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# Consumer Duty: A chance for change

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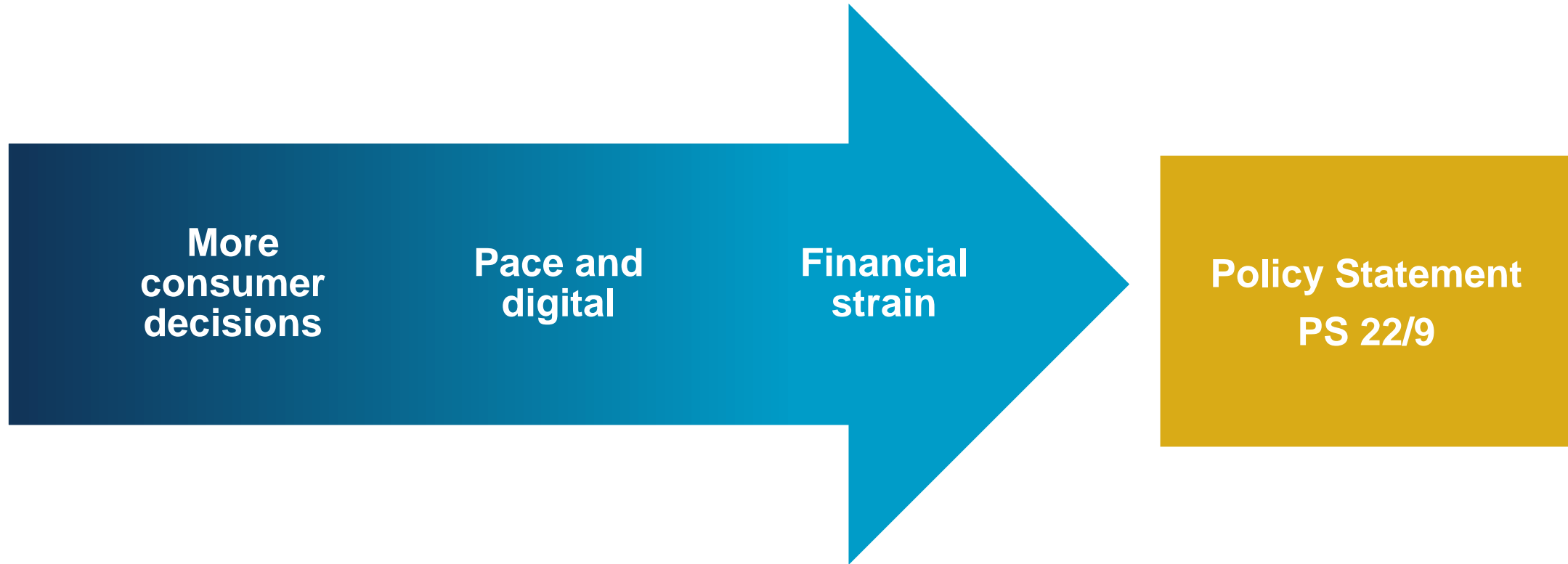
# Consumer Duty: A chance for change

## Agenda

- Introduction to Consumer Duty
- Healthcare market background
- Solution and opportunities
- Bringing the Duty to life
- Q & A



# Background to the Duty



# The Consumer Duty

## Principle 12:

**A firm must act to deliver good outcomes for retail customers**

### Three cross-cutting rules

1. Act in good faith towards retail customers
2. Avoid causing foreseeable harm to retail customers
3. Enable and support retail customers to pursue their financial objectives

