

## **Consultation and communication with with-profits policyholders and other stakeholders**

### **1. The consultation and negotiation phase**

#### **With-profits policyholders**

*'At an appropriate time, a firm should announce the appointment of the policyholder advocate, marking the formal start of the negotiations. In the first instance, the arrangements under which a policyholder advocate is appointed should require him to take such steps as he considers necessary to communicate with, and receive views from, relevant with-profits policyholders about the proposed reattribution. Only when he is satisfied that he has had adequate time to communicate with relevant with-profits policyholders should a policyholder advocate expect, or be expected, to begin negotiations with a firm.'*

(Source: Financial Services Authority, Conduct of Business Rules, Section 6.13.34)

#### **Introduction**

The requirement to *'...to communicate with and receive views from, relevant with-profits policyholders...'* presented a considerable challenge, bearing in mind that there are some 1.1 million eligible policyholders. Moreover policyholders, while mainly based in the United Kingdom, are also to be found in many other parts of the world, with one in New Zealand being perhaps the most distant. Closer to the UK, small but significant numbers can be found in the Republic of Ireland, France, Sweden and Germany.

The consultation process was unusual in other respect to the numbers involved and their geographic diversity. In this instance (that is, the first time that a Policyholder Advocate had been appointed in a proposed reattribution) the requirement is to seek views before negotiations provided an additional layer of complexity. Prior to negotiations there was relatively little to be said about how it might proceed and what implications there might be for policyholders, putting aside the fact that it was impossible to give ranges of possible eventual payments. The subject matter is dense, jargon ridden and required a lot of policyholders if they wished to offer views at such an early stage.

This chapter sets out how the challenges were addressed, the solutions implemented and the results.

#### **Consultation principles**

The Office of the Policyholder Advocate took as its guide the Cabinet Office Code of Practice on Consultation (see Appendix 1) and applied it to our particular circumstances.

The essence of the consultation was that it should have the following attributes:

- Throughout the process there should be the widest variety of practical ways for policyholders to express views and have questions answered. This should continue for at least 12 weeks
- There should be clarity about the proposals, who might be affected, what questions arose and the timescale for response
- Ensure that the consultation is clear, concise and widely accessible
- Give feedback about the responses and how the consultation influenced the negotiation stance.

From this consideration, the overarching objective of the exercise was summarised as follows; *'To ensure that every potentially affected with-profits policyholder should have a range of easily accessible communications routes through which to have questions answered and for their views to be given to and considered by the Policyholder Advocate before substantive negotiations began.'* It was also considered that together with consultation a vital element of the communication effort was to explain this complex proposal in the most accessible language. Education about the nature of the with-profits industry formed a significant part of the process.

Although the consultation described below in the main had a finite period the Policyholder Advocate has made sure that she remains open to hearing the views of policyholders up to the point at which negotiations had to be concluded. These continued to be expressed through correspondence and the call centre operation which remained open throughout the period from appointment in November though to the date of this report. It is expected that the call centre will remain operation until the end of 2007 at which point all inquiries about the reattribution will be a responsibility solely for Norwich Union.

### **Preparing for the consultation**

Consultation cannot happen in isolation and it was necessary to develop a range of materials to inform policyholders about the proposed reattribution and the work of the Policyholder Advocate.

A letter and leaflet, as part of a wider mailing from Norwich Union, would be the first communication that policyholders would receive from the Policyholder Advocate

An important element of distinguishing the Policyholder Advocate's material from that of Norwich Union was the design of material and its branding. The office decided from the outset that it would seek distinctive branding. It employed an experienced designer to develop a logo as part of a suite of materials that could be applied to all the usual activities of an independent organisation.

The letter and leaflet were carefully drafted during the summer of 2006 and submitted to two rounds of consumer testing undertaken by a leading market

research company. It is worth recording that the material was kept as short as reasonably possible, not just for the sake of posting constraints but also as a result of research findings, which indicated the extent to which policyholders were prepared to accept written material in terms of length and depth of explanation. The material was tested in conjunction with Norwich Union correspondence so that the results would reflect the real life experience of policyholders. Considerable improvements were found between the two tests as lessons learned were applied. It must be accepted, however, that the material was still difficult for many policyholders as the subject matter was technical and unfamiliar. It was often not possible to find easier language to describe the process as this could in some cases become misleading.

