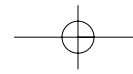


Customer Impact
Report - 2008

In touch with
our customers.





Who is Scottish Life?

Scottish Life is an Edinburgh-based business that employs some 1,200 people. We have sales offices throughout the UK supported by our main customer service centres in Edinburgh and Wilmslow.

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Our business is over 125 years old, and since 2001 we have been part of the Royal London Group, the UK's leading mutual insurance society. We are proud to be part of the Group which provides huge reassurance on our financial strength on which our customers can depend.

We are a specialist business. Everything we do is centred on providing people with pensions. We provide pensions to both private individuals and to members of company pension schemes.

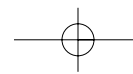
Altogether, we provide pensions for some 570,000 people and manage over 13,000 group pension schemes.

We are equally proud of our mutual heritage and its continuing importance in putting the customers' interests at the heart of this business. Like all parts of Royal London we aim to run our affairs with all the commercial rigour of any public company. But we are certain that

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

Our commitment to our customers

We aim to help our customers create a secure and safe financial environment for their retirement. We will do this by offering a comprehensive menu of investment services designed to meet the needs of different customers. Particular focus will be placed on portfolio governance and clarity of communication. We will provide a well defined and consistently delivered service combined with clear lines of contact with customers. We believe this approach will ensure more satisfied customers and will help to distinguish Scottish Life as a market leader.



The Customer Impact Survey 2008

Scottish Life is 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.

Scottish Life supports 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 second 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 Scheme please visit the ABI's dedicated website – www.customerimpact.org

How did we do?

The 2008 Customer Impact Survey results for Scottish Life demonstrates good progress in some key performance areas against the 2007 survey. At the same time we recognise that there is room for further improvement.

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

Additionally, it's important for us to bring to your attention the activities that are already well underway within our business, all of which are intended to focus on improving the experience the customer has when dealing with Scottish Life.

Key Findings

One of the most significant areas of improvement is in the Scottish Life customer service centre.

Overall how would you rate the Scottish Life customer service centre?

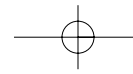
	2008	2007
Excellent/Very Good	43%	37%
Good	39%	38%
Fair/Poor	18%	25%

This feedback is based on customers who contacted our customer service centre in the 6-month period prior to the research. The findings are very encouraging and reflect the significant focus we have placed in the last 12 months in improving our service proposition. This has included a fundamental review of back office processes and the introduction of a performance management scheme for promoting and rewarding the right behaviour and skills in our customer service people.

We are successfully changing the culture of our business, ensuring we focus on the ideal customer experience.

The improvement is most evident in the feedback from 'recent purchasers' who rated us, in answer to the same question above, as follows:

	2008	2007
Excellent/Very Good	48%	26%
Good	18%	39%
Fair/Poor	34%	35%



What are we doing to improve customer satisfaction?

Whilst accepting the need for further improvement, these findings do support our strategic focus in the last couple of years, this being:

- Designing products with the customer in mind
- Reviewing process from a customer demand point of view
- Changing measures to those which matter to our customer
- Improving customer documentation
- Investment in training

All of these remain key priorities for the business and collectively demonstrate our commitment to putting the customer at the centre of everything we do.

Thinking about the service you have received from Scottish Life, how satisfied or dissatisfied are you with them?

	2008	2007
Extremely/Very Satisfied	46%	40%
Quite Satisfied	42%	46%
Not Very/Not At All Satisfied	12%	14%

The above findings further demonstrate the progress that Scottish Life is making in improving the quality of our service delivered across all business functions. The most encouraging feedback was from our Claims and Payments area with significant improvements across a number of key indicators including overall quality of service, fulfilment and the quality of written and telephone communications.

Written communications – thinking about the statements and personalised letters you have received from Scottish Life in the last 12 months, how would you rate them?

	2008	2007
Excellent/Very Good	38%	35%
Good	40%	39%
Fair/Poor	22%	26%

We are committed to a long-term project designed to improve the quality of our post-sale customer communications. We are encouraged by the positive trend outlined in the table above but we envisage significant improvements to be made in the future with reviews of all key post-sale customer communications/documentation now gaining momentum within our business.

We are currently reviewing the annual statements received by our customers, as we believe this to be the key ongoing communication received by our customers during the lifetime of the product.

Continuous improvement to our levels of customer service

At Scottish Life we have made significant improvements to key processes and procedures across our customer service function. We are committed to giving our people the ongoing coaching and support that they require and this is supported by a clear cultural shift in the behaviours that we are actively encouraging from them.

Underpinning these more robust processes and improved training & development initiatives, we are now able to encourage our people to take more responsibility for measuring the 'right things', concentrating their efforts on the key objective, i.e. getting the new policy implemented quickly and correctly.

Our challenges for 2008 include further automation of processes (using online technology wherever possible and appropriate), the improvements to the quality of our customer data & data management systems and the provision of robust management information.

Customer engagement (putting customers at the centre of everything we do)

We are looking to build effective 'lifetime/lifecycle' relationships with intermediaries and end consumers respectively. At Scottish Life we believe a well-defined and consistently-delivered service, when combined with clear lines of contact with customers and the highest quality communications which seek to engage and inform, will distinguish Scottish Life as a market leader.

The key components of good customer engagement are:

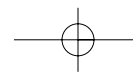
- Clear, crafted and cohesive communication to our customers with strong 'benefits-led' messages, a distinctive tone of voice and a language and style appropriate to the target audience.
- A clear and easy-to-understand contact strategy with a single view of each customer and intermediary. Technology, including telephony, will be crucial to the delivery of this.
- A credible, distinctive brand supported by a strong, coherent visual identity and a set of values and behaviours that customers believe in. These values are straight talking, informed, professional, clear, distinctive, engaging, interesting and above all, understandable.

During 2008 we are delighted to be putting in place a number of initiatives designed to improve the effectiveness with which we engage with our customers. The ongoing journey is about understanding the client and intermediary needs. The destination is to develop an authority or right to communicate with our customers on all aspects of their pension provisioning throughout the lifetime of their relationship with us.

In conclusion

We are pleased to see some significant areas of improvement in this year's Customer Impact Survey. Recent positive trends in the quality of our service can be attributed to the simplicity and control of our processes and improvements in the recruitment, induction, training and development of our front line customer service people. For us, 2008 is about building on this strong foundation and in particular improving the accuracy of our data and the quality of the documentation/written communications that we provide to our customers.

We are under no illusion as to the scale of this task but we have the momentum, the commitment and most of all the people to deliver on this promise.



www.scottishlife.co.uk

All literature about products that carry the Scottish Life brand is available in large print format on request to the Marketing Department. Full details of Scottish Life branded products can also be obtained from the Marketing Department at Scottish Life, 19 St Andrew Square, Edinburgh EH2 1YE.

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May 2008

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