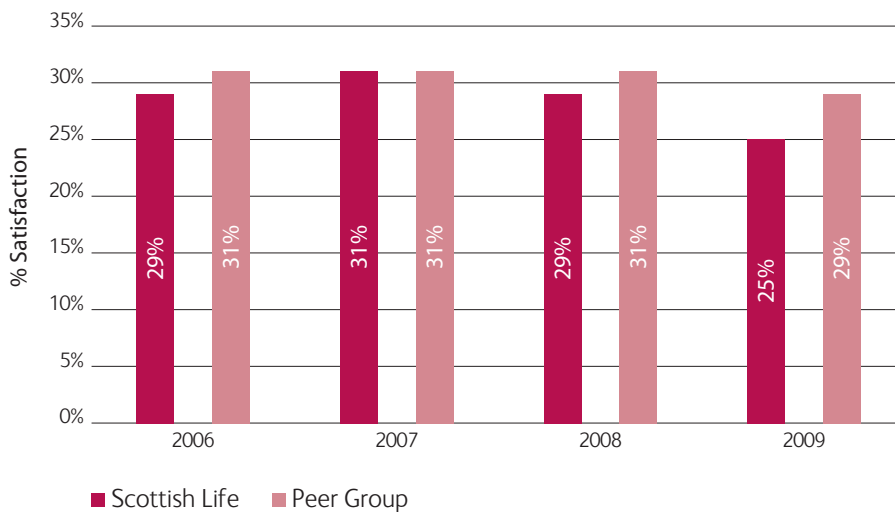
The 2009 Customer Impact results for Scottish Life demonstrates some good progress in key performance areas, against previous surveys. In particular we are delighted to see that the improvement to our service which is so clearly being experienced by financial advisers is also being experienced by the end consumer.

At the same time we recognise that there is room for improvement in performance in some areas. We think it important in this report for us to bring to your attention the activities that are already well underway within our business which focus on improving the experience the customer has when dealing with Scottish Life.

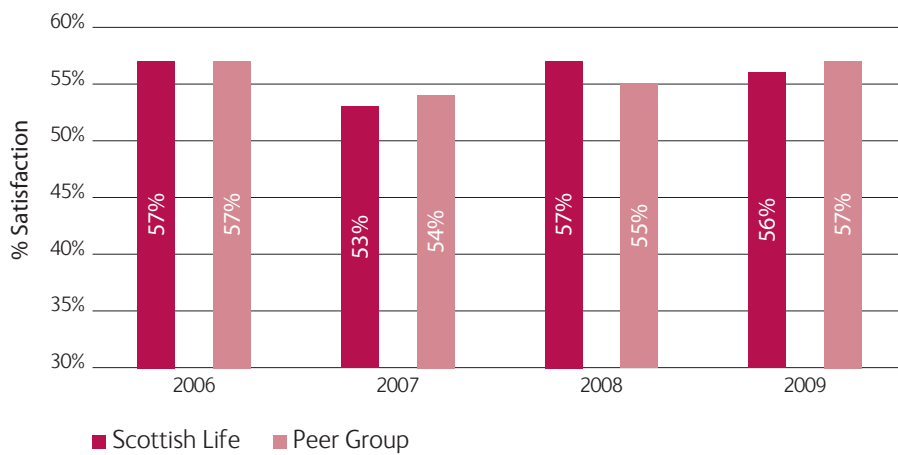
I am pleased to provide some details of the key findings below and the actions we intend to take as a result of this feedback.

## The Customer Commitments

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



**Commitment 2: Providing customers 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**



- Results exclude those who didn't know or declined to answer as this is neither an expression of satisfaction or dissatisfaction
- Satisfaction is the top 2 answers on a scale of 1 to 5, 'Excellent/Strongly agree' and 'Very good/Agree'

## Performance Summary

We note that the Scottish Life results are, by and large, in line with or marginally below our Peer Group of competitors. We acknowledge that in 2009 as a result of adverse market conditions, many customers will have experienced uncertainty and the need for reassurance especially if exposed to the underlying performance of the stock market. We understand that the disappointing score to Commitment 1 is partially attributable to this circumstance.