In part this shortcoming was redressed by the development of a website that was designed with simplicity in mind and contained additional information, including a comprehensive glossary of terms. The website was designed to be compliant with level (3) of the Disability Discrimination Act 2005; it was also subjected to extensive usability testing in advance of its initial launch in June 2006. Similar testing was undertaken for the revised version which was launched on the appointment of the Policyholder Advocate in November 2006. While the website provided a helpful, flexible and extensive resource it was not a panacea. The Norwich Union policyholder age profile indicated that many were relatively elderly and therefore less likely to be active internet users. Additional information was provided by the recording of an interview with the Policyholder Advocate and her legal and actuarial advisers. This proved quite popular and altogether more than 1000 recordings on CD were requested by policyholders. The recording was also available as a download from the website.

The other vital elements in explaining matters to policyholders was the establishment of a help line capability in Chennai together with a correspondence section, staffed with Norwich union employees seconded to this office. The help line facility was established in a matter of just a few months and represents a great achievement by Jason Mullarkey, an expert seconded to us by Norwich Union for the duration of the project. A group of some 60 call centre agents was recruited and trained to address policyholder questions and to record their opinions. The effort required to set up this facility should not be underestimated and required the development of a full training programme in customer relationships as well as the subject matter itself. Overall the facility performed well and the details of the operation may be found at **Appendix 1**. It is particularly important to note the many positive comments made about the quality of service, which were compiled by a third party agency from direct contact with policyholders. Similarly the correspondence section was set up in a very few weeks and responded with similar enthusiasm and skill. It also developed exacting performance measures and the results can be found at **Appendix 2**. These also have been validated through survey questions sent to correspondents.

Consumer testing was applied to all the Policyholder Advocate communications including the June update mailing as well as the final summary report document.

### **Deliberative event**

The Policyholder Advocate wished to have an early understanding of the attitudes of policyholders to help inform the design of the public consultation exercise. This was achieved by organising a 'deliberative consultation'. Undertaken by Opinion Leader Research, which has particular expertise in this area and has run similar and larger scale work on behalf of government and public companies, the event took place in Central London in late November 2006.

Some 53 Norwich Union with-profit policyholders were recruited to take part in a full morning event in which their levels of understanding and attitudes to the proposed reattribution were recorded. The issues were explained, discussed in groups of 10 and then voted upon. The results may be found in **Appendix 3**.

The key findings were that:

- policyholders have varying levels of knowledge of their policies and some are very ill informed
- while written information can be useful to those who already have an interest, it may not be used by others
- lack of understanding and interest are potentially major barriers to engaging with the proposal and to voting
- there is also a significant suspicion of the financial services sector and its motives, which is likely to act as an additional disincentive
- as a result, as it currently stands a large proportion of policyholders may either not vote, or their decisions will not be well informed
- however, once informed, most are in favour of reattribution and there are clear preferences on how this should work.

This event was an important means of validating and refining the presentations that were given later in public meetings, as set out below.

### **Consultation methods**

#### Online and telephone survey

The idea of a survey with a section for comment had an open ended question for comment was immediately attractive. It offered a way of gaining information about the demographic composition of policyholders, as well as specifics about their attitude to risk and expectations from the process. Some questions were directed towards specific choices that could be made.

Consideration was given to providing each policyholder with a paper survey and a business reply envelope. The more this was examined the less attractive it became.

It was uncertain how many policyholders would respond, yet a mechanism would need to be put in place to cope with, potentially, more than a million returns. The implications in terms of cost were considerable. Moreover it would have added to an already heavy weight of material to be sent to policyholders at an early stage in the process.

There was great reluctance to lose the survey opportunity and thoughts moved to the possibility of using the internet as a primary route for collection. At the time of planning more than 65% of the UK population had access to the internet and it was felt that it was a perfectly viable way of conducting the survey. The market research company YouGov was chosen to lead this aspect of the work after a competitive process in which three companies participated.