### Four outcomes

1. Products and services
2. Price and value
3. Consumer understanding
4. Consumer support



# What's the latest?





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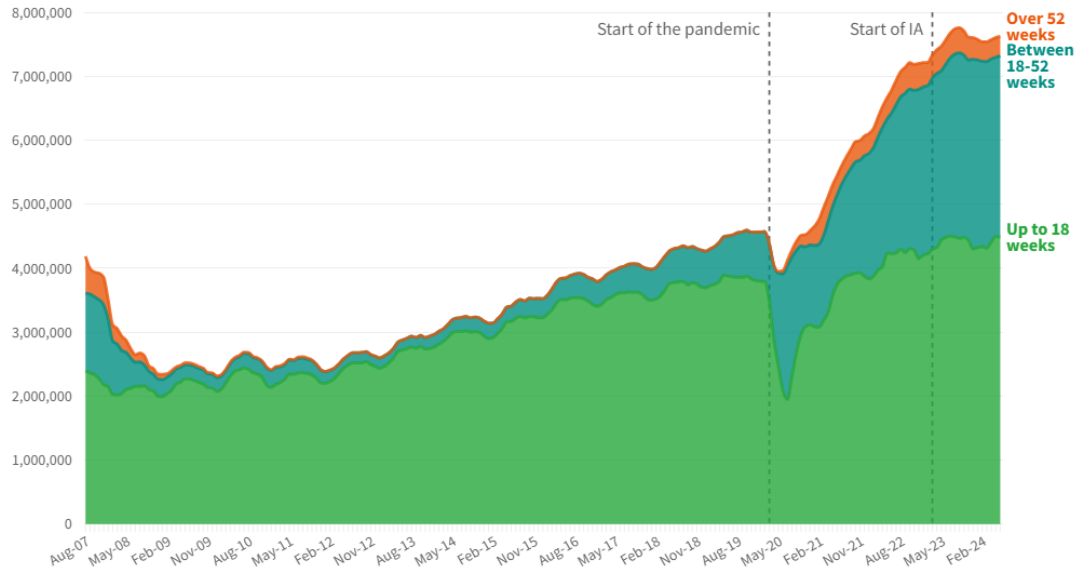
# The consumer perspective



# An evolving healthcare landscape

## NHS waiting times for consultant-led elective care

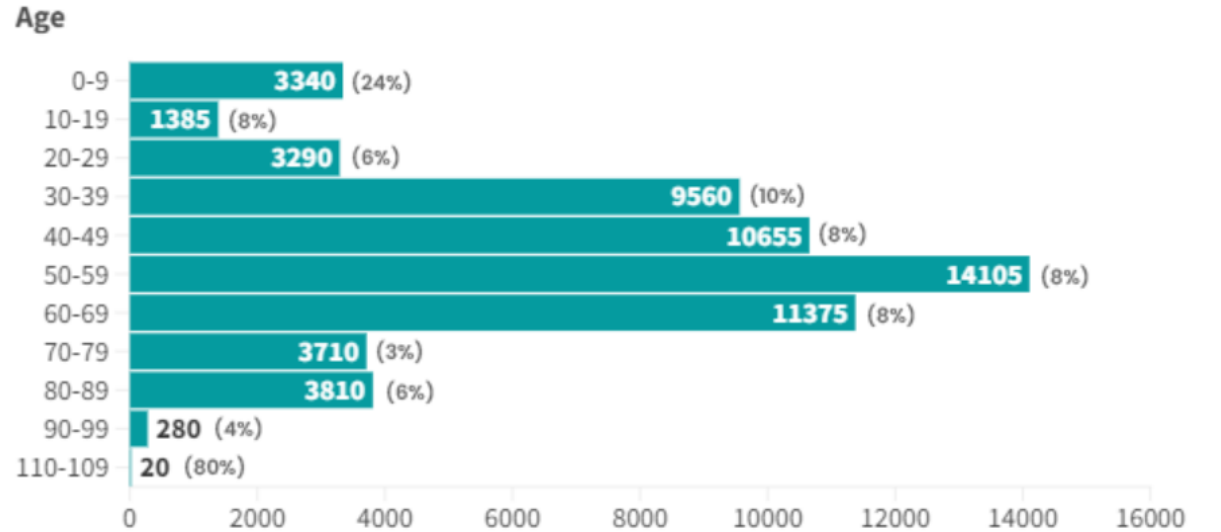
Waiting times for consultant-led elective care  
August 2007 to June 2024



Source: BMA analysis of NHS England Consultant-led Referral to Treatment Waiting Times statistics • The data includes estimates for missing data.



## 2023 increase in private hospital admissions compared to 2022



Source: <https://www.phin.org.uk/news/phin-private-market-update-june-2024-united-kingdom>



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# The Consumer Duty

## Principle 12:

**A firm must act to deliver good outcomes for retail customers**

### Three cross-cutting rules

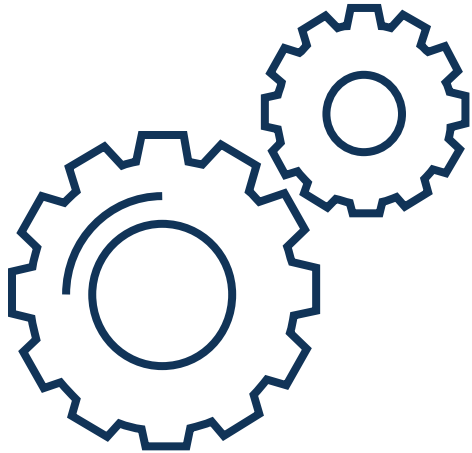
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## Governance frameworks



