



ASSURANT®

# How offering your customers a B&C service is aligned to Consumer Duty



# Consumer Duty

- FCA ‘annoyed and fed up’ with their rules and guidance being ignored
- Consumer Duty comes into effect end July 2023
- It will have a big impact to your business; **individuals and firms cannot get it wrong**

## 1. New Consumer Principle

## 2. Linking into cross-cutting rules

## 3. To deliver good outcomes for customers, with key focus on:

- Governance for products and services
- Price and value
- Consumer understanding
- Consumer support



A critical takeaway from the new rules:

**You must be able to evidence that customers are receiving good outcomes**

In very basic terms:

**Regardless what you say you do, you need to show what you do**

Put yourself in your customer’s shoes, and **put the customer at the heart of your business to protect your business**

# Consumer Duty

- The FCA is expecting a culture shift for firms
- **The responsibility is moving from the customer to the firm**

## EXAMPLE

### Previous Rule:

“Communications to customers must be clear, fair and not misleading”

### Under Consumer Duty:

“Firms need to be able to demonstrate that customers have understood the communications they receive”.

## Customers need to:

- Be given the information they need and at the right time
- Have information presented in a way that they can understand
- Be able to make properly informed decisions

## Firms need to:

- Understand the end to end customer lifecycle and key touchpoints
- Determine what 'good' looks like at each key touchpoint
- Assess any foreseeable harm in current sales / advice process during customer lifecycle
- Monitor and report on the performance in the customer lifecycle from a customer harm viewpoint
- Be able to evidence and demonstrate
  - that the rules / principles are being met
  - the benefits of their products and services are reasonable relative to their price
  - the remuneration /commission received relates directly to the service provided by the adviser
  - customer vulnerability is understood at each key customer touchpoint

# Consumer Duty

Ask yourself these questions when considering the new requirements:

- Can I demonstrate that the services I provide add value to the customer?
- Do I fully understand the nature of the product, and the benefits and limitations the customer receives at point of sale, and ongoing?
- Have I read the product value assessments provided by each product manufacturer?
- How do I assess whether customers understand the information I have provided to them?
- Do I accommodate the needs of vulnerable customers?

## Avoid causing foreseeable harm

- You do not have a crystal ball
- You cannot predict the future or change in clients circumstances
- You cannot force a client to tell you everything during their lifecycle
- BUT you can put in place a regular review
- You can make sure the client knows you are there to help
- B&C will give you that annual touchpoint review opportunity

## Enable and support retail customers to pursue their financial objectives

- Make sure your client knows you are there to assist with their financial objectives
- Tell your clients the products and services you offer
- Ask your client to let you know if they need anything outside of that regular review

## Act in good faith

- Make recommendations after fact finding your client in their current circumstances and financial objectives
- You cannot force a client to accept your advice, clients can and always will say NO
- Fully document your recommendations

# Offering B&C

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Whatever your opinion has been to B&C in the past, it is likely it needs to change in order to:

1. Comply with Consumer Duty
  2. Re-engage with existing customers
  3. Find new customers
- There is never a better time to discuss B&C with all customers - whether you want to offer the advice yourself or refer your customers to a specialist
    - Look at Household & Landlords (there may also be non-standard requirements)
    - Its not just for purchases, review with **re-mortgage and product transfer** business
    - You cannot assume they have existing cover in place, if it is correct or it will be kept
  - **It's not all about price (or even the sale)**
    - Do the right thing for the customer and add value
    - Danger of under insurance (incorrect index linking, increased value of items)
    - Make sure the customer has the right cover in place for what they need (e.g. the lack of accidental damage or personal possessions cover)
    - 68% of customers that go online have knowingly put in less cover than they need in order to get a cheaper premium

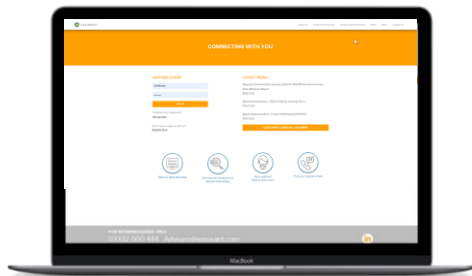
# Write it or refer it?

