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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  
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# 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

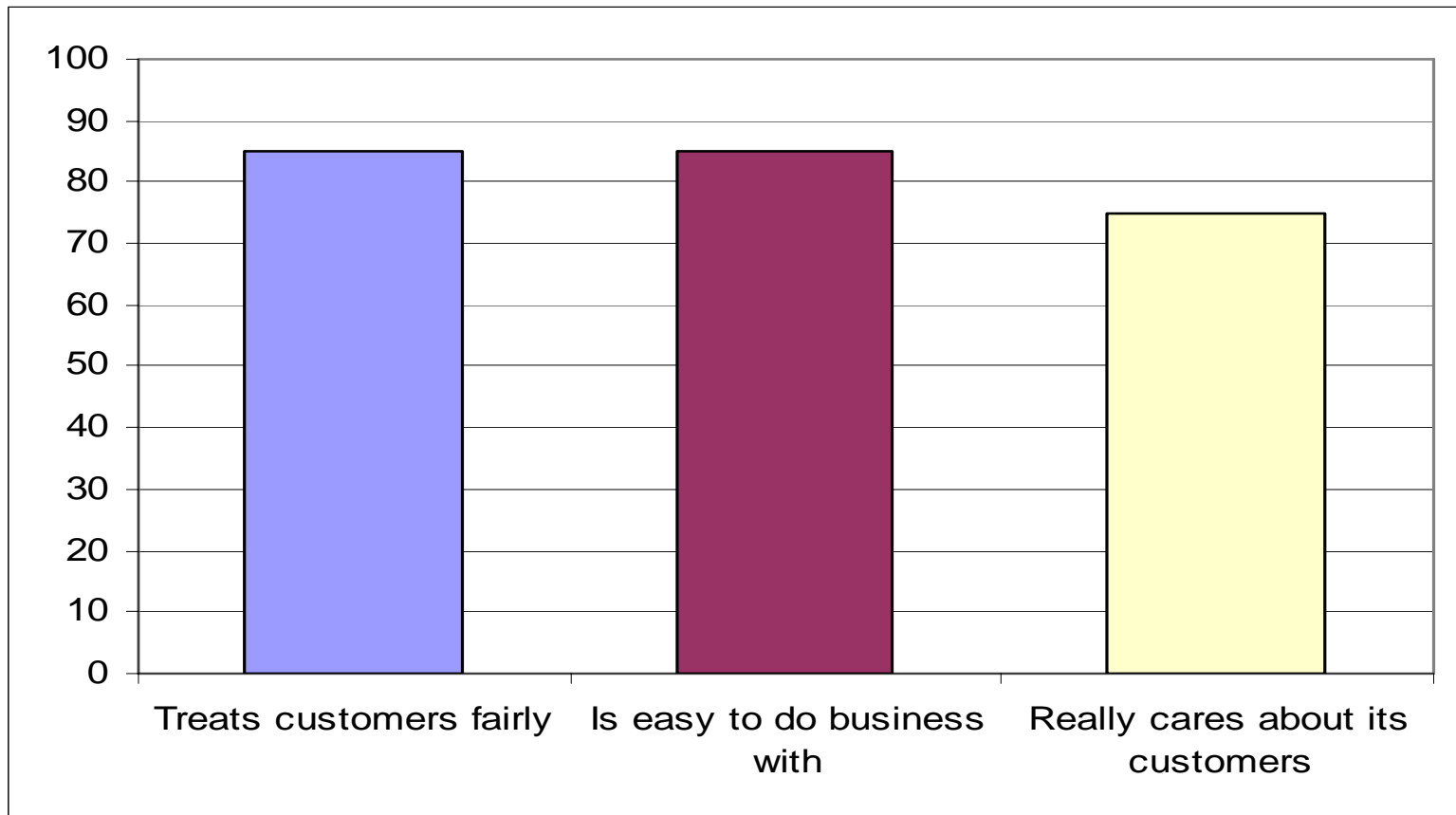


# Three Customer Commitments

- 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

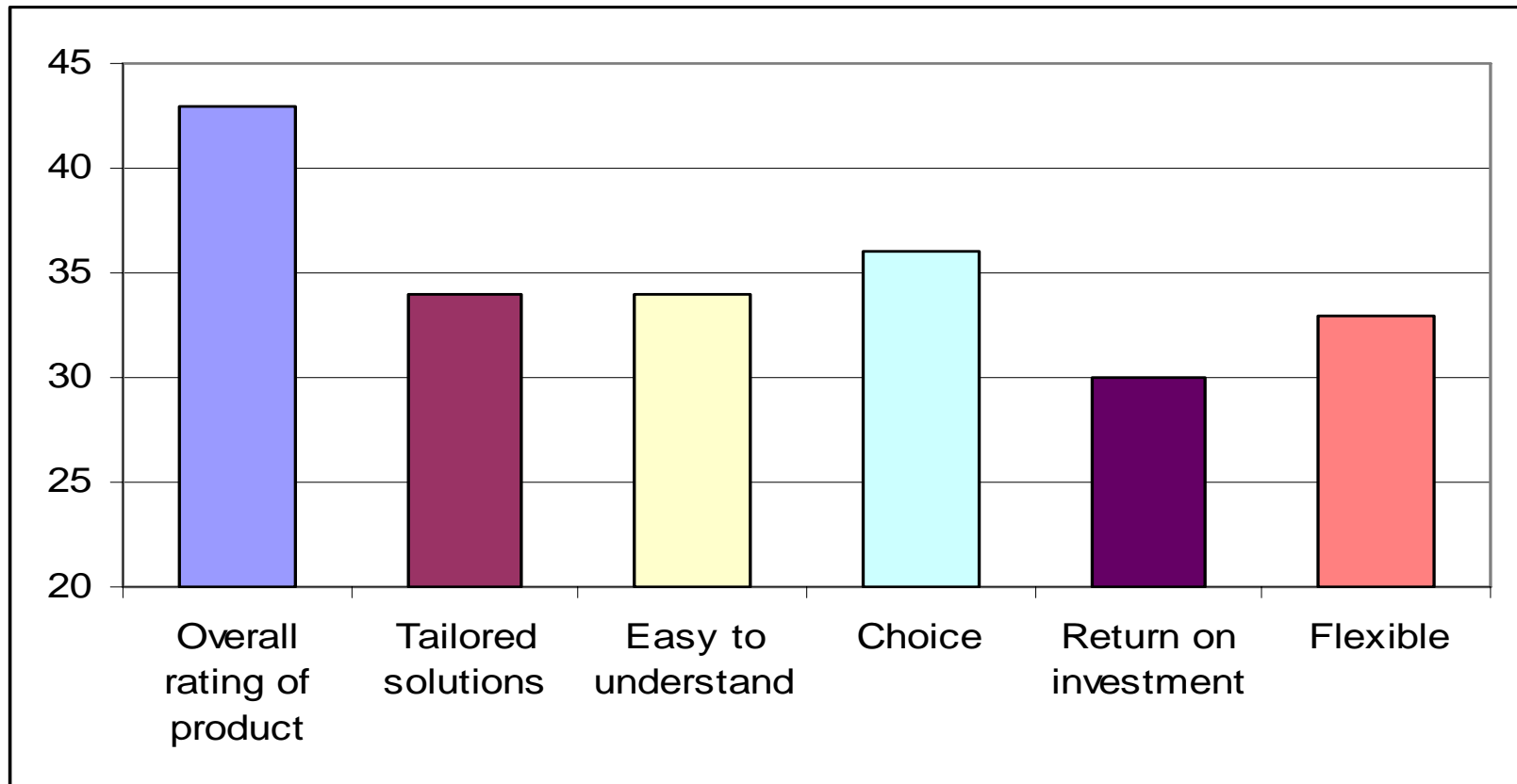