- Clear responsibility and evidence
- Proactive approach and prompt remediation
- Board and Senior Management engagement



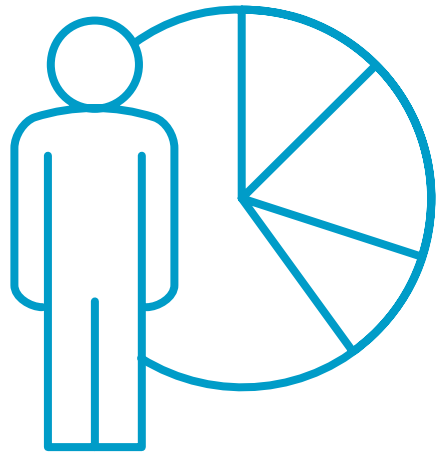
## Management Information



- Allowing for multiple communication channels
- Addressing legacy systems
- Key areas for MI



## Target market statements



- Granular target market statements
- Exclusions, ratings and excesses
- Existing cover or alternative arrangements



# Thematic review

## Poor practice example

*“We saw a **target market statement** for private medical insurance (**PMI**) which **did not adequately consider key underwriting criteria or customers’ characteristics and risk appetite**. This product excluded pre-existing medical conditions, as do many PMI products. However, this core part of the underwriting criteria (the nature of the product) was not reflected in the identification of the target market, though it suggested the product may not be compatible for customers who wanted cover for pre-existing conditions. The product also had a range of excesses, but the firm **did not adequately consider the customer’s risk appetite or ability to cover the excesses.**”*

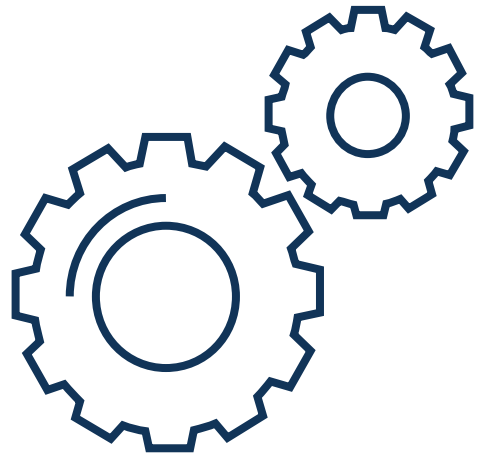
TR24/2: <https://www.fca.org.uk/publication/thematic-reviews/tr24-2.pdf>



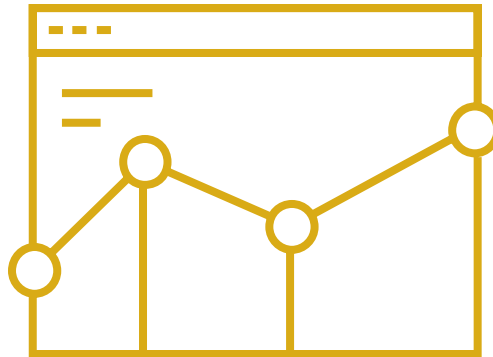
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# Key areas of focus

