

Customer Impact Scheme Annual Report

2007



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Welcome to our second annual Customer Impact Scheme report.

The scheme is run by the Association of British Insurers (ABI), with the objective of improving outcomes for customers of the UK's life, pensions and investment industry. The scheme is part of the industry's commitment to drive up customers' experiences and to hold us accountable for our performance.

This report will highlight where we are today, how we compare to last year and our aims for the coming year.

After we conducted this year's survey all Resolution plc policies became part of the enlarged Pearl Group. However, this report will only focus on Phoenix Life Division, which includes Phoenix, Scottish Provident and Scottish Mutual customers, and their experiences.



Graham Singleton
Managing Director
Phoenix Life Division

Customer Impact Scheme commitments

32 life, pensions and investment companies have signed up to the ABI Customer Impact Scheme. The aim of this scheme is to improve customer experiences against three core commitments.

- Develop and promote products and services which meet customers' needs.
- Provide clear information and good service when products are purchased.
- Maintain appropriate and effective relationships with customers, providing them with good service after they have bought a product.

What did the survey tell us?

We conducted a telephone survey in November 2007, from a random sample of our customer base with Phoenix, Scottish Provident and Scottish Mutual policies. We included customers from our full range of products and from each stage of their product lifecycle - for example, new purchasers, recent claimants and a sample from the remaining population not included in the other two categories.

25 questions were included in the survey, which covered areas such as, your views on customer service, how you rate our performance, how well you think we handle complaints and how well we communicate with you. All responses were then analysed, which provided us with information on how you believe we are performing against the three core commitments.

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In addition to the set questions, you gave us valuable information regarding your current views and opinions. This we can use to further improve our service to you. Some of your comments are noted at the back of this report.

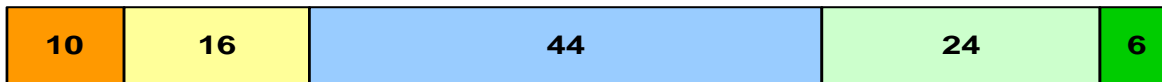
We asked if you thought we were Poor, Fair, Good, Very Good or Excellent in response to each question asked.

Results from this year were then compared to last year's to measure our progress on customer satisfaction. The overall experience of our survey participants is shown below as a percentage (%):



ABI customer commitments 1

Developing and promoting products and services which meet customers' needs.



2007 satisfaction score Good Very Good Excellent Phoenix Life Division 74% industry score 78%



2006 satisfaction score Good Very Good Excellent Phoenix Life Division 53% industry score 77%

ABI customer commitment 2

Give clear information and good service when products are purchased.



2007 satisfaction score Good Very Good Excellent Phoenix Life Division 90% industry score 91%



2006 satisfaction score Good Very Good Excellent Phoenix Life Division 75% industry score 92%

ABI customer commitment 3

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



2007 satisfaction score Good Very Good Excellent Phoenix Life Division 76% industry score 80%



2006 satisfaction score Good Very Good Excellent Phoenix Life Division 65% industry score 80%

As you can see, we are pleased to report improvements across all three core commitments. However, we recognise that there is still work to be done to further improve your experiences.

Although we have improved in the majority of the survey areas, unfortunately there has been a drop in our overall rating for complaint handling as indeed proved to also be the case for the industry as a whole. A higher proportion of those customers impacted rated complaint handling as 'fair' or 'poor'.

We recognise the need to improve our complaint handling and have already implemented changes which we hope will materially improve our customer experience should they have cause to make a complaint. These include:

- Adding our new complaint handling procedure to our websites for your reference, making it easier for you to know how and who to contact.
- Revising our complaint handling policy, supported with staff training, to make sure complaints received are consistently handled across our group.
- Ensuring that all customer service staff complete complaint awareness training and assessment each year or every other year.

You matter to us

It is important that we understand how we are performing on an ongoing basis. Therefore, the Customer Impact Scheme is just one method of achieving this. We want to make sure our customers receive the right experience, so we constantly monitor and assess how well we are doing.