Later in this report we will notify you of the major project underway to improve the quality of communications received by the customer post sale. We recognise the importance of the renewal statement and supporting documentation in

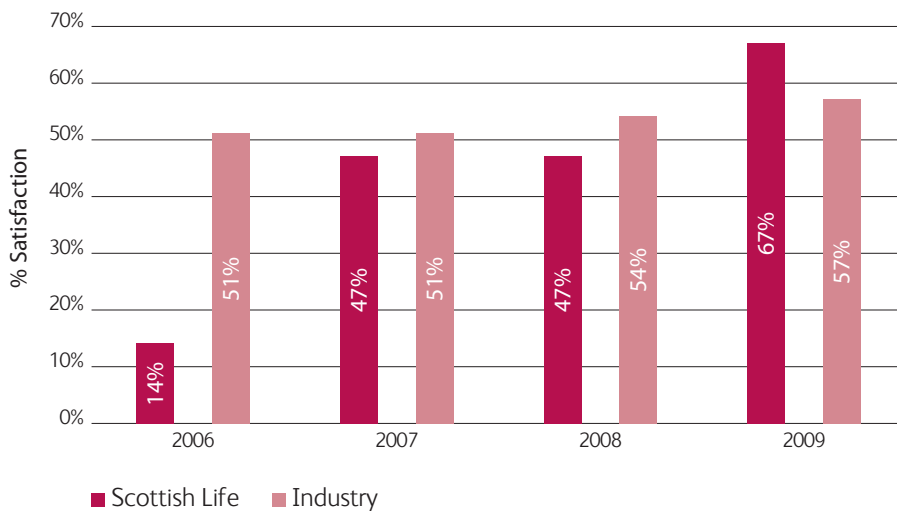
providing the customer with the information around the performance of their investments and any action that they may need to consider taking into account their personal circumstances and prevailing market conditions.

The challenge for us is to make improvements against these commitments in future studies. We believe that the initiatives we have put in place – and continue to implement – will ensure better feedback from future Customer Impact studies.

We will provide more information on these initiatives throughout the course of this Report.

## Key Results

**(Relating to New Customers) How would you rate the Scottish Life customer service centre on making you feel like a valued customer?**



In previous years we have outlined our clear commitment to our customers by way of our comprehensive Customer Engagement programme. We are delighted to see that the 2009 Customer Impact Study reflects the many positive trends happening across our business.

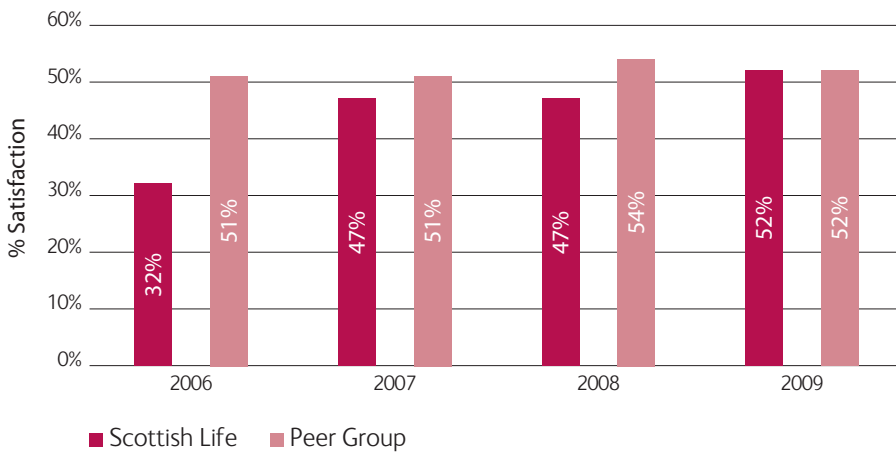
The above table looks at 'New Customers' i.e. Customers who had taken out a policy with Scottish Life between 3 to 9 months before the Customer Impact Study.

Scottish Life is now recognised as a company that delivers great service and has been recognised as such within the industry. It is extremely pleasing to see that the work we have been undertaking to improve our levels of service and to make us easier to do business with is proving to be effective.

At the same time, it's no coincidence that more and more advisers are recognising Scottish Life's high service levels. We won the Financial Adviser 5-Star Service Award in 2009, and we are committed to making sure that we will win it again this year. And in a recent survey of 1,400 of our advisers, over 70%<sup>1</sup> of IFAs doing business with us say they're extremely satisfied or very satisfied with our service.

<sup>1</sup> Scottish Life Annual IFA Survey, Jan 2010.