## The 2006/7 Survey – Do you agree that your insurer...?



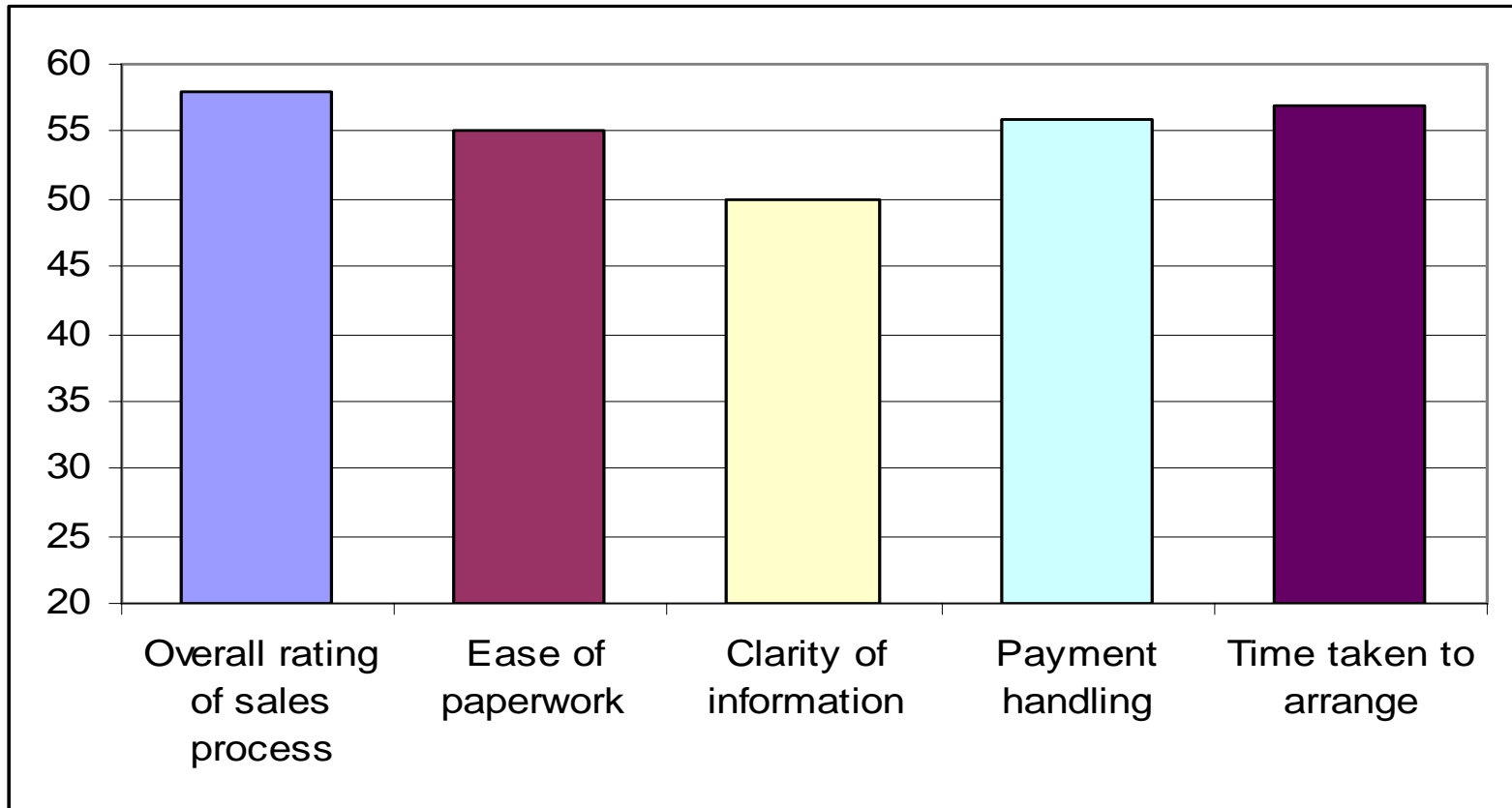


## The 2006/7 Survey – Commitment 1 – developing & promoting products & services which meet customers