The survey questions were developed prior to the appointment of the Policyholder Advocate and may be found in **Appendix 4**. This early development was essential as it was recognised that the timetable for the whole reattribution process was tight. It was important to allow at least 12 weeks for this survey to run, allowing time for analysis after the close and prior to negotiations. This indicated that the survey should be available to policyholders immediately on the announcement of the formal appointment of the Policyholder Advocate. By launching the survey immediately it was agreed that those policyholders who learned about the proposal in the media would be able to access it at once. It would also allow for those with access to the internet to become familiar with the system before they received their written material from Norwich Union and the policyholder Advocate. As a by-product it might also encourage policyholders to explore the website, which contained all the material that was in the information mailing, as well as supplementary material about the reattribution and the details of the Policyholder Advocate's office and personnel. This was desirable in its own right to give confidence to policyholders about those representing their interests in the negotiations.

The survey was operational between 21 November 2006, the day of the appointment of the Policyholder Advocate, and 28 February 2007. Altogether some 4500 policyholders completed the survey.

While the internet was a reasonable way to provide the survey for many policyholders it was not sufficient in itself. The policyholder age profile indicated that there was a large group of more elderly people who would be less likely to have adopted internet technology.

This was addressed by developing a telephone survey that could be operated though the call centre capability that was being developed to address policyholder questions. Callers could use an automated system or speak directly to an operator to complete the survey. Calls to the United Kingdom number were free of charge so that there would be no disincentive to

participate. The survey had to be designed differently to that online survey as it was thought that policyholders would be unlikely to spend a significant amount of time listening to spoken options and then being asked to choose numbers on the telephone keypad. That indicated a much shorter survey, but one that still captured important information. As with the online survey there was an opportunity at the end for policyholders to give general opinions. In both cases these verbatim opinions were transcribed and made available to the Office of the Policyholder Advocate. These are contained in **Appendix 5**.

Altogether some 1700 policyholders completed the telephone survey.

The main results of the survey were amalgamated to produce the key points below. The full report is at **Appendix 6** together with the PowerPoint presentation that was given to the Policyholder Advocate in April 2007.

### **Key Findings (commentary from YouGov)**

- Most policyholders surveyed had received the letter from Norwich Union and Clare Spottiswoode.
  - There were near identical levels of recall- 81% Norwich Union letter, 81% Clare Spottiswoode letter, 73% Norwich Union letter, 74% Clare Spottiswoode leaflet (16% none of these).
  - Recollection was generally higher among those holding the policy for less time than longer standing policyholders.
- Levels of understanding of the letters and leaflets were reasonable - 61% understood/ understood thoroughly Clare Spottiswoode's communication, 54% for the Norwich Union communication.
- The Clare Spottiswoode letter/ leaflet was treated more favourably than those from Norwich Union, although there was significant neutrality.
  - Clare Spottiswoode communication- 50% favourable/ very favourable (42% neither favourable nor unfavourable, 4% negative).
  - Norwich Union communication- 30% favourable/ very favourable (50% neither favourable nor unfavourable, 15% negative).
  - It should be noted that 57% of those favourable to Clare's leaflet and letter were also favourable to that from Norwich Union. However, 96% of those favourable to the Norwich Union's leaflet and letter were also favourable to Clare's leaflet and letter.
- Levels of understanding of the specific terms researched (retribution, inherited estate, distribution, smoothing, bonuses, Policyholder Advocate) were reasonable - on average about two-thirds of policyholders understood/ understood thoroughly the terms.

- There was no significant difference in levels of understanding between those receiving the Norwich Union leaflet and letter and those receiving the leaflet and letter from Clare.
- The majority of those responding would want to read more as a result of the communication received, and 92% would want to do something as a result (e.g. read more about it, consult a financial adviser).
- Nearly all respondents (97%) regarded Clare Spottiswoode's role as important (90% very important).
  - Even for those negative towards the letters and leaflets most view Clare's role as important.
- Most respondents were either very or fairly confident that they had been given sufficient ways to make their voice heard.
- Overall more policyholders thought the proposal to be a good idea (35%) than bad (8%), although the greatest number (41%) don't yet know enough to form an opinion.
  - Ready money would be twice as popular as extra bonus.
  - Few would want the opportunity to give to charity.
  - A general view was that longstanding policyholders should receive more.

