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**INTERNATIONAL SEMINAR ON AWARENESS AND EDUCATION
RELATIVE TO RISKS AND INSURANCE ISSUES**

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Importance of disclosure of quality information and appropriate advices - Best practices

Mr. Hugh Savill, Association of British Insurers

(PowerPoint presentation)



Association of British Insurers

Hugh Savill

DIRECTOR OF EUROPEAN AND
INTERNATIONAL AFFAIRS



Importance of Disclosure of Quality Information and Appropriate Advice – Best Practice

- UK Regulation on Disclosure & Advice
- Customer Impact Scheme



UK Regulation on Disclosure & Advice

- Dominant role of Independent Financial Advisers in UK savings market
- Risk-based approach by UK regulator
- Disclosure requirements more detailed for pensions than for motor insurance



UK Regulation - Today

- Prescriptive conduct of business regulation
- Product disclosure (charges, key features, risks)
- Adviser disclosure (status, commission)
- Suitability rules – to ensure that advisers make recommendations based on customer needs
- More burdensome than EU regulation



UK Regulation - Impact

- Key consumer protection requirements
- But at a cost to consumers
- Reinforces dominance of Independent Financial Advisers
- Reduces access to savings in middle income market



UK Regulation - Tomorrow

- Shift to principles-based regulation
- Tailored to product risks
- Less “gold-plating” of Directives
- Review of Retail Distribution
- Pricing, remuneration, and sustainability of small Financial Adviser companies



Customer Impact Scheme

- Flagship ABI “best advice” scheme
- Board commitments
- Annual public report by participating companies
- Series of good practice guides
- Independent Customer Impact Panel
- Annual customer survey

