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AXA Personal Lines and Consumer Duty

Update on FCA Consumer Duty

July 2023



AXA Retail and Consumer Duty

- The FCA (Financial Conduct Authority) published the Consumer Duty final rules and guidance last year. Since then, the AXA Retail Intermediary team have been working to ensure we meet the implementation date of 31st July 2023
- Our review has looked at every aspect of the FCA's new Consumer Duty regulations around our relationship with brokers and customers: Products and Services, Price and Value, Customer Understanding, and Customer Support
- Please review the FCA's dedicated Consumer Duty page for more information - [Consumer Duty | FCA](#)



What is the Consumer Duty?

- A package of measures that set **clear expectations** that the FCA has for a firm's **culture and behaviours**
- Has an overarching standard of conduct, known as the **Consumer Principle**
- This is supported by **three Cross-cutting rules**
- Which aim to deliver higher standards and therefore better **Consumer Outcomes** in 4 specified areas

Consumer Principle	A firm must act to deliver good outcomes for retail customers			
Cross-cutting rules	Firms must:			
	1 Act in good faith toward retail customers	2 Avoid foreseeable harm to retail customers	3 Enable and support retail customers to pursue their financial objectives	
Outcomes	1 Product and services Manufacturers must approve new and existing products or services, identify the Target Market of customers, ensuring they meet the needs of all of their customers including the vulnerable.	2 Price and value Considering the nature of the product or service and benefits provided, firms must ensure that the price including all applicable fees and charges provide fair value to the customer.	3 Consumer understanding Communications should be clear, help customers to understand products and services, including features and benefits, so that customers can make informed decisions about the products being purchased. Documentation must be clear and understandable, including meeting the needs of Vulnerable customers.	4 Consumer support Provide appropriate standard of support and not put in place unreasonable barriers, or exploit customers lack of knowledge or characteristics of vulnerability



Consumer Duty and the Distribution Chain

Roles and Responsibilities of a Sole Manufacturer

The product is designed by AXA and distributed by our Broker partners

AXA

Broker partner

Product and services



- Product created and approved by AXA
- Customers identified through Target Market Statement
- Confirmation on how product will be traded and sold
- Product reviewed by AXA

Price & value



- Fair Value Assessments are completed annually to confirm products & pricing supports fair value for customers
- Outputs of our Fair Value Assessments are shared on the AXA Connect website

Understanding



- Working with the broker partners to make any changes when necessary to all policy documents
- Both AXA and Broker partners to ensure that the claims, documentation, and communications are easy to understand for all customers

Support



- AXA will continue to work on the customer journey to ensure that it meets the needs of the customer and avoids causing foreseeable harm

- Broker partners will be responsible for implementation and review of their own distribution of the product
- Broker partners to review the AXA product documentation shared for all the products they distribute, to ensure understanding, this includes the Target Market Statements
- To align product with the target market identified by AXA

- Broker partners to complete a fair value review of their own distribution of the product (inc. sub brokers/delegates), including remuneration, add ons & fees to ensure this does not impact the value of the AXA products
- Broker partners to review the outputs of AXA's Fair Value Assessments and remind staff of the associated target market and Distribution Strategy

- Broker partners to ensure that communications around the product are easy to understand by the target market

- Broker partners will ensure that there is an appropriate customer support as a part of the sales and services journey
- Broker partners to ensure that the overall sales and services journey meets customers needs and avoids causing foreseeable harm



Consumer Duty and the Distribution Chain

Roles and Responsibilities of a Co-Manufacturer

Product designed by both AXA and our Broker partners

AXA

Broker partner

Product and services



- Product created and approved by both AXA and the Broker partner
- Customers identified through Target Market Statements of both parties
- Confirmation on how product will be traded and sold
- Product reviewed by AXA and the Broker partner

Price & value



- Fair Value Assessment are completed annually to confirm the products and pricing provide fair value for customers
- Outputs of our Fair Value Assessments are shared directly with Broker partners

- Broker partners to undertake their own Fair Value Assessment to confirm that the products and distribution chain provide fair value for customers
- Outputs to be shared with AXA and any differences to be discussed and an action plan put in place, if required

Understanding



- Working with the Broker partners to make any changes when necessary to all policy documents
- Both AXA and Broker partner to ensure that the claims, documentation, and communications are easy to understand for all customers

- Broker partners to ensure that communications around the product are easy to understand by the target market

Support



- AXA will continue to work on the customer journey to ensure that it meets the needs of the customer, and avoids causing foreseeable harm

- Broker partners will ensure that there is a high level of support as a part of the sales and services journey
- Broker partners to ensure that the overall sales and services journey meets customers needs and avoids causing foreseeable harm

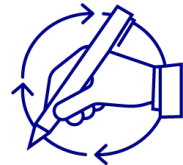


What have we delivered across AXA Retail?



