



**AVIVA reattribution consultation
Summary of Research Findings prepared for**

Office of the Policyholder Advocate

by Paul Middleton

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1. Overview

Client

Office of the Policyholder Advocate

Project Title

Reattribution consultation

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2. Introduction

AVIVA is reviewing the reattribution of the inherited estate of two of its with-profits funds.

Under FSA rules one condition of the new (2005) regulations for reattribution is the appointment of an Independent Policyholder Advocate to represent policyholders. Clare Spottiswoode was nominated and approved for this role.

Although no decision has yet been taken a reattribution would affect about 1.1 million policyholders (about 1.4 million policies).

YouGov plc was commissioned to aid the Policyholder Advocate with a quantitative consultation exercise. This exercise took the form of an online questionnaire, with a link direct from the Policyholder Advocate's website- www.policyholderadvocate.org.

A separate questionnaire (an edited version of the online questionnaire) was administered to policyholders ringing the Policyholder Advocate's helpline.

The objective of the research was to:-

“Identify key issues for policyholders and gauge initial reaction to any outline scheme that is offered to them.”

More generally the research also sought to ascertain Policyholders' reactions to the communications surrounding the proposed reattribution.

3. Summary of Research Findings

i. Key Findings

- 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.

ii. Awareness of and use of the Portfolio Guide

“Norwich Union publishes a document called ‘Portfolio- Guide to investment in our With-Profits funds’ which explains the way in which each type of with-profits policy is managed.

When asked whether they had heard of the guide prior to reading the online questionnaire 24% answered yes, 76% answering no. The proportion who had heard of the guide prior to reading it was higher among those holding policies for less time. It was also higher among those who understood the leaflet and letter from Norwich Union and Clare Spottiswoode. Furthermore, of those saying that they were well informed about the way Norwich Union runs its with-profits policies 38% had heard of it, compared with just 14% of those who did not feel informed. Also, those who understood the Norwich Union and Clare Spottiswoode letter and leaflet were more likely to have heard of the Guide.

Usage levels were very low- just 16% of those who had heard of the Guide had ‘read it thoroughly.’ This equates to just 4% of all policyholders. Nevertheless, this group showed some evidence of a greater understanding of the letters and leaflets sent to them.

The Guide was generally seen as helpful (55%), although slightly more thought it confusing than easy to understand (21% vs. 17%).

iii. Recollection of the Norwich Union and Policyholder Advocate letters and leaflets

Recollection levels for the letters and leaflets were very similar.

- Letter from Norwich Union 81%
- Letter from Clare Spottiswoode 81%
- Leaflet from Clare Spottiswoode 74%
- Leaflet from Norwich Union 73%

Recall levels were universally higher among those respondents holding policies for less time. Elsewhere, there was little discrimination in the recall levels recorded.

There was little difference in the levels of understanding recorded for the different communications- 61% understanding of Clare Spottiswoode’s communication, 54% understanding of Norwich Union’s. There was a direct correlation between understanding and favourability levels.

Understanding levels were slightly higher among those holding policies for less time, and those having previously read the Portfolio guide.

In contrast respondents were significantly more favourable towards the communication from Clare Spottiswoode- 50% vs. 30% for the Norwich Union communication. Nevertheless, there was considerable neutrality towards both communications.

Of those favourable towards the Norwich Union communication 96% were favourable towards the Clare Spottiswoode communication. However, vice versa this proportion fell to 57%.

Respondents were asked for their comprehension levels for six specific terms- reattribution, inherited estate, distribution, smoothing, bonuses, and Policyholder Advocate. The proportion understanding/ understanding thoroughly ranged from 80% (Policyholder Advocate) to 57% (Reattribution). There was very little difference in levels of understanding by source of information (Norwich Union vs. Policyholder Advocate). Unsurprisingly, those understanding the communication are much more likely to understand the terms. For example, 85% of those understanding Clare Spottiswoode's letter and leaflet (78% Norwich Union) claim to understand/ understand thoroughly the term, 'Reattribution.' Similar uplifts were observed for the other terms, although 'Smoothing' is slightly less understood than the other terms (81%/ 84%).

iv. Policyholders' next steps- "having read the letters and leaflets..."

Having read the letters and leaflets from Norwich Union and Clare Spottiswoode nearly all policyholders would want to find out more about the proposal. The majority (58%) would want to read more about it, whilst one-in-three (33%) would discuss the proposal with their financial adviser. One-in-four (26%) would want to attend an event with Clare Spottiswoode, and 23% would discuss the proposal with their family. The Policyholder Advocate's helpline would be likely to receive more than double the number of calls that Norwich Union's helpline would receive (18% vs. 7%).