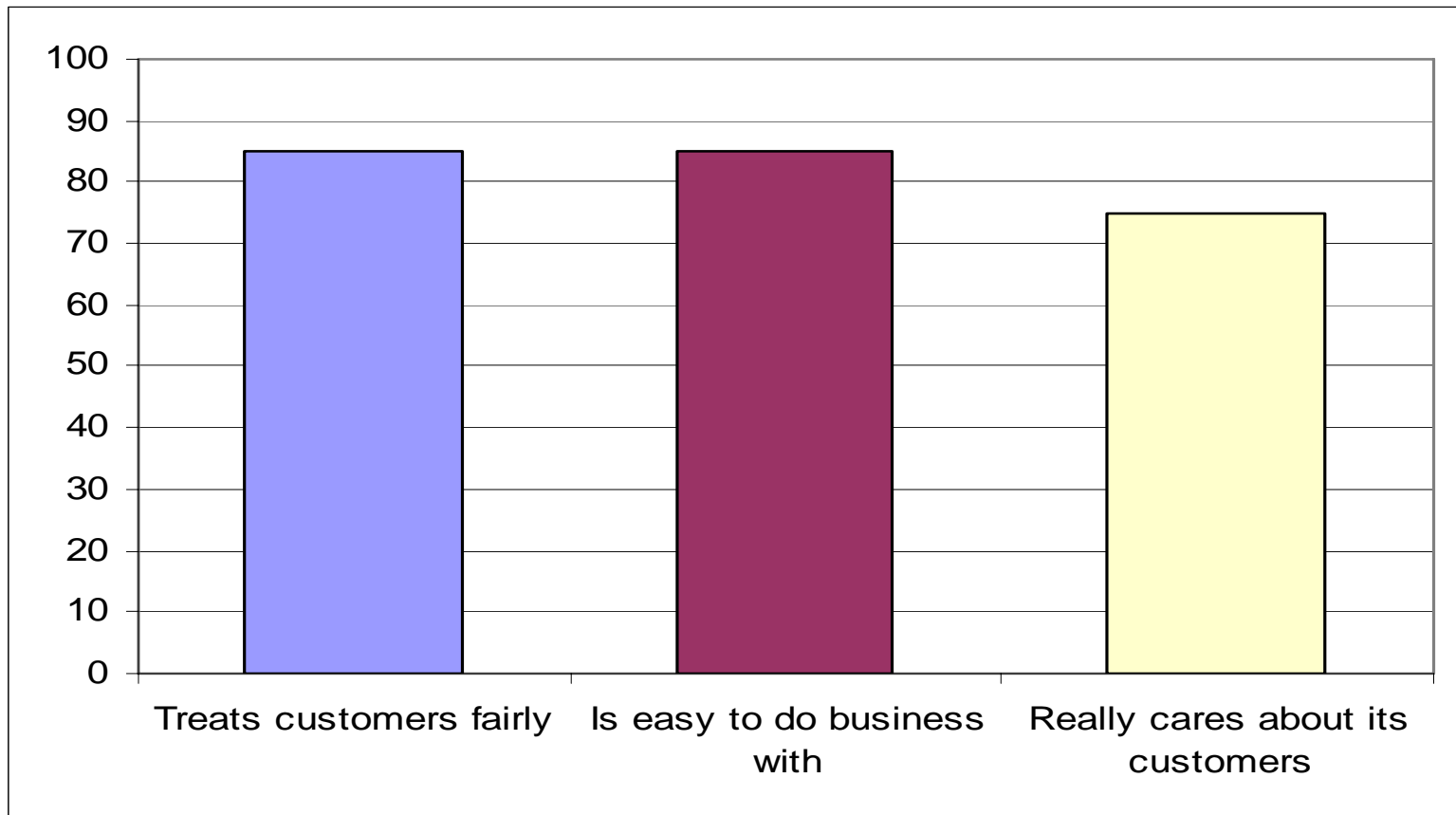


Three Customer Commitments

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

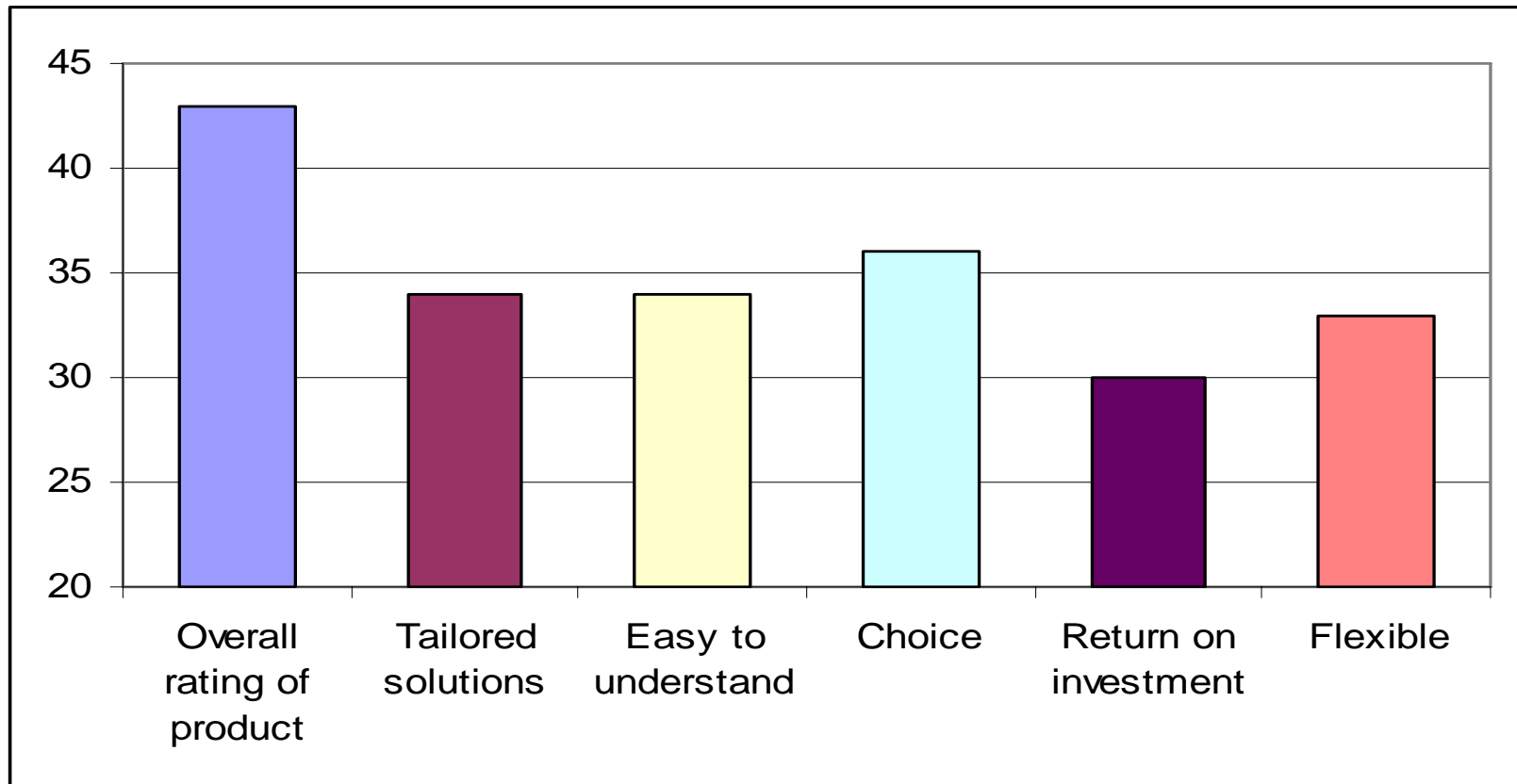


The 2006/7 Survey – Do you agree that your insurer...?