These findings were considered together the results of votes taken at five of the six road show events.

The main points from the roadshows were:

- the most commonly held products were lump sum investments
- mortgage endowments were the second most commonly held products
- most attendees do not know a great deal about with profits policies. Only in London (14%) did more than one in ten claim to know 'a great deal'. In all five locations knowing 'a little bit' was the most common response.
- generally the most popular reason for having chosen a with-profits policy was 'recommendation'. In Cardiff the main reason was 'low risk/guarantees'.
- there was little support for extending eligibility to former policyholders
- there was low support for treating holders of mortgage endowment policies differently to other policyholders. Those voting against were 75 per cent in Birmingham, 66 per cent in London and 59 per cent in Belfast.

These results were helpful to the Policyholder Advocate as they identified key issues as seen by the policyholders. They were communicated to policyholders through a media release in May 2007 and through a summary of details sent as part of the June communication to keep policyholders up to date. All the results were posted on the website.

## **Roadshow consultation**

In considering how best to communicate with policyholders, the Policyholder Advocate believed that it was essential to undertake some public meetings. This would ensure that she was not seen as a remote, unapproachable figure. This willingness to engage directly with policyholders was important for other reasons. It was anticipated that some policyholders would question her independence from Norwich Union, not least because it was the company which identified Clare Spottiswoode as the Policyholder Advocate (albeit with the requirement that the appointment needed to be approved by the Financial Services Authority) and would be responsible for financially supporting her work. Among the first decisions taken by the Policyholder Advocate was that complete openness about these matters was in tune with her approach in the past and that the Office should make clear the financial support provided by Norwich Union as well as giving details of the size and form of her own remuneration. The decision to undertake open meetings was a further commitment to openness.

## Planning

Planning for the events was undertaken in the summer of 2006. This was essential given the long lead times required to undertake such events and the need for details to be provided in the letter and leaflet to be sent to policyholders once the project was formally announced.

## Locations

Norwich Union was able to advise us of concentrations of policyholders in main urban areas. In this basis it was decided that events should take place in Edinburgh, Cardiff, Birmingham, Belfast and London. In response to a number of complaints about the lack of an event in the north of the country, the London roadshow was recorded on video and DVD offered to all those who had registered their concern.

There is a small number of policyholders in the Republic of Ireland and in the first instance we had not intended to hold an event there. Subsequent discussions with the Irish regulatory authorities caused us to reconsider and an event was planned for Dublin.

## Timing

The timing of events was dictated by a number of factors:

- the communication to policyholders was spread over a number of weeks from 21 November - this was to ensure that communication did not generate unmanageable levels of traffic the call centre operations managed by Norwich Union and this Office
- policyholders would require time to consider the issues before deciding to attend a road show
- it would be unrealistic to expect policyholders to attend an event in the run up to Christmas
- it would be important not to allow too much time to pass between the communication and the events
- time would be available to cope with unanticipated levels of demand and the need to put on additional events
- the events needed to be set in a schedule where background work on the proposed reattribution was gathering pace

As a result dates were set in January and February. They were separated by a few days rather than concentrated so as to allow time to refine the presentations in the light of experience.

#### Registration and production

As there was no benchmark against which to estimate likely demand to attend the events a registration mechanism was established to keep a day by day check on numbers. This could be accessed through the Policyholder Advocate website as well as through the call centre. Judgements were made about likely numbers and it was felt reasonable to provide venues that could cope with 400 - 500 people. If this proved inadequate there was a provision to put on additional meetings on the same day and, in some cases, expand the capacity of the rooms. The numbers registering and attending are given in the table below.

The events were large scale and required appropriate staging, which was provided by The Production Bureau. The company was responsible for the stage set, lighting, sound and projection system. It also facilitated the provision of keypad voting systems which were used to gauge audience opinion on a variety of issues.