Consumer Duty communications

- We have communicated support and information about new Consumer Duty regulations to our Broker partners and updated our AXA Connect website - [Consumer Duty | AXA Connect](#)
- We have reviewed over 285 customer facing documents, including documents relating to our claims and finance processes, making changes where required. In the claims journey, we have made changes to over 30 customer facing letters, lowering the reading age, removing jargon and making it easier for customers to understand - ensuring good customer outcomes
- Our staff have received consumer duty training, to ensure we are ready to deliver to the higher standard required of us



Enhanced oversight

- We have developed a suite of Broker partner MI, in order to identify areas of potential customer harm. This allows the monitoring of key conduct metrics at individual broker level and holistically across the Intermediary business



Vulnerable customers

- We have updated our core systems, so we can capture Vulnerable customer data and act upon it. Where we have identified a vulnerability, we will ensure that reasonable adjustments are considered and implemented for our customers
- We have “Vulnerable Customer champions” and access to Vulnerable Customer Training. All our claims' handlers have had specific Vulnerable Customer training, which will continue. We've also updated our systems to support the “Tell us once” initiative



Products and services

- We'll continue to fulfil our Product Governance regulatory obligations, including the completion of Fair Value Assessments annually
- We've created product strategy documents, to give you the confidence to sell our products within the relevant target market. As our products are designed with a clearly defined market in mind. More information on Target Markets can be found [here](#)

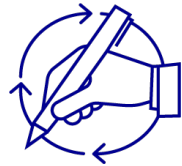


What to expect from us after 1st August?



Products and services

- We'll continue to review our products annually to ensure our products meet the needs of customers



Enhanced oversight

- We'll continue to roll out specific training, tailored to individual roles, especially when we have new starters. As well as delivering ongoing refresher training
- We'll use enhanced management information to work with our Broker partners to identify areas of customer harm and look to agree actions with our Broker partners to address areas of customer harm. Creating successful feedback loops to identify, action and remove the risk of poor outcomes
- We'll monitor MI and customer feedback, to continually raise the bar and ensure higher standards of customer service, building on our current 4.5/5 Feefo and 4.3/5 Trustpilot scores



Vulnerable customers

- We'll look at how we can capture customer vulnerability information from Broker systems, so that we can ensure a seamless end to end process for our customers. This is an industry wide initiative, and we will look to also pass this information from the policy systems into claims
- We'll continually review and refine our Vulnerable customer processes



Consumer Duty Communications

- Further Consumer Duty updates will be provided via the AXA Connect website and we will ensure regular updates are provided to our Broker partners
- We'll implement continuous improvements and undertake formal review cycles, across all communications, digital pages and customer journey



How can Broker partners prepare?

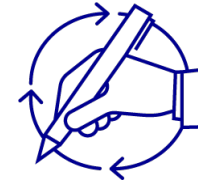
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The FCA requires firms to demonstrate the steps taken to implement Consumer Duty, if asked. Whilst preparations are likely to be well underway, we would encourage Broker partners to consider the following:



Consumer Duty Communications

- Cross reference Consumer Duty with your current practices and highlight any areas of potential harm. Create a plan for implementing improvements**
- Review any communication you send to customers to make sure they're clear, jargon free and accessible
- Ensure staff are trained at all levels in what Consumer Duty means and check that any resulting changes are understood
- **FG22/5 Final non-Handbook Guidance for firms on Consumer Duty (FCA.org.uk) can be [found here](#)
- Consider your own customer contact strategy and how you can avoid causing foreseeable harm



Enhanced oversight

- Keep a record of any steps taken to prove that Consumer Duty obligations have been met
- We'll work with you to monitor your own performance management, remuneration and incentive structures
- Please continue to provide us with any information that we request to help with our ongoing monitoring process
- If we identify any issues that could impact our customers, then we will work together to solve it



How can Broker partners prepare?