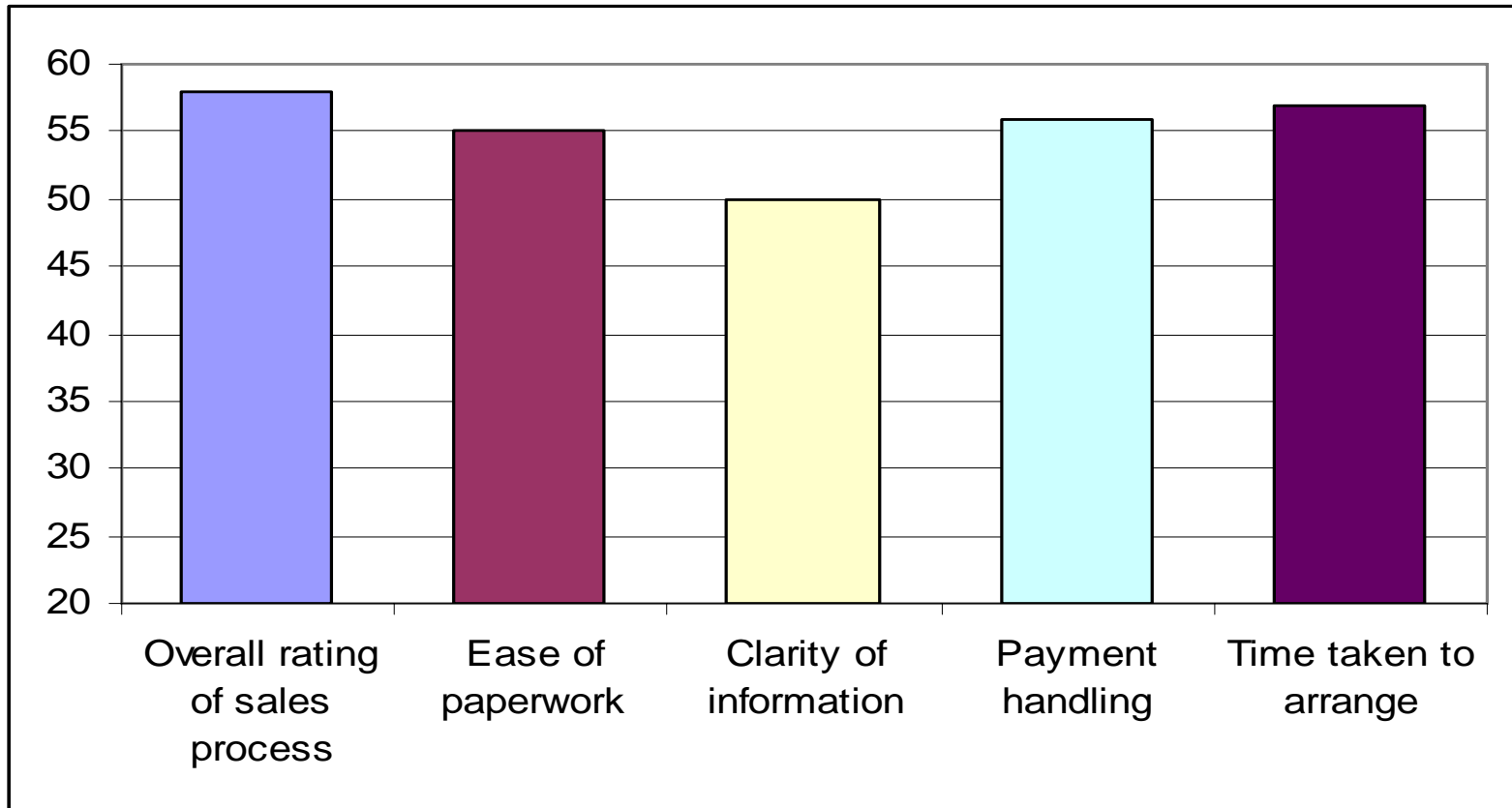


The 2006/7 Survey – Commitment 1 – developing & promoting products & services which meet customers needs