#### **Policyholder Meetings**

Event	No of Policyholders Registered	* Registered policyholders: Actual Attendance
<b>Edinburgh</b>	<b>242</b> (114 attended)	47% attendance rate
<b>Cardiff</b>	<b>260</b> (133 attended)	51% attendance rate
<b>Birmingham</b>	<b>432</b> (179 attended)	42% attendance rate
<b>Dublin</b>	<b>23</b> inc 2 FAs (19 attended)	83% attendance rate

<b>Belfast</b>	<b>144</b> (76 attended)	53% attendance rate
<b>London</b>	<b>710</b> (238 attended – poor weather)	34% attendance rate
<b>Average attendance rate</b>		<b>52%</b>

\* Percentage of attendees who attended the event in comparison with the number who registered

### The events

The events were designed to be informative and engaging, as well as providing adequate time for policyholders to put questions and give opinions.

The format included a welcome for the Policyholder Advocate, followed by some voting, after which came a presentation by the Office's research manager, Kate Anastasi. The Policyholder Advocate then outlined her approach to the reattribution before taking questions. The presentation changed only slightly from the first to the final event in London. The slides from the London event may be found at **Appendix 7**.

It was important to introduce a degree of formality to the question sessions. It was decided that it would be help to adopt the system common at annual general meetings whereby questions are written and questioners are invited to put their questions in person from the floor. Some policyholders objected to this procedure and acted independently, shouting questions or opinions.

The reason for the formality was:

- it was likely that many questions would cover similar ground – grouping them and inviting a representative question would allow more time for a wider range of issues
- some questions were particular to individual policyholders and would not have been of interest to the meeting as a whole
- some questions related to issues that were not the responsibility of the Policyholder Advocate – foremost among these were questions on Market Value Reductions, poor investment performance and the situation of those with underperforming endowment policies.

In respect of the latter point, it is worth recording that the meetings provided an outlet for frustration felt by some policyholders in respect of their relationship with Norwich Union. As events were undertaken the presenters were more able to anticipate the issues likely to arise and address them in various ways, for example, by putting greater emphasis on them in the presentations.

As will be seen from the attendance details given below, many more people registered for events than attended. The reasons for this varied from serious weather conditions on the day of the Edinburgh and London events, to an international football match in Belfast, to a postal delay in Dublin which meant that many policyholders had insufficient time to respond, to policyholders

forgetting about the events because they had registered many weeks prior to them taking place.

Overall, however, the events were appreciated and judged worth attending by the vast majority of policyholders. The Policyholder Advocate also found them extremely helpful and they were a good way of demonstrating accountability to those who she was to represent in the negotiations.

### Norwich Union Employees

Some Norwich Union employees are also policyholders and eligible to receive payments in respect of the reattribution. The Office was pleased to agree to a request from Norwich Union to speak to their employees about the work of the Policyholder Advocate aside from the more public meetings.

Both meetings preceded the public events and were helpful in understanding key issues to policyholders from an informed perspective. The details are given below.

### **Employee Events**

<b>Event</b>	<b>No of Policyholders Registered</b>	<b>* Registered policyholders: Actual Attendance</b>
<b>York</b>	<b>15</b> <i>(10 attended)</i>	<b>67%</b> attendance rate
<b>Perth</b>	<b>35</b> <i>(23 attended)</i>	<b>66%</b> attendance rate

*\* Percentage of attendees who attended the event in comparison with the number who registered*

### Consultation with other stakeholders and interested parties

During the course of the examination of the reattribution and the background to the with-profits industry to inform that work, the Policyholder Advocate has met with many organisations and individuals associated with it. Some of those concerned have given their views on conditions of confidentiality and that will be fully respected in this report. The Policyholder Advocate is grateful to all those who have given their time so generously to assist with this complex reattribution.

### The Financial Services Authority (FSA)

As well as having a part to play as the regulatory authority, the FSA has been consulted regularly to inform our understanding of the regulatory background. This has been particularly important in the light of the review of the with-profits industry that was undertaken following the AXA reattribution of 2000. This

review led to the writing of new Conduct of Business Rules. Further the FSA has introduced the concept of Treating Customers Fairly, which also has an important bearing on the Policyholder Advocate's approach to the reattribution.