needs



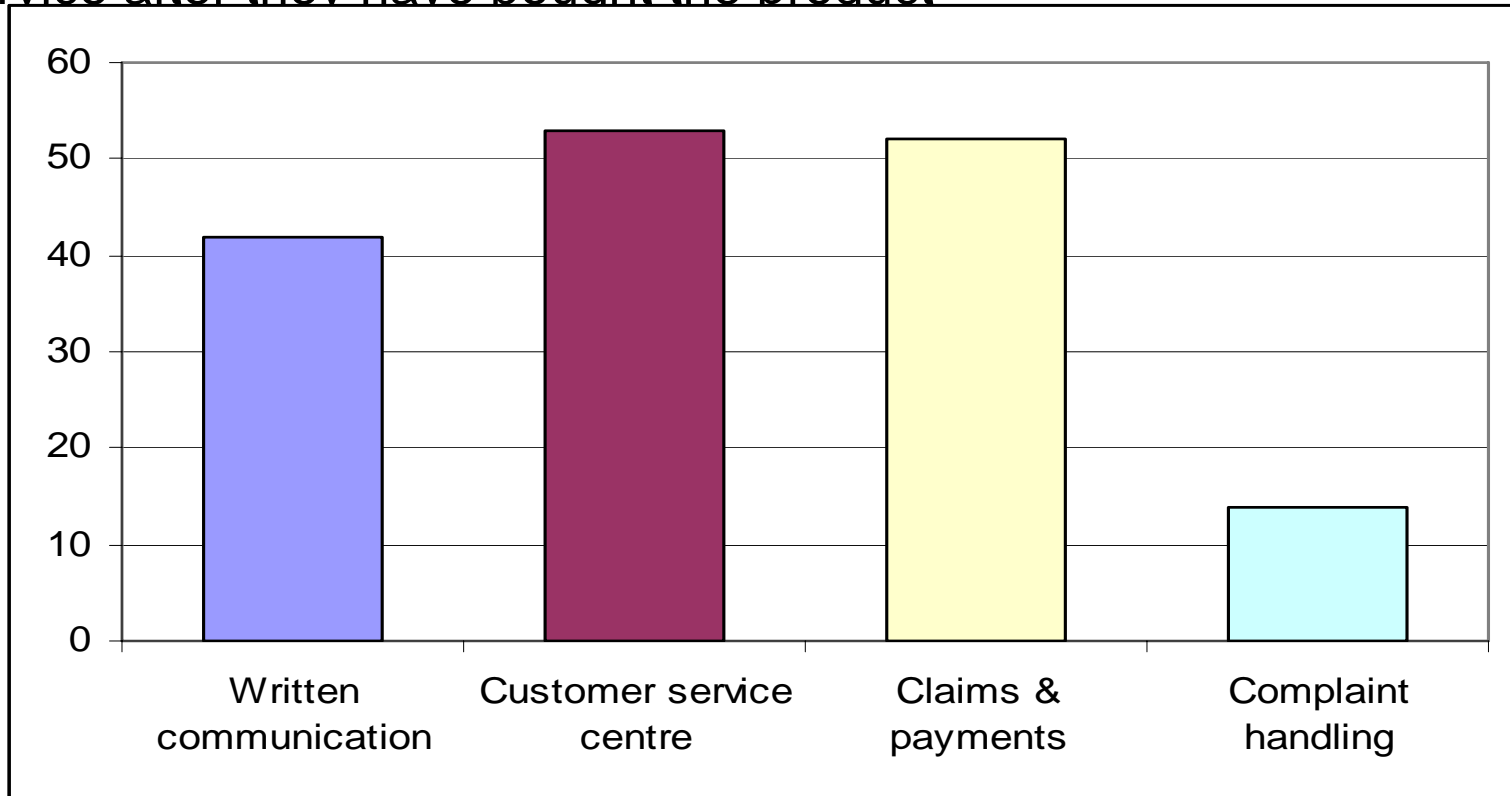


## The 2006/7 Survey – Commitment 2 – providing consumers with clear information & good service when they buy products



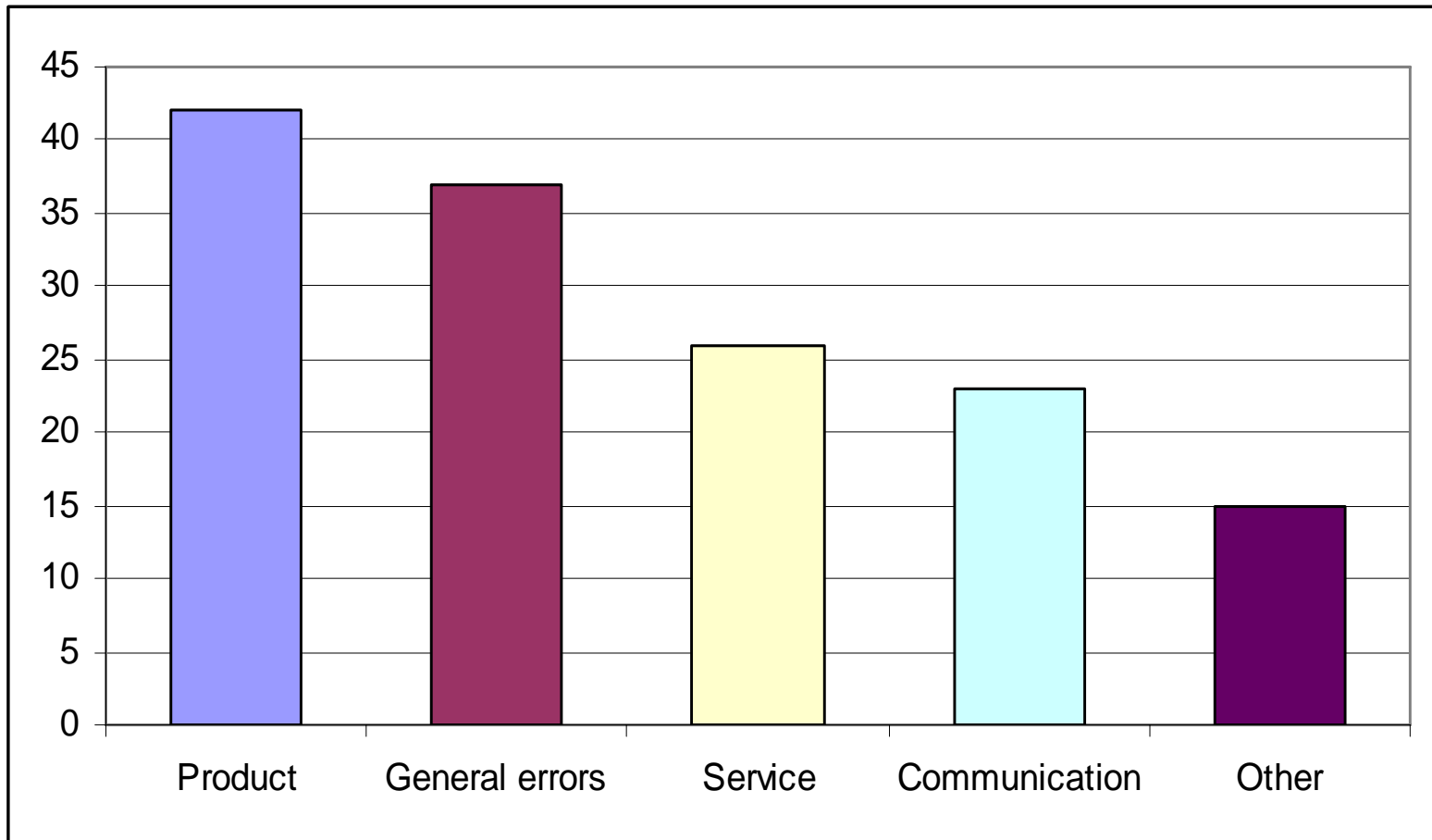


**The 2006/7 Survey** – Commitment 3 – Maintaining appropriate & effective relationships with customers, providing them with a good service after they have bought the product