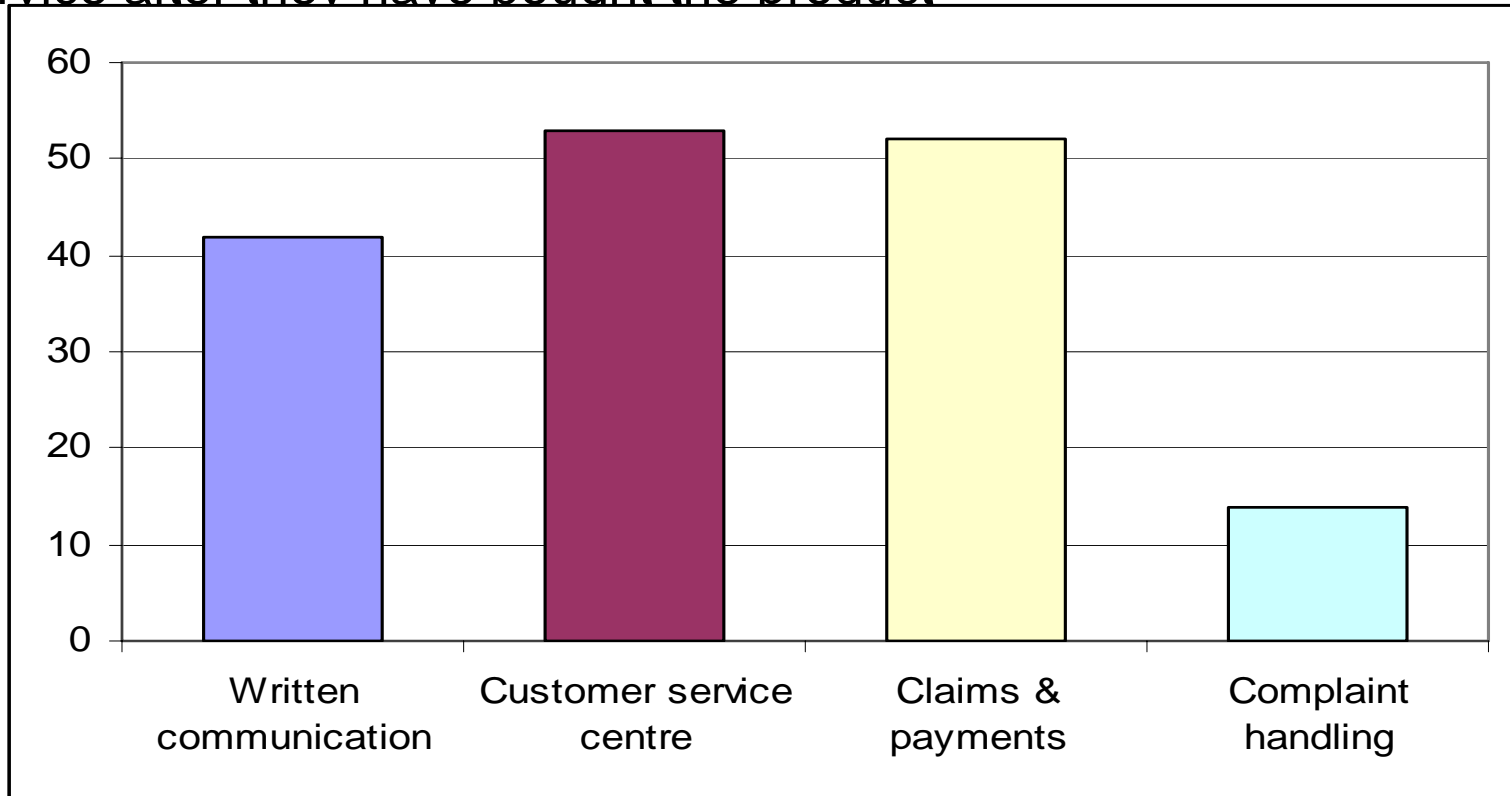


The 2006/7 Survey – Commitment 2 – providing consumers with clear information & good service when they buy products