Those with a greater desire to read more were slightly more likely not to have understood the communication received from Norwich Union and Clare Spottiswoode. Those negative were slightly less likely to want to read more.

v. The importance of the Policyholder Advocate's role

There was overwhelming support for the role of the Policyholder Advocate- nearly all those responding thought the role was either very important (90%) or fairly important (7%). No one responding answered that the position's role was 'not at all important.'

Among those negative towards the leaflets and letters sent the Policyholder's role was still regarded as important. Of those negative towards the Norwich Union documentation 70% regarded the role as important. Among those negative towards the Policyholder Advocate documentation 70% nevertheless the role as important.

Respondents were asked about six specific responsibilities expected of Clare Spottiswoode, the Policyholder Advocate. That she...

- Explains the processes of reattribution and nature of the scheme for policyholders
- Demonstrates the independence of her position
- Consults widely with policyholders
- Negotiates the largest possible payout
- Takes into account the strength of your fund after the reorganisation when negotiating the amount of the payout

- Ensures that policyholders are as well protected after the reorganisation as they were before it

For each of the above the overwhelming majority (at least 84%) regarded it as a very important part of Clare's roles and responsibilities. Most importantly, 94% regard it as very important that Clare "ensures that policyholders are as well protected after the reorganisation as they were before it."

Most respondents (68%) said that they would like to be sent the full report that Clare is preparing. This figure varied little by sub-group e.g. age, gender, those understanding the documentation already sent, etc.

Again most respondents were confident (17% very, 60% fairly) that they had been given sufficient ways to make their voice heard by the people managing the process. Those understanding the documentation sent to them were more confident on this measure.

vi. Overall response to the proposal

Overall more policyholders were positive than negative about the proposal. However, the largest number (41%) claimed not to know enough yet to form an opinion. Just over one-in-three (35%) regarded the proposal positively, with just 8% negative. Male and older policyholders were most positive towards the proposal.

It should also be noted that comprehension levels lead to greater favourability. Of those who understood or understood thoroughly the proposal 44% were positive. This figure dropped to just 16% among those understanding no more than 'just a little.' The evidence, therefore, is that once policyholders believe they understand what is being proposed then there is far more positive feedback. However, as discussed, many need to know more before offering a view on the proposal.

If given a choice of any payout (ready money or extra bonus or bonuses) exactly half (50%) would go for the former, and exactly one-quarter (25%) would go for the latter. A further 22% did not know or did not mind at this stage. The 'ready money' option is more popular among those more positive towards what they have read. This suggests that the realisation that there may be 'something in it for me' makes the ready money option very attractive. Those not understanding fully what they have received and those reacting negatively towards the letters and leaflets are generally split equally between those wanting ready money and those wanting bonus funds.

Only 4% of those responding would like the option of donating any payment directly to a charity of their choice.

Just over half (52%) stated that long standing Norwich Union policyholders should receive a higher than average proportion of any payout money that may be available. Unsurprisingly the results here correlated strongly with length of time held (most valuable) policy.

Appendix One: Methodology

Online

An eConsultation questionnaire was administered via a link from the Policyholder Advocate's website (and from the Norwich Union website to the Policyholder Advocate's website).

YouGov designed and hosted the survey and reported back the findings.

The eConsultation period ('fieldwork period') was between the 21st November 2006 to the 28th February 2007.

Telephone

An edited version of the online questionnaire was administered by Norwich Union call centre operators.

Appendix Two: The questionnaires

Online version

PAGE 1

Base: All GB Adults

This survey is being conducted on behalf of the Policyholder Advocate by independent market researchers, YouGov. Please be assured that all results are treated in the strictest confidence, and will only be reported back in aggregate.

In this survey there is a glossary of terms on the screen to the left. If you place your mouse pointer over any of the terms in the sidebar on the left, you should see a short description of what is meant by that term.

How many Norwich Union (that is, policies invested in CGNU Life and Commercial Union Life Assurance Company) with-profits policies do you have in total? By “with-profits” we mean long-term investments provided by insurance companies. Policyholders pay premiums which are then put together in a pooled fund which is invested by the insurance company. Bonuses, which reflect the fund’s investment performance, are added regularly.