Like other insurance companies we are regulated by the Financial Services Authority (FSA). Like us, the FSA are committed to ensuring all customers within the finance industry are treated fairly. We need to show that we understand and can deliver what you reasonably expect from us, whilst also ensuring you are sufficiently well informed when making decisions. We measure this by reporting monthly to the FSA against the six customer outcomes.

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The FSA's six customer outcomes

Outcome 1: Consumers can be confident that they are dealing with firms where fair treatment of customers is central to corporate culture.

Outcome 2: Products and services marketed and sold in the retail market are designed to meet the needs of identified consumer groups and are targeted accordingly.

Outcome 3: Consumers are provided with clear information and are kept appropriately informed before, during and after the point of sale.

Outcome 4: Where consumers receive advice, the advice is suitable and takes account of their circumstances.

Outcome 5: Consumers are provided with products that perform as firms have led them to expect, and the associated service is of an acceptable standard and as they have been led to expect.

Outcome 6: Consumers do not face unreasonable post-sale barriers by firms to change product, switch provider, submit a claim or make a complaint.

To rate our performance against each of the outcomes above we use numerous internal measures, each focussing on key areas of our business. These include:

- monthly customer satisfaction survey;
- analysis of complaints and numbers received;
- assessment of the quality of communications we send to you;
- staff training and competency levels; and
- customer retention.

These measures are assessed monthly and any improvements or action plans are put in place.

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What we have done and what we plan to do

Last year we told you that we would be working to deliver consistency in our written communications and improve their overall quality. As part of our commitment to this, we provided our staff with a 'Guide to clear communications'. This is a tool designed to make sure, that any communications we send you are clear, balanced and provide enough information for you to make informed decisions. Staff are monitored monthly to ensure they are complying with this guide.

We have worked closely with Plain English Campaign to produce this guide and we were delighted when it was awarded their Plain English Crystal Mark, seal of approval.

Since our last report we have implemented our 'treating customers fairly' initiative. As part of this we started to look at all of our customer processes and communication channels, incorporating improvements to written and verbal communications, and the content of our policyholder websites.

We have been listening to you. We have tried to make it easier for you to contact us. We now insist that our contact details and opening hours are clearly stated in all of our communications, including an overseas number. We have changed all our premium 0870 telephone numbers to 0845 low call rate numbers and point out that that the cost you pay can vary depending on your telecom service provider.

But, we recognise it is not just about changing our processes and communications. It's about everything we do. Therefore, we have taken steps to ensure that all staff understand what good customer experience means and put themselves in our customers' shoes to ensure we are fair and consistent at all times. As part of our 'treating customers fairly' initiative we have:

- o rolled out a computer based training module to be completed annually by staff;
- o carried out workshops and roadshows across all company sites; and
- o introduced a recognition scheme for employees who have stood out in their efforts to improve customers' experiences.

We know we need to continually improve, so for the next year we will continue to work on the measures we've outlined here. We'll also be looking more closely to see how we can bring the best levels of performance and service to all our customers.

And, of course, we'll continue to monitor and report your views alongside those of customers within our enlarged group.

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What you said



Explain accurately how bonuses are determined and how they apply to my policy.

0845 or 0800 numbers would be better than the current numbers. I am being 'stung' by my phone company.

Keep up the good service.

The experience I had was fine. I am a happy customer.

There was a big mistake with the payment at the beginning of the sales process but the problem was resolved.

Improve the performance and return on my investment.

Make paperwork a lot simpler.

I would like better information about charges.

Thanks

Thank you if you were one of our customers who participated in this year's survey. By reviewing your comments and ratings given, we are confident that we will be working towards meeting your needs and expectations. We welcome your support and look forward to hearing your views and opinions in our next Customer Impact survey which will take place in November 2008.

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For more information about the Association of British Insurers, and the Customer Impact Scheme, please visit their website www.customerimpact.org

For more information on Customer Impact or details of how to be included in future customer research programmes, please contact our Policyholder Communications team using one of the following methods:

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