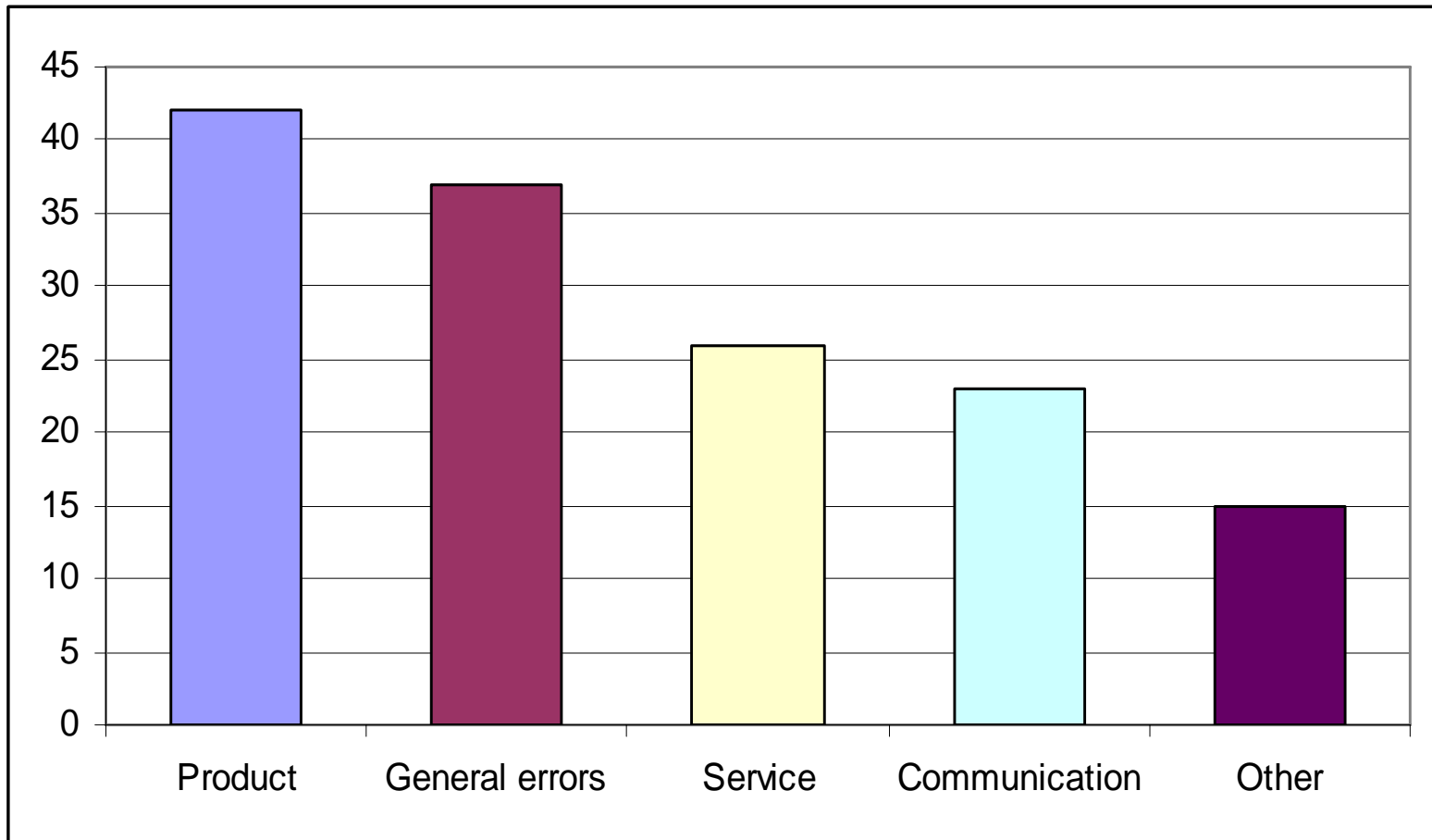


The 2006/7 Survey – Commitment 3 – Maintaining appropriate & effective relationships with customers, providing them with a good service after they have bought the product



