



Institute  
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of Actuaries

# Life Conference 2022

23-25 November, ACC Liverpool

**#LifeConf**





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# The Consumer Duty – What does it mean for actuaries?

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**#LifeConf**



# Hymans Robertson speakers



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# What we'll cover today

- The background
- Key dates for firms
- The new principle, cross cutting rules and the four outcomes
- Key questions
- Specific areas of interest for actuaries

# Background to the Duty

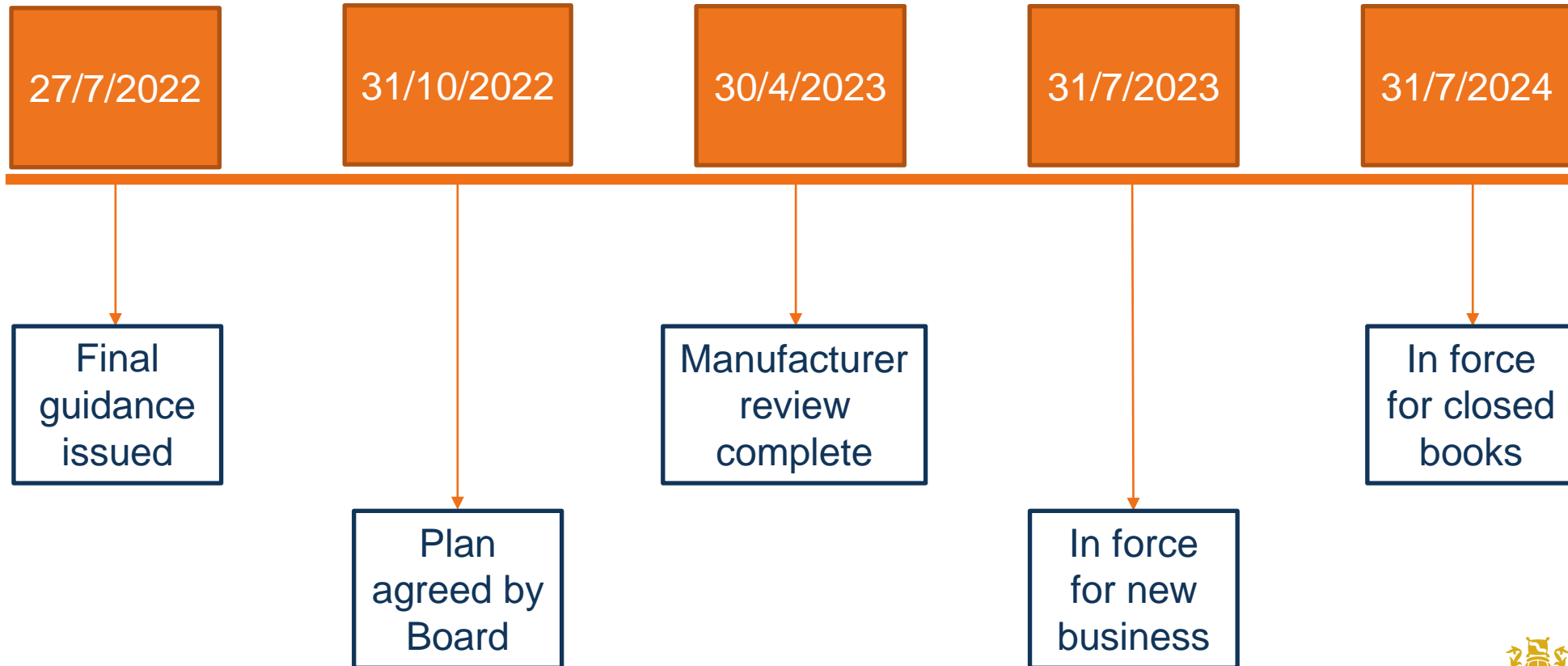
More  
consumer  
decisions

Pace and  
digital

Financial  
strain

**Policy Statement**  
PS22/9

# Timeline



# The Consumer Principle

## Principle 12

A firm must act to deliver good outcomes for retail clients

# Cross-cutting rules

1. Firms must act in good faith toward retail customers
2. Take all reasonable steps to avoid causing foreseeable harm to retail customers
3. Take all reasonable steps to enable retail customers to pursue their financial objectives



# The Four Outcomes

Products and  
services

Price and value

Consumer  
understanding

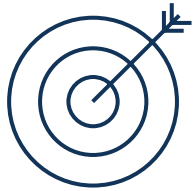
Consumer  
support



# High level governance points

- For each firm, The Duty should be reflected in:
  - Strategies
  - Governance
  - Leadership
  - People policies (including incentives at all levels)
- Should have a Duty Champion at Board level
- Annual sign off / list of questions for each of the four outcomes