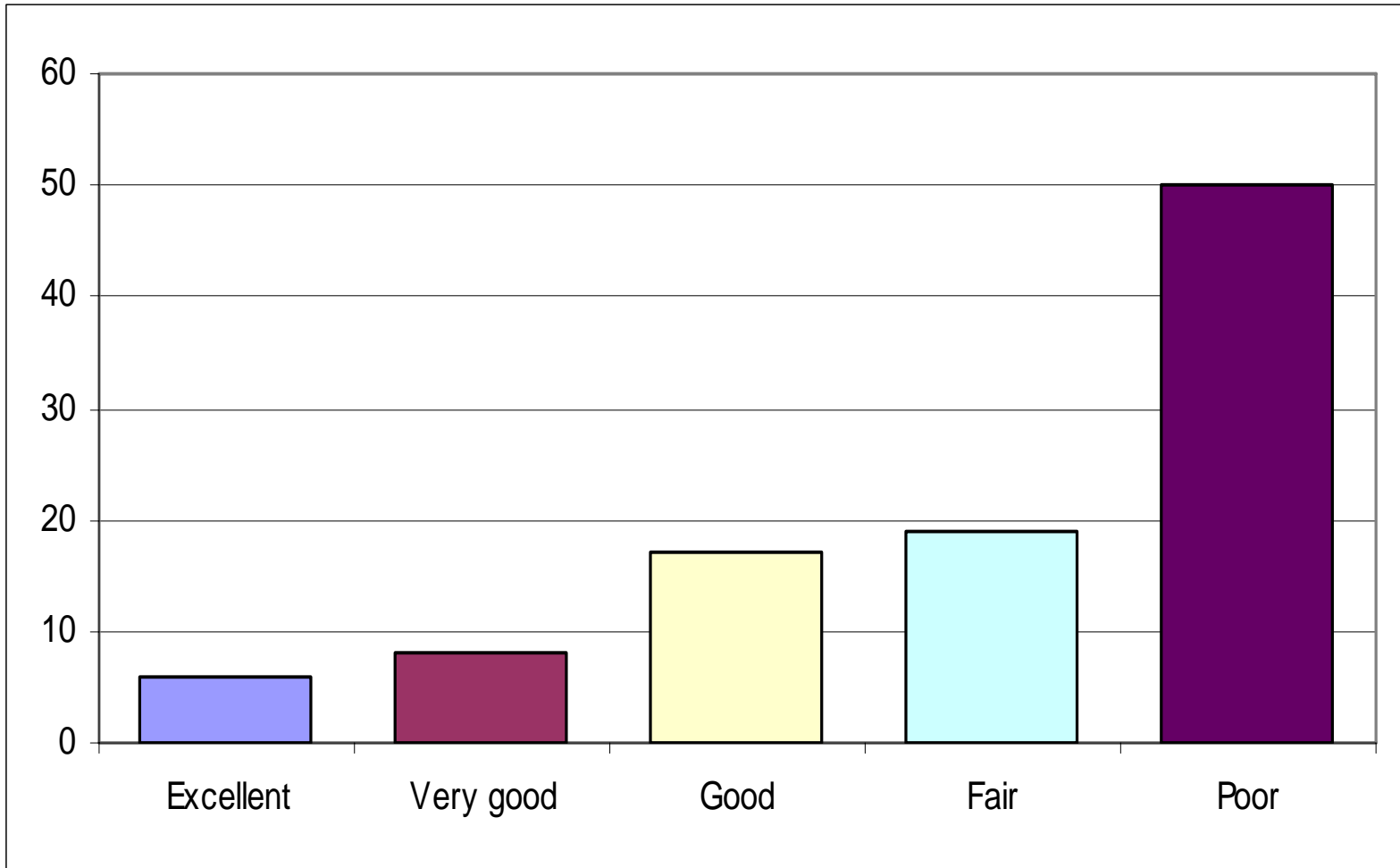


## The 2006/7 Survey – Commonest causes of complaint



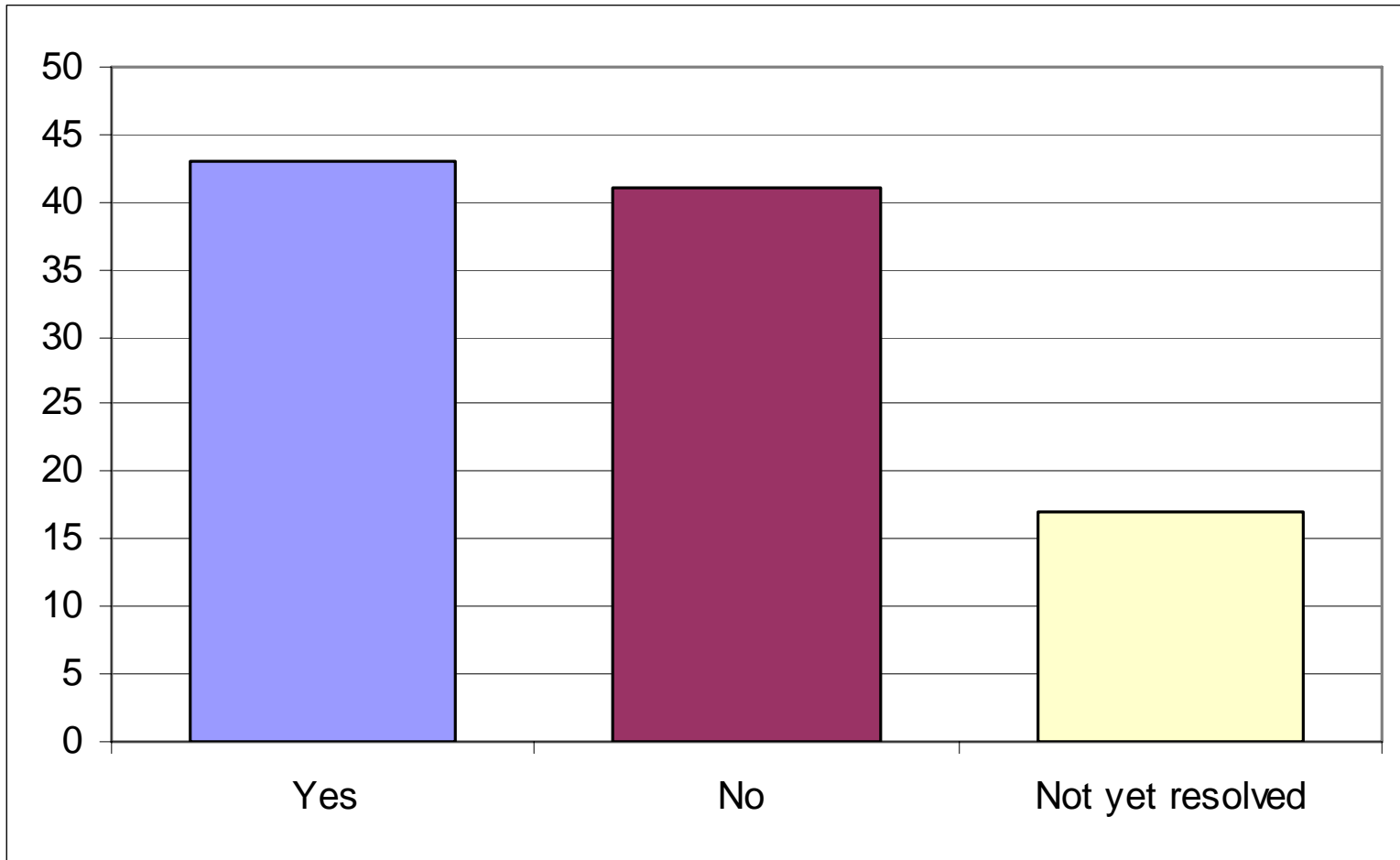


## The 2006/7 Survey – Complaints handling





## 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