- None [route=0](#)
- Just one
- Two
- Three
- Four
- Five or more
- Don't know

PAGE 2

Base: All with NU W-P policy

If you have more than one with-profits policy, please think about this MOST VALUABLE policy when deciding how to reply for the remainder of the survey.

How long have you had your (most valuable) Norwich Union with-profits policy?

- Under a year
- Two years but less than five years
- Five years but less than ten years
- Ten years but less than twenty years
- Twenty years or longer
- Don't know

How long does this policy have to run? How long until it matures?

- Under a year

Two years but less than five years
Five years but less than ten years
Ten years but less than twenty years
Twenty years or longer (but not on death)
Indefinite/ upon death
Don't know

PAGE 3

Base: All with NU W-P policy

**Thinking back to when you took out your (most valuable) policy, what did you look for in that policy? What made you pick that one? [Please tick all that apply][CLEARLAST]. Please refer to the glossary of terms if you are unsure of any of the terms. MULTICODE
RANDOMISE**

Smoothing of investment returns
Guarantees
Death benefit
Potential high returns
Improving the mix of your investments
Recommendation (e.g. by IFA or bank)
The Norwich Union name
Specific kind of policy
Covered your unique situation (e.g. risky profession)
Other **FIXED**
None of these **FIXED**

How likely are you to take out/ buy another with-profits policy, either with Norwich Union or with another provider, in the next two years?

Very likely
Fairly likely
Not very likely
Not at all likely
Don't know

How well informed would you say you are about the way Norwich Union runs its with-profits policies?

Very well informed
Fairly well informed
Not very well informed
Not at all well informed
Don't know

Norwich Union publishes a document called 'Portfolio- Guide to investment in our With-Profits funds' which explains the way in which each type of with-profits policy is managed. (This is also known as the 'Consumer Friendly Principles and Practices of Financial Management').

Had you heard of this guide before reading this questionnaire?

Yes
No

routepage=6

PAGE 4

Base: All heard of 'Portfolio- Guide to investment in our With-Profit funds'

Have you read or looked at a copy of 'Portfolio- Guide to investment in our With-Profits funds'?

Have read it thoroughly

Have 'skim read' it

Have looked at a copy

Have seen it, but not read it

routepage=6

Have never seen a copy

routepage=6

Don't know

routepage=6

PAGE 5

Base: All READ 'Portfolio- Guide to investment in our With-Profits funds'

Which, if any, of these words and phrases would you use to describe the document 'Portfolio- Guide to investment in our With-Profits funds'? [Please tick all that apply][CLEARLAST]

MULTICODE

Helpful

Unhelpful

Confusing

Easy to understand

Well written

Badly written

None of these

PAGE 6

Base: All with NU W-P policy

You should receive by no later than 8 December TWO documents from Norwich Union: a LETTER introducing the proposal to reorganise some of its with-profits funds so that it can use the money more efficiently and a LEAFLET giving details of this proposal.

You should ALSO receive TWO documents from Clare Spottiswoode who is acting as Policyholder Advocate on this issue: a LETTER introducing Clare's role and a LEAFLET explaining the issues surrounding the planned reorganisation.

Which, if any, of these have you received? [Please tick all that apply][CLEARLAST]

MULTICODE

Letter from Norwich Union introducing the proposal

Leaflet from Norwich Union

Letter from Clare Spottiswoode introducing her role

Leaflet from Clare Spottiswoode

None of these

PAGE 7

Base: Those NOT received at least one document

Syntax: if [(p6q3=1) and (p6q3=2) and (p6q3=3) and (p6q3=4)] then routepage=8;

If you hold policies that are within the funds that Norwich Union is thinking about reorganising and it is after 8 December you should have received these four documents. If you have not received any or all of them please do call the (freephone) number 08000 566 399 (Republic of Ireland 1800 635059, International +44 (0) 208 945 0998).

These documents can then be re-sent to you.

Now routepage=14

PAGE 8

Base: All with NU W-P policy who have been informed by NU

Syntax: if not [(p6q3=1) or (p6q3=2)] then routepage=9;

Having read the letter and leaflet from Norwich Union how well do you feel you understand the proposal?

- Understand thoroughly
- Understand
- Understand a little
- Don't understand at all
- Don't know

And is your attitude to the letter and leaflet from Norwich Union...

- Very favourable
- Favourable
- Neither favourable nor negative
- Negative
- Very negative
- Don't know

PAGE 9

Base: All with NU W-P policy who have been informed by CS

Syntax: if not [(p6q3=3) or (p6q3=4)] then routepage=10;

Having read the letter and leaflet from Clare Spottiswoode how well do you feel you understand the proposal?