Aside from the educational aspect to consultation, the FSA has been kept apprised of the progress of work since the nomination of the Policyholder Advocate in February 2006. Generally, progress meetings with the project team overseeing the Norwich Union reattribution have taken place at least once a month. The FSA has been sent all papers generated by this office and has been given the opportunity to comment on this report. We are grateful to the project team for its professional commitment to this process and to facilitating the work required.

#### Government departments

Scene setting meetings have been held with senior officials from Her Majesty's Treasury and the Government Actuaries Department. Similarly the Pensions Regulator was invited to consider any implications of the work of the Policyholder Advocate. Early discussions with the Financial Ombudsmen's office were undertaken to ensure that proper arrangements were in place to deal with any influx of mortgage endowment related cases.

#### Members of Parliament

While the reattribution has not become a matter of any political interest, it was felt appropriate to contact the Chairman of the Treasury Select Committee, Mr John McFall MP, and with representatives of Conservative and Liberal Democrat parties. Mr McFall expressed interest and was briefed about the scope of the work by the Policyholder Advocate.

Following a letter from a constituent the office was contacted by Dr Ian Gibson MP (Norwich North) and a briefing meeting took place. There has also been correspondence with Gisela Stuart MP (Birmingham, Edgbaston) and Harry Cohen MP (Leyton and Wanstead). Mr Nigel Waterston MP was represented at a meeting on 6 December 2006 (see below).

#### The Prism Group

At an early stage in the development of the Office of the Policyholder Advocate it was decided that it would be helpful for the Policyholder Advocate to set up an expert group to test emerging findings. The individuals concerned would not all be from the with-profits industry. They would look at matters from a new perspective and help separate out the different elements of the argument, in much the same way as a prism separates out colours of the light spectrum from light itself. The members of the group met on several occasions following the appointment of the Policyholder Advocate. Their careful analysis and counsel has been enormously helpful in this process; responsibility for the process remains entirely with the Policyholder Advocate.

The members of the group are:

#### Sir Alan Budd

Alan Budd has been Provost of Queen's College, since 1999. Before that he was a member of the Monetary Policy Committee of the Bank of England. From 1991 to 1997 he was Chief Economic Adviser to H M Treasury and Head of the Government Economic Service.

He graduated from the London School of Economics and has a PhD from Cambridge University. He has held academic posts at Southampton University, Carnegie-Mellon University, Pittsburgh, The London Business School and The University of New South Wales, Australia. He was a member of the Securities and Investments Board and was Group Economic Adviser to Barclays Bank. He was Deputy Chairman of the Economic Policy Committee of the OECD.

He was a founder member of the UK-Japan 2000 Group and is an executive member of World Economics and a Governor of the National Institute for Economic Research. He was Chairman of the Gambling Review Body and of the Blunkett Inquiry. He is Chairman of the Tax Law Review Committee and has recently chaired an Impartiality Review for the BBC. He was knighted in 1997.

#### Sir Bryan Carsberg

Having qualified as a chartered accountant, Sir Bryan Carsberg has had a distinguished academic career. He was professor of accounting and business finance and dean of the Faculty of Economic and Social Studies at Manchester University, before becoming professor of accounting at the London School of Economics from 1981 to 1984.

He has served in a number of high-profile positions in public office, including director-general of Oftel (the former telecommunications regulator) from 1984 to 1992, director-general of fair trading from 1992 to 1995 and secretary-general of the International Accounting Standards Committee from 1995 to 2001.

He received his knighthood in 1989. He is an honorary Fellow of the Institute of Actuaries. Sir Bryan Carsberg now holds the post of chairman of council at Loughborough University and was chairman of the Pensions Compensation Board from its inception until it was merged into the Pension Protection Fund. He is a non-executive director of RM plc, Novae Group plc and Inmarsat plc.

#### Bill Knight

Bill Knight is a solicitor. He is Chairman of the Financial Reporting Review Panel, Deputy Chairman of Council at Lloyd's and a Gambling Commissioner. He was formerly senior partner of Simmons & Simmons, Chairman of the Enforcement Committee of the General Insurance Standards Council and Chairman of the Law Society's Company Law Committee.