Governance frameworks



Management Information

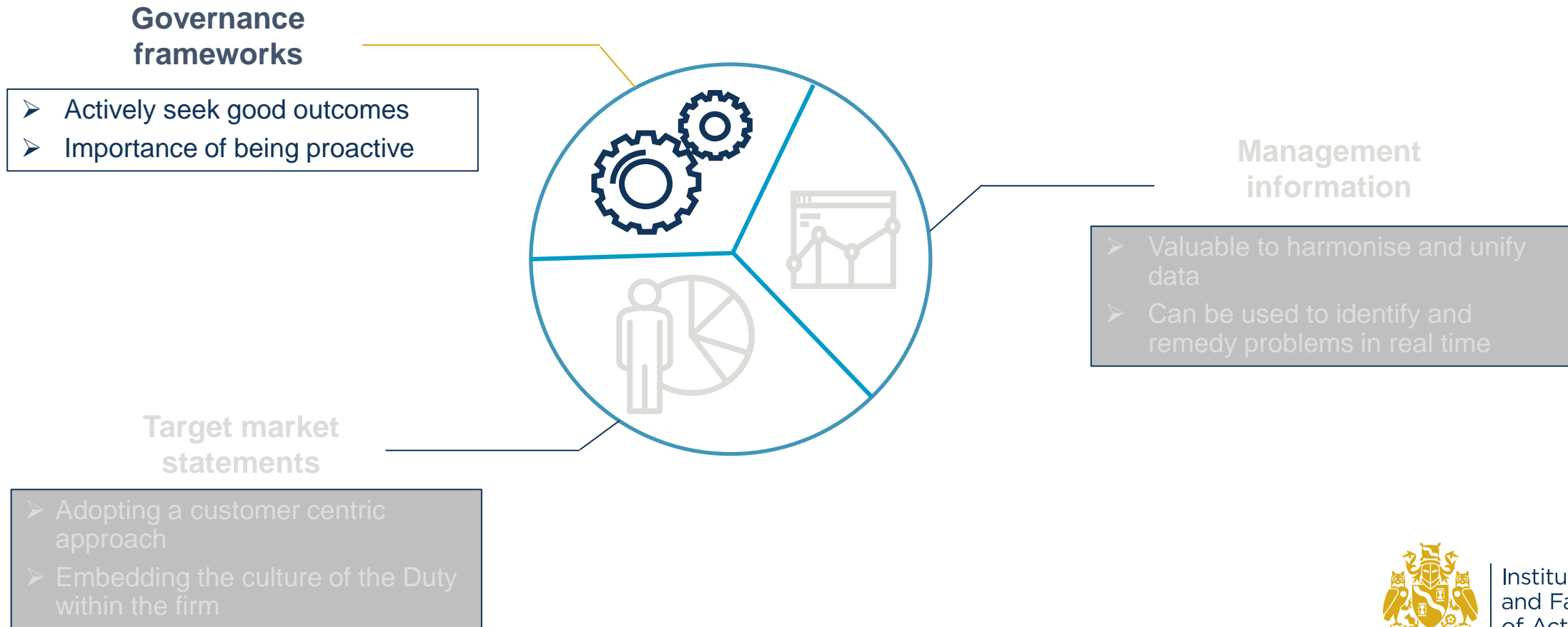


Target market statements

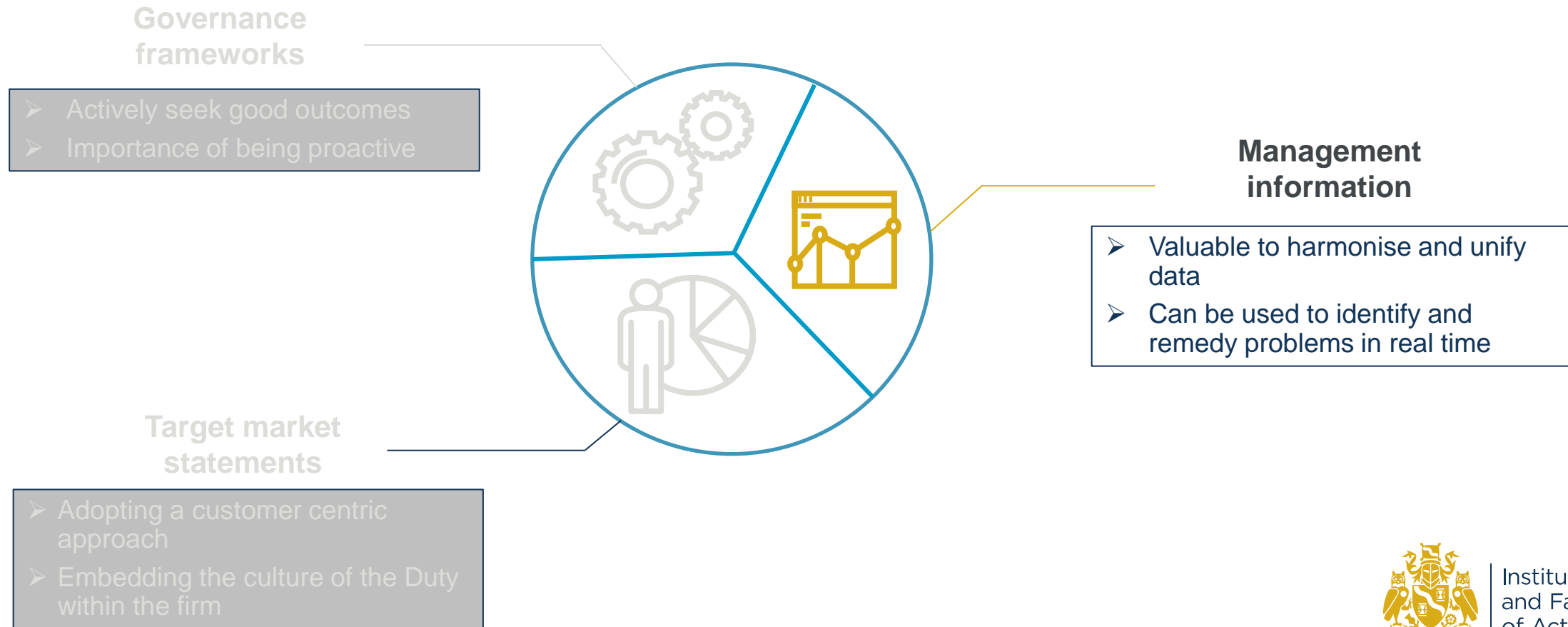


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# Solutions and opportunities with the Duty



# Solutions and opportunities with the Duty

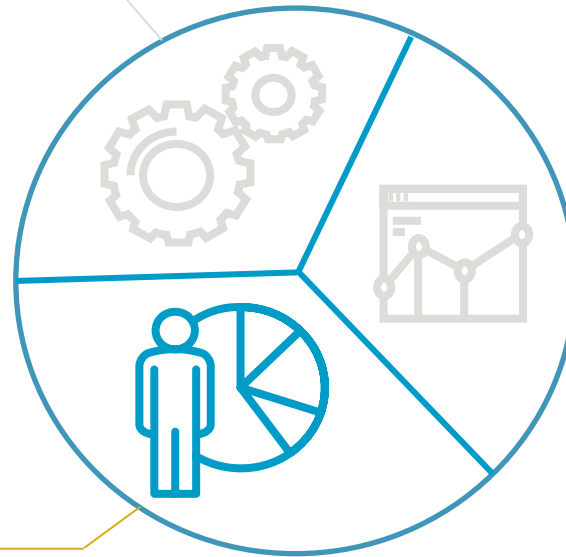




# Solutions and opportunities with the Duty

## Governance frameworks

- Actively seek good outcomes
- Importance of being proactive



## Management information

- Valuable to harmonise and unify data
- Can be used to identify and remedy problems in real time

## Target market statements

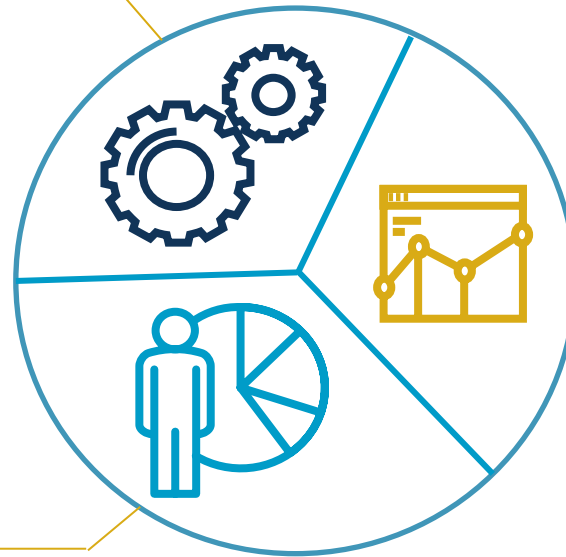
- Adopting a customer centric approach
- Embedding the culture of the Duty within the firm



# Solutions and opportunities with the Duty

## Governance frameworks

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## Management information

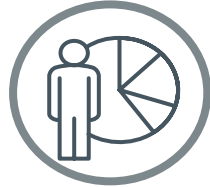
- Valuable to harmonise and unify data
- Can be used to identify and remedy problems in real time

## Target market

- Adopting a customer centric approach
- Embedding the culture of the Duty within the firm



# Bringing the Duty to life



## Products and Services

Preventive care and digital health

Shifting from a reactive model to a preventive care model



## Consumer Understanding

Medicalese to plain language

Adopting appropriate communication tone by eliminating jargons



## Price and Value

Demographic and claims analysis

Assessing differential groups and suitability of products



## Consumer Support

Offering hybrid experiences

Catering to customers in a more personalised manner



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# 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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