2/2



Vulnerable customers

- Consider whether your current procedures account for a diverse consumer base, particularly those with vulnerabilities
- Simple measures (such as preferred contact methods) may provide a more personalised service to those who, for example, would prefer email due to hearing impairment. For more information on supporting Vulnerable customers then please see the [FCA's rules](#)



Products and services

- We'll work with you to provide customers with insurance products that meet customer needs to deliver good outcomes
- When offering sales of insurance products, ensure that your advice is understandable for the customer
- If you are a Co-Manufacturer, review your existing policy book and Target Market Statement for the relevant products you sell, to ensure they provide good outcomes for our customers

We're committed to collaborating with our Brokers to deliver good outcomes for customers.



FAQs on Consumer Duty

1/2

- **As a Distributor of an AXA product, can you provide me with claims data?**
As a Distributor of our products, we provide Fair Value Assessment outcome documents. These are published on the AXA Connect website for Broker partners, to ensure that the products you are distributing provide fair value for the customer.
- **As a Co-Manufacturer, can you provide me with claims data?**
If you are a Co-Manufacturer, we will share the GI Value measures data applicable for your products as part of our annual product review process, as we do currently.
- **Is AXA able to provide feedback on recent customer surveys?**
We've reviewed our internal processes and governance, so that Consumer Duty and avoiding foreseeable harm to customers, are embedded at the heart of our business.
Below are our overall Feefo & Trustpilot scores:
Feefo Motor – 4.6/5
Feefo Home – 4.5/5
Trustpilot – 4.3/5
- **Is AXA able to share internal group policies with brokers?**
We're not able to share our internal AXA group policies, however, these have been reviewed and changes made to ensure adherence to Consumer Duty. These updates make sure that we're delivering good customer outcomes, and the avoidance of actual and foreseeable customer harm is embedded in our business.
- **Is AXA able to provide validation of consumer understanding of your critical comms?**
We've reviewed over 256 customer facing documents, including documents relating to our claims and finance processes, making changes where required. This includes removing jargon, sign-posting important information, and lowering the reading age to make them easier for customers to understand. We'll also be conducting qualitative customer research to gain verbatim customer feedback post 31st July.
- **Does AXA have a main contact for Consumer Duty?**
If you have any queries around Consumer Duty, please contact your relationship manager who will be able to assist you, or alternatively, you can contact us via a dedicated Consumer Duty mailbox for Broker partner queries : AXARetailConsumerDuty@axa-insurance.co.uk.



FAQs on Consumer Duty

2/2

- **How does AXA identify a Vulnerable customer?**

We have a Vulnerable customer policy in place, which aims to identify and adapt our processes to meet the needs of our Customers, as well as make any reasonable adjustments required for them. We capture data based on the FCA's 4 categories of vulnerability, Life Events; Health; Resilience and Capability and have updated our systems to enable advisors to access the data and make appropriate adjustments for Vulnerable Customers.

- **How does AXA ensure fair value in the distribution chain?**

AXA UK's Product Governance Policy sets out the standards that AXA Retail is required to implement to ensure the achievement of fair value and good customer outcomes. This includes; having robust product oversight, governance arrangements, systems, policies and procedures in place. More information can be found [here](#).

- **Has AXA reviewed their claims and complaint processes?**

We're continually reviewing our claims and complaint processes to ensure they are in line with Consumer Duty. We've mapped out our customer journeys, to identify potential harm or pain points and created improvements to remove these.

- **Does AXA have a Consumer Duty implementation plan?**

AXA Retail Intermediary team have been working in line with our Consumer Duty plan to ensure we meet the high standards required of us by the implementation date on 31st July 2023.

- **How does AXA's Risk Management process track and monitor Consumer Duty requirements?**

We have a suite of MI that that has been specifically designed for Consumer Duty, which we'll be using to monitor and track performance, as well as identify indicators of potential harm and take action to avoid poor outcomes.

- **Is AXA's Product Governance processes compliant with Consumer Duty?**

We're continually reviewing all our processes and can confirm that they are in line with Consumer Duty and regulatory requirements.



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