## Jeremy Goford

Jeremy Goford has nearly 30 years' experience as a consultant to life insurers as founder consultant, then Principal of Tillinghast Towers Perrin. As President of the Institute of Actuaries between 2002 and 2004, he led the profession during the Penrose enquiry and the start of the Morris Review. He is a non-executive director of Paternoster.

### Academic support

The office has been very fortunate in securing the support and advice of two leading academics in actuarial and insurance and risk management.

### The Financial Services Consumer Panel

Two meetings were held with the chairman, John Howard, and some of his colleagues to advise them of the issues arising from our work. The panel works to ensure that the FSA regulates the financial services industry in the UK in the interests of consumers. This means that it advises and monitors the FSA on all its policies and activities from an independent consumer point of view. It also reviews and comments on wider developments in financial services if it feels that consumers are losing out.

### The Association of Independent Financial Advisers (AIFA)

AIFA is the representative body for the IFA profession. It presents the collective view of its membership to the regulator and those policy makers who have an impact on the IFA market place and the business operation of IFAs. It is funded by its members and industry supporters, and is a not-for-profit organisation.

The Policyholder Advocate and her team have met AIFA representatives on a number of occasions to keep them up to date on progress and encourage their members to become familiar with the issues. We were most grateful to the Rt Hon John Gummer MP, chairman of the AIFA Council, for the opportunity to address their 18 January meeting to set out in detail the work of the Policyholder Advocate. More generally, AIFA officers, and in particular Fay Goddard, the deputy director general, have been most helpful in raising the profile of this office with the membership.

### Independent Financial Advisers Defence Union (IFADU)

This organisation, in its own words, describes its role as follows 'We aim to help IFAs fight regulatory injustice, (sic) this Adviser Defence Union is:

- Committed to protecting the interests of all Financial Advisers in the UK whether they are directly authorised or appointed representatives, in town or country, and in all areas of activity.

- At a wider level, aimed to promote the interests and defence of financial advisers in Parliament, in the media, and to the general public.’

During the course of the project there was contact between the IFADU and this Office on a number of occasions, culminating in a meeting between Mr Terence O’Halloran and the Director of Communications. The meeting provided an opportunity to explain to the IFADU the way the Policyholder Advocate was approaching her task. Mr O’Halloran pressed the case for the Policyholder Advocate to employ an Independent Financial Adviser as one of her consultants. The suggestion was not taken up.

### Independent Financial Advisers

At each of the road shows reported on in the previous chapter, the Policyholder Advocate met with IFAs during the course of the afternoon. We are grateful to those who gave up their time to meet us. The details are set out in the table below.

### Financial Adviser Meetings

Event	No of Financial Advisers Registered	* Registered IFAs: Actual Attendance
<b>Edinburgh</b>	<b>6</b> (4 attended)	67% attendance rate
<b>Cardiff</b>	<b>11</b> (8 attended)	73% attendance rate
<b>Birmingham</b>	<b>26</b> (16 attended)	62% attendance rate
<b>Dublin</b>	(2 included in policyholder figures)	
<b>Belfast</b>	<b>19</b> (4 attended)	21% attendance rate
<b>London</b>	<b>63</b> (11 attended)	17% attendance rate
<b>Average attendance rate</b>		<b>48%</b>

\* Percentage of attendees who attended the event in comparison with the number who registered

### London event – 12 January 2007

An event was held in London to inform senior members of firms in the financial services sector of the work of the Advocate. We are grateful to Mark Heberd and Steffan Kenward of Norwich Union who issued invitations on our behalf. The companies represented were: Barclays, Towry Law, Thinc Destiny, The Money Portal, Origen, Hewitt, Baker Tilly, Threesixty, BDO Stoy Hayward, Sesame, HSBC and In Partnership.

## General stakeholder meeting – 6 December 2006

This meeting was held in London to inform a range of other interested parties about the reattribution proposals. The organisations represented included Age Concern, The UK Social Investment Forum, The Government Actuary's department, Prudential plc, Legal and General, Co-operative Insurance Society, Heath Lambert Consulting (IFA), Tenet (IFA), and the Association of Consulting Actuaries. Mr Nigel Waterston MP was represented by a research assistant.