- Understand thoroughly
- Understand
- Understand a little
- Don't understand at all
- Don't know

And is your attitude to the letter and leaflet from Clare Spottiswoode...

Very favourable
Favourable
Neither favourable nor negative
Negative
Very negative
Don't know

PAGE 10

Base: All with NU W-P policy who have been informed by NU and/ or CS

Syntax: if not [(p6q3=1) or (p6q3=2) or (p6q3=3) or (p6q3=4)] then routepage=14;

Having read the letters and leaflets from Norwich Union and Clare Spottiswoode how much or how little do you feel you understand each of the following terms?

LICKERT GRID

'Reattribution'

Understand thoroughly
Understand
Understand a little
Don't understand at all
Don't know

'Inherited Estate'

Understand thoroughly
Understand
Understand a little
Don't understand at all
Don't know

'Distribution'

Understand thoroughly
Understand
Understand a little
Don't understand at all
Don't know

'Smoothing'

Understand thoroughly
Understand
Understand a little
Don't understand at all
Don't know

'Bonuses'

Understand thoroughly
Understand
Understand a little
Don't understand at all

Don't know

'Policyholder Advocate'

Understand thoroughly

Understand

Understand a little

Don't understand at all

Don't know

END GRID

Having read the letters and leaflets from Norwich Union and Clare Spottiswoode do you feel you want to... [Please tick all that apply][CLEARLAST].

MULTICODE

Read more about it

Discuss the proposal with your family

Discuss the proposal with friends

Discuss the proposal with an Independent Financial Adviser

Discuss the proposal with another professional (e.g. your Bank Manager)

Attend an event with Clare Spottiswoode

Telephone the Policyholder Advocate's helpline

Telephone Norwich Union helpline

Discuss this proposal online / in chatrooms

Discuss in some other way

None of these

PAGE 11

Base: All with NU W-P policy who have been informed by NU and/ or CS

How important is it that there is a Policyholder Advocate to represent the interest of policyholders?

Very important

Fairly important

Not very important

Not at all important

Don't know

How important is it to you that Clare Spottiswoode, the Policyholder Advocate...

LICKERT GRID

Explains the processes of reattribution and nature of the scheme for policyholders

Very important

Fairly important

Not very important

Not at all important

Don't know

Demonstrates the independence of her position

Very important
Fairly important
Not very important
Not at all important
Don't know

Consults widely with policyholders

Very important
Fairly important
Not very important
Not at all important
Don't know

Negotiates the largest possible payout

Very important
Fairly important
Not very important
Not at all important
Don't know

Takes into account the strength of your fund after the reorganisation when negotiating the amount of the payout

Very important
Fairly important
Not very important
Not at all important
Don't know

Ensures that policyholders are as well protected after the reorganisation as they were before it

Very important
Fairly important
Not very important
Not at all important
Don't know

END GRID

How, if at all, would you like to be informed about Clare Spottiswoode's work on behalf of Norwich Union policyholders? [Please tick all that apply][CLEARLAST].

MULTICODE

- I would like to be sent the full report she is preparing
- I would like to be able to join an online 'Q&A' session on her website
- I would like to attend a public meeting with Clare
- I would like to see interviews with Clare in the media
- I would like to be able to email/ write to Clare and receive prompt replies
- Other
- I do NOT feel any need to be kept informed about Clare Spottiswoode's work

Don't know

How confident are you that you have been given sufficient ways to make your voice heard by the people managing this process?

Very confident

Fairly confident

Not very confident

Not at all confident

Don't know

PAGE 12

Base: All with NU W-P policy who have been informed by NU and/ or CS

What is your overall view of the proposal that Norwich Union is making to carry out this reorganisation?

It is an excellent idea

It is a very good idea

It is a good idea

It is neither a good nor a bad idea

It is a bad idea

It is a very bad idea

It is a dreadful idea

I don't yet know enough to form an opinion on this

Don't know

PAGE 13

Base: All with NU W-P policy who have been informed by NU and/ or CS

If you had a choice of how any payout was given to you, would you want it as ready money or would you want it as an extra bonus/ bonuses to your policy/ policies?

Ready money

Extra bonus/ bonuses

Neither of these

Don't know/ don't mind

Would you like the option of donating any payment directly to a charity of your choice?

Yes

No

Don't know/ don't mind

Which, if any, of the following policyholders should be given a higher than average proportion of any payout money that may be available? [Please tick all that apply][CLEARLAST].