**How would you rate Scottish Life's claims/payments handling on the speed with which your payment was agreed?**

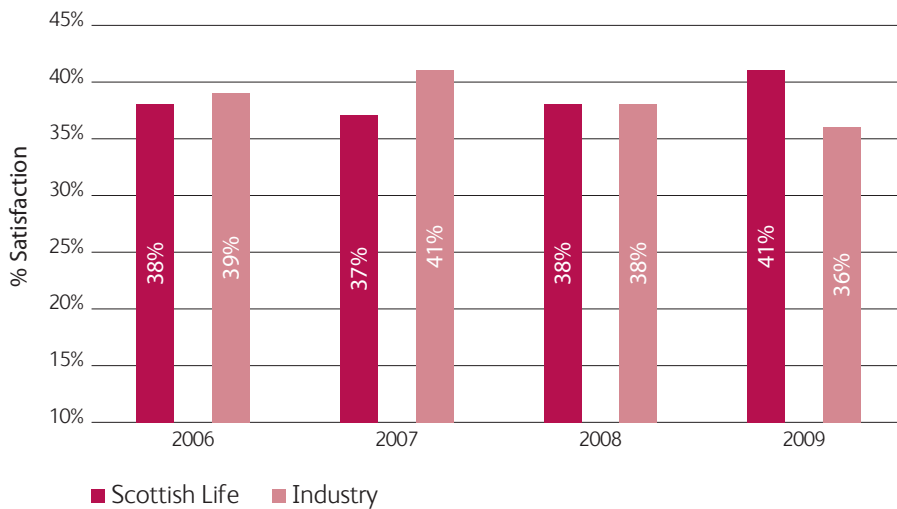


We have undertaken a significant 'Customer Thinking' initiative over the past couple of years. This project is entirely designed to put customer needs at the forefront of every decision relating to how our pension products are serviced.

We have improved key aspects of our claims process and as a result, we have significantly improved the processing time for what is considered to be the single most important event that takes place during the lifetime of the product – paying out to the customer at the point of retirement.

The Customer Impact study, as evidenced in the table above, shows that we have made great strides in this aspect of the customer experience. Our challenge now is to consolidate this position and move ahead of the pack in terms of peer group performance.

**(Relating to Group Personal Pensions) Overall, how would you rate the Group Personal Pension that you purchased from Scottish Life?**



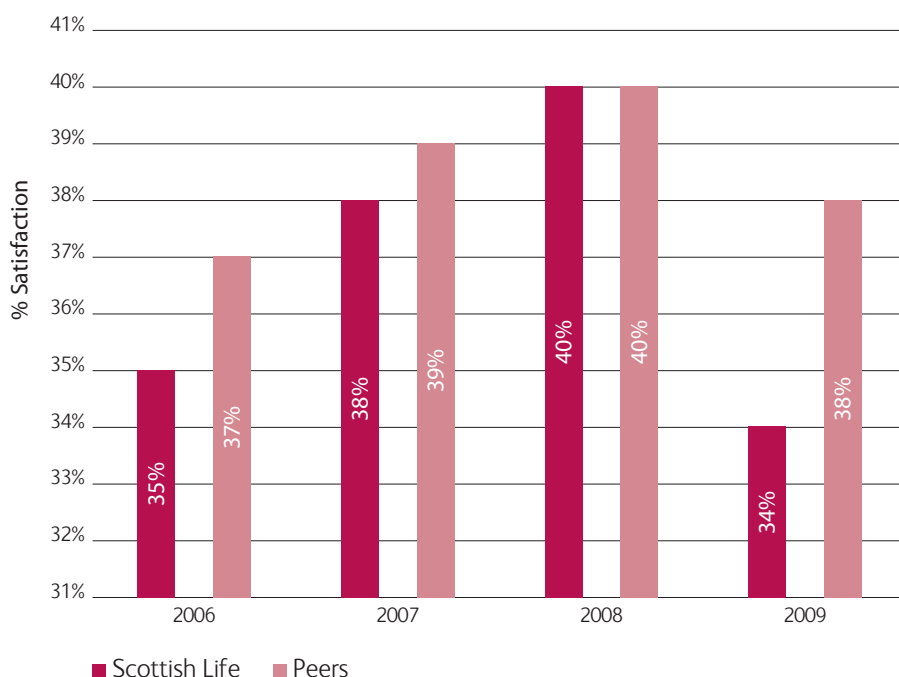
As a pension specialist, we are committed to ensuring that our products remain fit for purpose at all times. One of the enhancements we have recently made to our products is our market leading investment service – Governed Portfolio’s – launched in early 2009.