### Individuals

It is not possible to list all the individuals who have given us their view of the with-profits industry for reasons of confidentiality. Included in this category is a number of industry analysts who were kind enough to give their views about the sector and value of a range of outcomes to Aviva plc shareholders.

### Insurance companies

Discussions about general issues relating to the with profits industry have been held with Clive Cowdery of Resolution, Sir Mark Weinberg of St James's Place plc, and Ashok Gupta of Pearl Group Ltd. Mr Mark Wood, formerly of AXA, had a discussion with the Policyholder Advocate in his personal capacity.

### Consultancy firms

Cazalet Financial Consulting specialises in the provision of strategic and corporate finance advice as well as product development, training, analytical and data services to the life assurance, fund management and retail banking sectors. It has very broad and deep connections, formally interviewing at least once each year practically all heads of function of almost all UK life assurance companies (over 90 groups are covered).

The company's principal, Ned Cazalet, is an adviser to HM Treasury on matters relating to the UK life assurance fund and management industries. Cazalet Financial Consulting's client base includes a wide range of life offices, reinsurers, fund managers, banks, investment banks, actuarial and consultancy practices.

### Flower

Brian Hall, one of the three founding members of this consultancy, has assisted the Office on a number of occasions.

Mr Hall spent more than 30 years working for Sun Alliance/Royal Sun Alliance. Beginning in general insurance, he moved to the Sun Alliance Life business, leading its restructuring in the early 1990's and subsequently led the merger of the Sun Alliance and Royal businesses. Following the merger

he became Director of Strategy and Change. He ran the project to merge the non-profit and with-profit funds of the Sun Alliance and the Royal. After developing the More Than business he later became responsible for Mergers and Acquisitions and capital management, including the capital management of the UK Life businesses.

Which?

Several meetings have taken place with members of the Which? management team including the chief executive, the chief legal officer, the head of campaigns and the principal policy adviser ( financial services). Which? has campaigned over the with-profits industry for some years and was instrumental in highlighting the policyholder issues raised by reattributions during the AXA case of 2000.

The Office of the Policyholder Advocate has written to a number of organisations (see below) to give them the opportunity to express their interest if they felt that the reattribution might have an impact on their responsibilities.

Association of British Insurers

Financial Reporting Council

Corporation of Insurance and Financial Advisors

Institute of Actuaries

Age Concern England

Citizens' Advice Bureau

General Consumer Council for Northern Ireland

Help the Aged

National Consumer Council

Scottish Consumer Council

Welsh Consumer Council

The Pensions Management Institute

Personal Finance Society

Society of Pension Consultants

Chartered Institute of Management Accountants

Prime Minister's Policy Directorate

Associate of Accounting Technicians

The Institute of Chartered Accountants in England & Wales

A I G

British Insurance Brokers' Association

Accounting Standards Board

Consultative Committee of Accountancy Bodies

Generali

The Chartered Institute of Taxation

Citizens' Advice Scotland

The Guernsey Society of Chartered and Certified Accountants

Law Society

Director of the Pensions Institute

Government Actuary's Department

IFA Promotion's Head Office

National Association of Pension Funds

Chartered Insurance Institute

Association of Mortgage Intermediaries

Occupational Pensions Advisory Service

Mercer Human Resource Consulting

Lloyds

Royal Sun Alliance

Hiscox

Willis Group

Jardine Lloyd Thompson

Swiss Re

Old Mutual

HBOS plc

Engage Mutual Assurance

AEGON N.V.

Abbey National

AXA Sun Life

Children's Mutual

Friends Provident

Co-operative Insurance Society

NFU Mutual

Legal & General Group Plc

Scottish Widows

Prudential plc

Nottingham University Business School

The Association of Consulting Actuaries

Zurich

The Association of Friendly Societies

Association of Consulting Actuaries

Skandia House

Association of Authorised Public Accountants

Chartered Institute of Public Finance and Accountancy

UK Social Investment Forum

National Solicitors Network

International Dispute Resolution Centre

School of Mathematical and Computer Sciences

Actuarial Profession

Associate Dean of Cass Business School