MULTICODE

Those with likely mortgage endowment shortfalls

Long standing Norwich Union policyholders

Those with a higher than average fund value

Those with longer left to run of their (main) policy

None of the above

PAGE 14

Base: All with NU W-P policy

Finally a few questions to help us classify your responses. Again, please be assured that these questions are only asked to help us classify all the responses that are received.

Which of the following newspaper personal finance sections/ articles do you read regularly? [Please tick all that apply][CLEARLAST]

MULTICODE

- Daily Express
- Daily Mail
- Daily Mirror
- Daily Star
- Daily Telegraph
- Financial Times
- The Guardian
- The Independent
- The Sun
- The Times
- The Business
- Daily Star on Sunday
- Independent on Sunday
- Mail on Sunday
- News of the World
- The Observer
- Sunday Express
- Sunday Mirror
- Sunday People
- Sunday Telegraph
- Sunday Times
- Evening Standard
- Other local/ regional newspaper
- None of these

Which of the following magazines do you read regularly? [Please tick all that apply][CLEARLAST]

MULTICODE

- The Economist
- Financial Adviser
- Investment Adviser
- Investment Week
- Investors Chronicle
- Money Management
- Money Marketing
- New Model Adviser

Pensions Management
Professional Adviser
Professional Pensions
Retirement Adviser
None of these

Are you?

Male
Female

How old are you?

Under 25
25 to 34
35 to 44
45 to 54
55 to 64
65 plus

Are you?

Single
Married/ civil partnership
Co-habiting
Separated (after being married)
Divorced
Widowed

Are you a shareholder of Aviva, Norwich Union's parent company?

Yes
No
Don't know

Thank you for helping us with this survey. If you have anything else you would like us to know before we begin to negotiate with Norwich Union, please tell us now.

Text- unvalidated.

END

Telephone version

PAGE 1

Base: All GB Adults

This survey is being conducted on behalf of the Policyholder Advocate by independent market researchers, YouGov. Please be assured that all results are treated in the strictest confidence, and will only be reported back in aggregate.

How many Norwich Union (that is, policies invested in CGNU Life and Commercial Union Life Assurance Company) with-profits policies do you have in total? By “with profits” we mean long-term investments provided by insurance companies. Policyholders pay premiums which are then put together in a pooled fund which is invested by the insurance company. Bonuses, which reflect the fund’s investment performance, are added regularly.

- None [routepage=0](#)
- Just one
- Two
- Three
- Four
- Five or more
- Don't know

PAGE 2

Base: All with NU W-P policy

You should have received FOUR documents, TWO each from Norwich Union and the Policyholder Advocate. Having read them how much or how little do you feel you understand each of the following terms?

LICKERT GRID

‘Reattribution’

- Understand thoroughly
- Understand
- Understand a little
- Don't understand at all
- Don't know

‘Inherited Estate’

- Understand thoroughly
- Understand
- Understand a little
- Don't understand at all
- Don't know

‘Distribution’

- Understand thoroughly
- Understand
- Understand a little
- Don't understand at all
- Don't know

END GRID

PAGE 3

Base: All with NU W-P policy

What is your overall view of the proposal that Norwich Union is making to carry out this reorganisation?

- It is an excellent idea
- It is a very good idea
- It is a good idea
- It is neither a good nor a bad idea
- It is a bad idea
- It is a very bad idea
- It is a dreadful idea
- I don't yet know enough to form an opinion on this
- Don't know

PAGE 4

Base: All with NU W-P policy

If you had a choice of how any payout was given to you, would you want it as ready money or would you want it as an extra bonus/ bonuses to your policy/ policies?

- Ready money
- Extra bonus/ bonuses
- Neither of these
- Don't know/ don't mind

PAGE 5

Base: All with NU W-P policy

Finally a few questions to help us classify your responses. Again, please be assured that these questions are only asked to help us classify all the responses that are received.

Are you?

- Male
- Female

How old are you?

- Under 25
- 25 to 34
- 35 to 44
- 45 to 54
- 55 to 64
- 65 plus

Are you?

- Single
- Married/ civil partnership
- Co-habiting
- Separated (after being married)
- Divorced
- Widowed

Are you a shareholder of Aviva, Norwich Union's parent company?

Yes

No

Don't know

Thank you for helping us with this survey. If you have anything else you would like us to know before we begin to negotiate with Norwich Union, please tell us now.

Text- unvalidated.

END