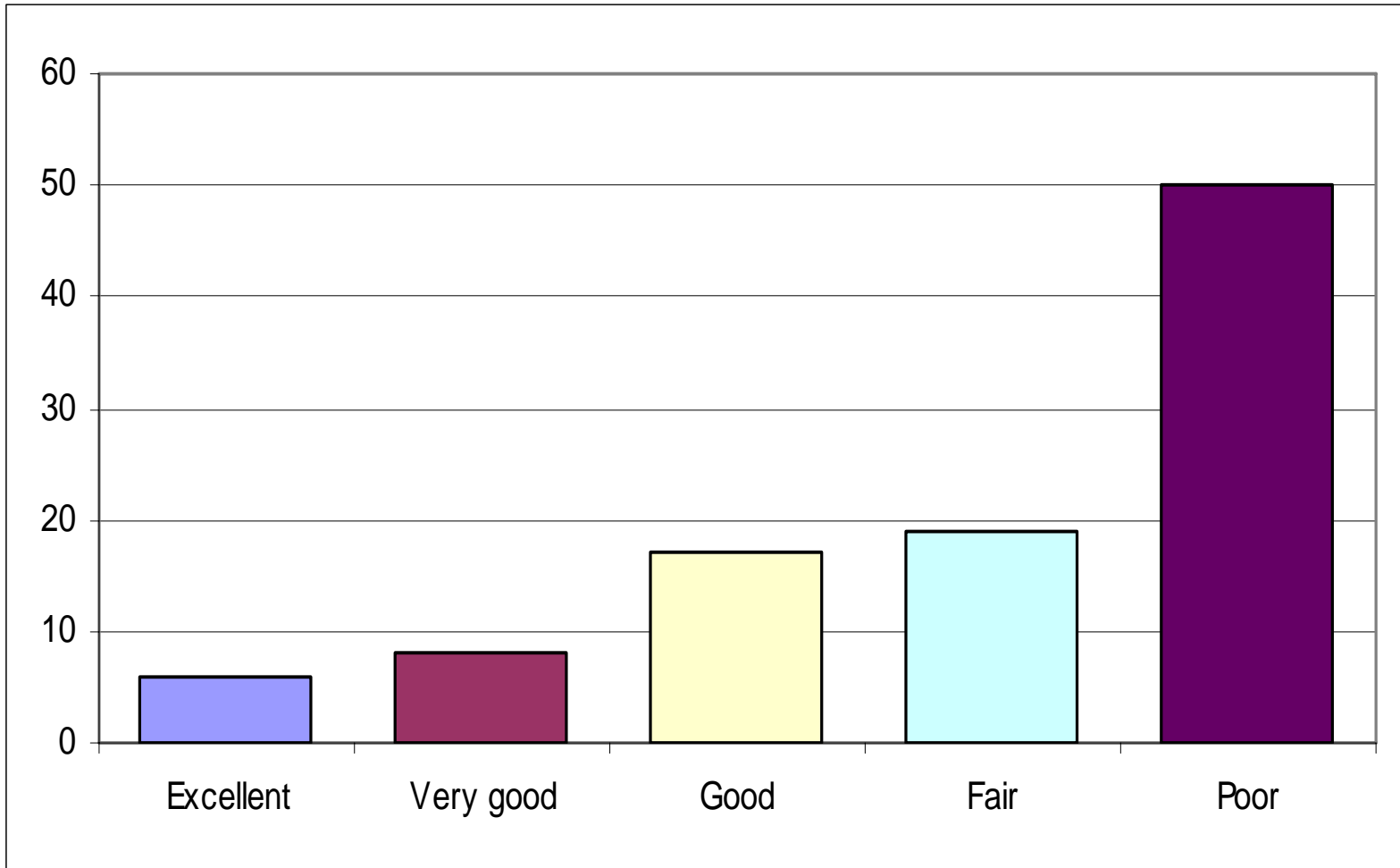


The 2006/7 Survey – Commonest causes of complaint



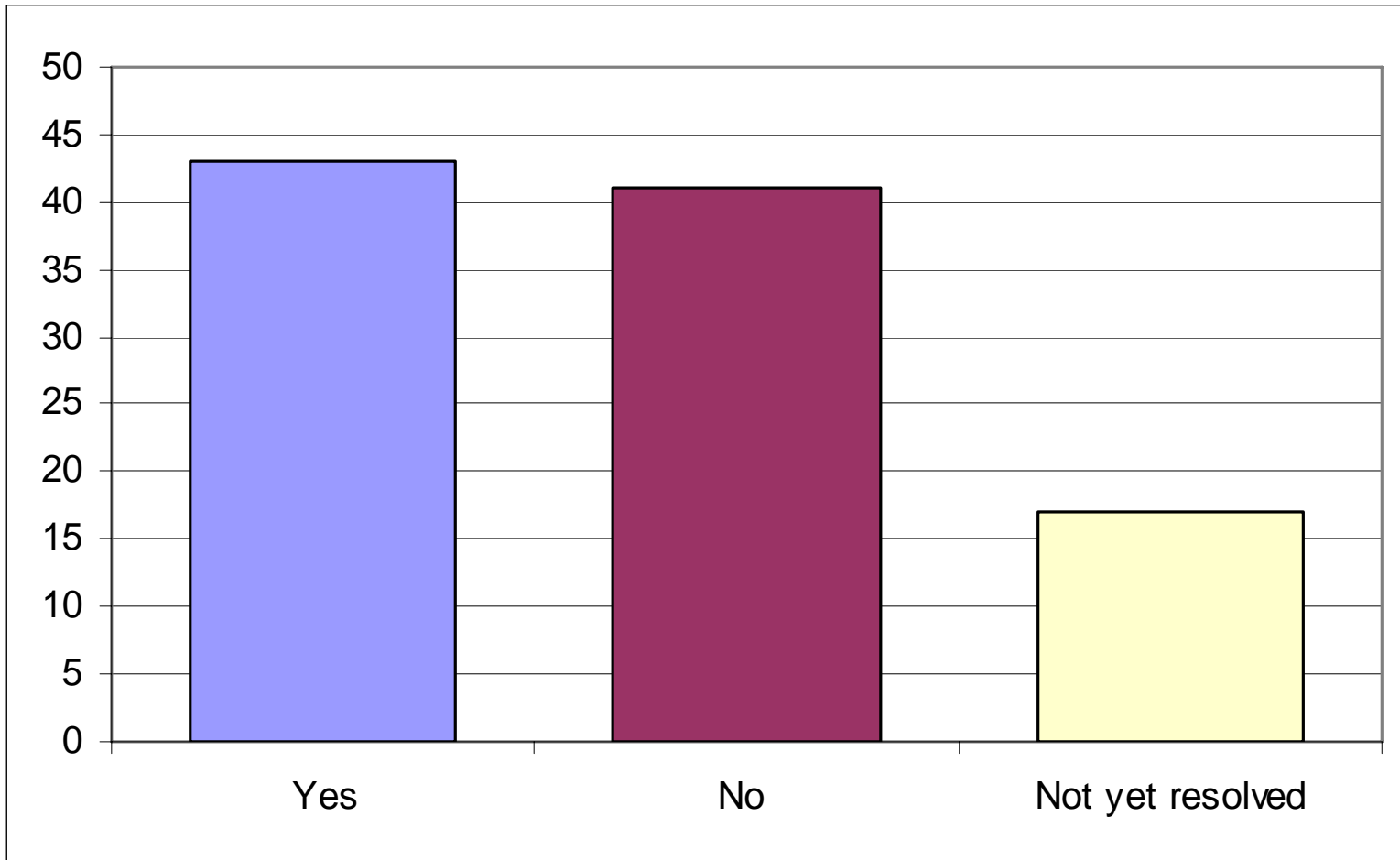


The 2006/7 Survey – Complaints handling





The 2006/7 Survey – Was your complaint resolved to your satisfaction?





Conclusions

- Prescriptive regulation of advice and disclosure in the UK has not worked
- Move to principle-based regulation
- Difficult for companies as well as regulators
- Role for market-driven schemes to raise standards, such as ABI Customer Impact