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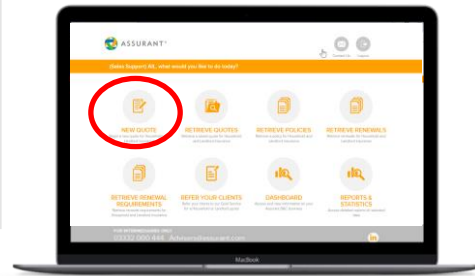
- With Consumer Duty coming into force from 31st July 2023, it will place even more pressure on adviser firms wanting to do the right thing for their customers' needs.
- You need to discuss protecting the home and contents with every customer or refer your customers elsewhere to get advice in this area where their needs can be discussed and met.
- If you want to offer B&C advice to your customers' that is fantastic and we are here to support you for your customers' household and landlord needs.
- However if you do not feel you have the time or resource in place to do this for every customer, then we also support you with our Gold Service referral option.
- By referring your customers, you can still offer the service without doing the work and earn referral income at New Business and Renewal

# Write it or refer it but offer it, don't miss it!

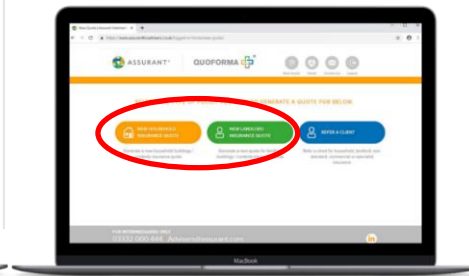
Go to the Assurant adviser website and login



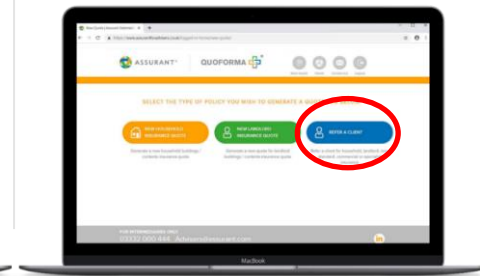
Select 'New Quote' from the dashboard



Choose "Household" or Landlord" insurance and quote yourself



Or "Refer your clients" and input details to send to us



If you want to refer your customers to us, the process could not be simpler:

- Complete a short online referral form
- We will call clients on the requested day and time
- We are responsible for all compliance and regulatory requirements



### Legal requirement

Your customers need it, why not offer it?



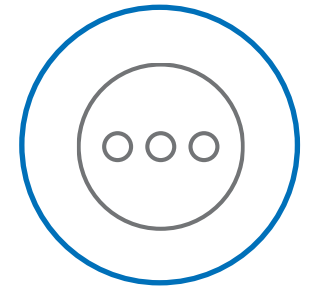
### Duty of care

It's a question advisers should be asking



### Protect "your" customer

The more services you offer your customers, the more value you add - avoid them going elsewhere



### Further added value

Adviser service and advice (cover over price)



### Annual contact

Talk to your customers at least once a year



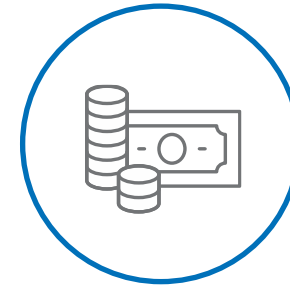
### Any changes?

Opportunity to start a conversation again, fact find and review



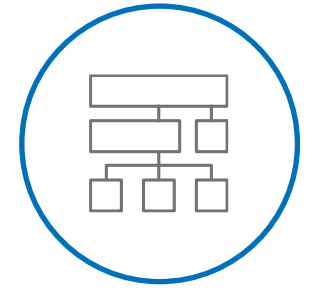
### A 'call to action'

Great way to reintroduce and rebuild a relationship with a dormant customer



### Build income

Generate an ongoing, passive income stream



### A saleable value

An exit strategy should it be wanted or needed

**AVOID FORESEEABLE HARM**

**ENABLE CUSTOMERS TO PURSUE THEIR FINANCIAL OBJECTIVES**

**ACT IN GOOD FAITH**



# Where to start

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- The process is key, build it in and stick to it every time
- **Your customers' need help and advice in all areas of financial products (inc. B & C) - now more than ever**
- It doesn't matter who you write the business with or even if you make the sale
- **Fact find & review, research products, advise suitability, document recommendations**



## Ensure B&C is part of your customer service going forward

Always ask the question. It is up to you if you want to write it yourself or **refer the business**



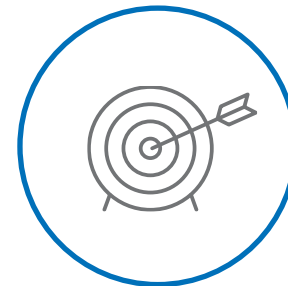
## Assess and understand the products

Provider support is readily available to help you find out more about the products cover & value, USPs, system and service available



## Offer your customers a B&C review

Ask for their policy schedule or renewal date, contact is made & the conversation will evolve from there



## Review & target your customer bank

Decide on a contact campaign & work to a realistic timescale to follow up & contact



## Spot opportunities for new customers

Through friends, family & customer referrals, B&C is a great starting point to make contact & grow your business