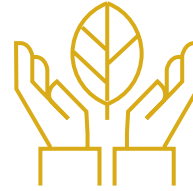
# Key questions – products and services



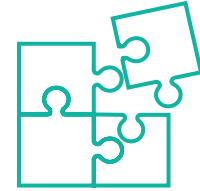
Target market



Testing



Vulnerable customers



Information sharing



Distribution strategy



Data & MI

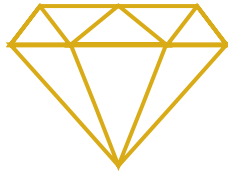


Market exit



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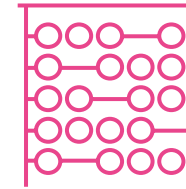
# Key questions – price and value



Fair value



Benchmarking prices



Pricing structures



Differential pricing



Value assessments



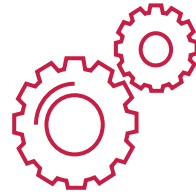
Data & MI



# Key questions – consumer understanding



Outcomes v's sales



Engagement



Testing



Vulnerable customers



Channel effectiveness



Data & MI



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# Key questions – consumer support



Channel variation



Vulnerable customers



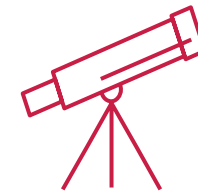
Switching/leaving



Consistent support



Data & MI

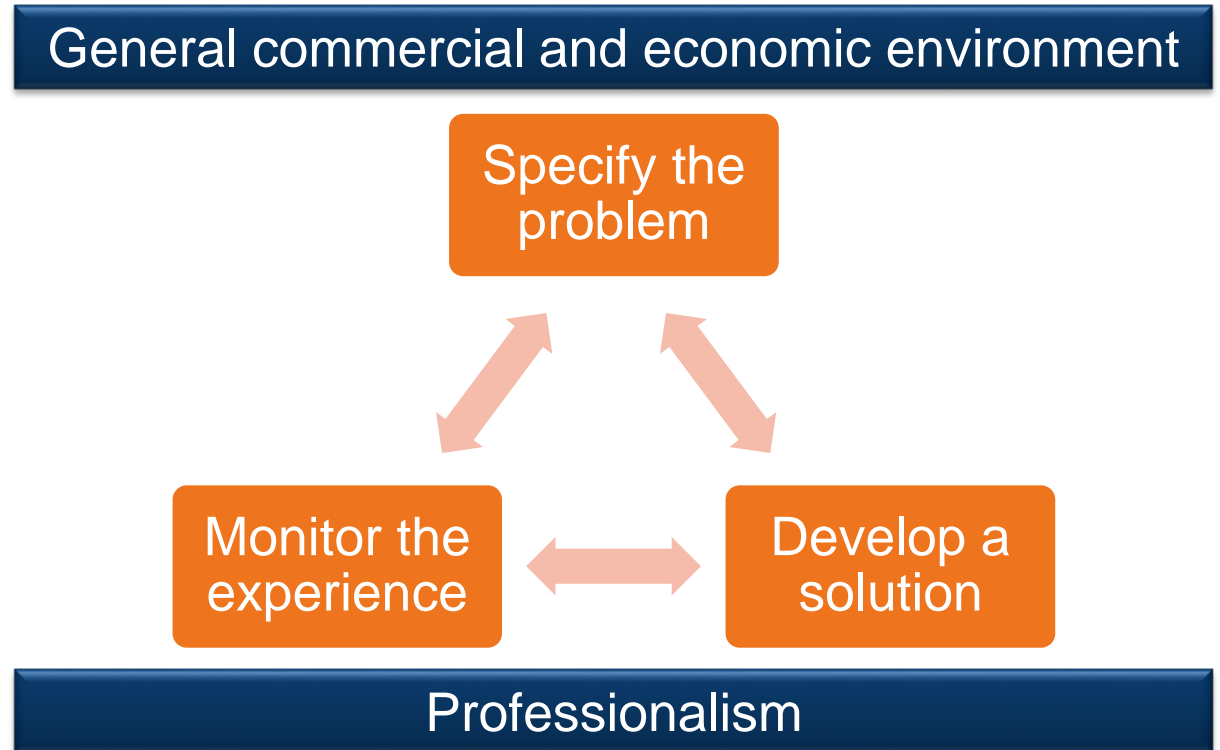


Monitoring outsourcing



# Specific areas of consideration for actuaries

- With-profits
- Communications
- M&A
- New business and pricing
- Closed books



# Questions

# Comments

Expressions of individual views by members of the Institute and Faculty of Actuaries and its staff are encouraged.

The views expressed in this presentation are those of the presenter.



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# Thank you

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