Governed Portfolios offer the customer an investment proposition based on a range of nine risk based portfolios with strong, transparent, ongoing governance. We believe that by offering this range of risk profiled investments to employees via our Group Personal Pension, instead of a “one size fits all” default, employees can be guided to a solution that fits their needs and circumstances. Secondly, including an effective review process ensures the investment options are regularly assessed for appropriateness and can be automatically updated if necessary.

Introducing these improvements to our Group Personal Pension will go a long way in helping employees get the most from their pension scheme.

We have also ensured that the level of service received by employees when joining the scheme is of the highest standard and this combined with the quality of our member communications explains the significant improvement in Customer Impact score in 2009.

**Thinking about the statements and personalised letters that you might have received in relation to your product from Scottish Life in the last 12 months. How would you rate them?**



We are extremely disappointed that the quality of our written communications appears to be less favourably received than that of our peers.

There is no excuse for this situation although the timing of the research will have determined that customers in receipt of annual statements will have been impacted by the underlying investment performance of their pension fund and it is this rather than the quality of the communication itself which understandably will have influenced the poor score.

This notwithstanding the challenge for us is to respond to this valuable feedback, and put measures in place to ensure that the quality of our written communication material improves.

We are delighted to say that a significant project to enhance our post-sale written communication material is already underway. Our pre sale material, principally the policy illustration and at sale material, notably the Welcome pack sent to all customers when they take out a policy has been completely re-written and both are currently going through a rigorous consumer research process. These new customer materials are expected to go live later in 2010.

We are also in the process of reviewing the annual statement that is sent to all customers post sale. We recognise the importance of this document. It must provide the customer with a clear and concise update on the underlying performance of their pension. Furthermore we recognise that we have a duty of care to the customer – we must help customers to make informed financial choices and prepare for the future that they want. This requires us to invest in a long term relationship with the customer – to build up an understanding of their personal circumstances and provide them with timely, relevant and excellently crafted communication.

We envisage our re-vamped annual statement in early 2011.

## In conclusion – What are we doing to improve customer satisfaction?

We acknowledge the findings of this report and will take action to address the issues that have been identified. As a business we are committed to delivering customer benefits (not simply product features) in the most efficient way possible for the customer.

Scottish Life continues to make significant progress. We now have a market share of over 20% in the regular premium personal pension market. And in drawdown our share is a truly remarkable 48%<sup>1</sup>.

Our service credentials are now becoming truly recognised in the market place.

Picking the right pension is a big decision. And while the right product is key, feeling reassured that the provider is up to scratch is also very important. Everything we do, we do because it must make sense to our customers. From designing and offering simpler products to making sure you know how they work.

Going forward we will seek to communicate with our clients in a clear and simple way, so they know exactly what's going on with their savings.

## But don't just take our word for it

Whilst acknowledging the feedback from our customers in this study we are proud of the awards we have received in 2009 and 2010 which means that we're doing many things right for our customers.

- Financial Adviser 5-star Service Awards (2009)
  - 5-star winner for Excellent Service
  - 5-star winner for Most Improved Life and Pensions Company
- FT Adviser Online Service Awards (2010)
  - 5-star winner of the Life and Pensions category
- Gold Standard Awards (2009)
  - Winner of the Incisive Media Gold Standard Award for Individual Pensions
- Corporate Adviser Awards (2010)
  - Our Governed Range was awarded Ultimate Default Fund
- Investment Life and Pensions Moneyfacts (2009)
  - Best Group Pension Provider
- Scottish Financial Enterprise Innovators Awards (2009)
  - Awarded overall winner for our Income Release product
  - Winner of the Accenture award for Innovation in customer service

<sup>1</sup> 2010 Scottish Life and Association of British Insurers figures. For drawdown excludes internal switches.

All literature about products that carry the Scottish Life brand is available in large print format on request to the Marketing Department. All our printed materials are 100% recycled, supporting responsible use of forest resource. Full details of Scottish Life branded products can also be obtained from the Marketing Department at Scottish Life, St Andrew House, 1 Thistle Street, Edinburgh, EH2 1DG.

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