



Meeting the customers' needs by putting them at the heart of our industry

Customer Impact Scheme

Annual Report 2006



Dear customer

Pearl is fully committed to improving service and products for our customers and, to underline this commitment, we are delighted to have joined the ABI (Association of British Insurers) Customer Impact Scheme.



Jonathan S Moss
Managing Director, Pearl Life

As part of the Scheme, which was launched by the ABI last year to help improve the experience for customers of the life, pensions and investment industry, Pearl recently took part in a survey which asked our customers to rate various aspects of our service and product offering.

The results have enabled us to better understand your needs and have also identified a number of specific areas where work needs to be done.

I would like to give you a quick overview of the factors that may have impacted our customer service and product offering in the past, and the actions now being taken to improve our performance in these areas.

A little history

From 2002 to 2005, Pearl Assurance had to respond to a period of very difficult and challenging economic circumstances which resulted in the company ceasing to sell new policies, closing its sales force and local administration offices, implementing a severe cost cutting programme and altering the investment strategy of its with profits fund.

Whilst these actions were all necessary at the time to protect the security of future payments under your policies, we also recognise that they have had a detrimental effect on customer service. This is reflected in the survey results and we are now even more determined to continue the steps we are taking to improve our service to you.

The situation today

Today, Pearl is in a far healthier position with a revitalised investment strategy, strong solvency and improving administration. Our first priority has been to improve investment returns and, to address this, we have invested heavily in the establishment of an industry-leading investment team who are charged with improving financial returns for policyholders. I believe this must remain our primary objective.

We are also implementing a significant programme of initiatives to improve our product performance and customer service. However, from the results of this survey it's clear we have more work to do in improving customer service. Our plans in this area are set out within this leaflet. We will continue to monitor service levels, track our progress and will report back in a year's time.

In summary, as an organisation, we are focused on providing you with the best possible returns and financial security. We are also committed to keeping you well informed about your products and investments.

My sincere thanks goes to all who took the time to participate in the ABI Customer Impact Survey. Your relationship and loyalty is very important to us and you have my personal commitment we will continue to work hard to improve our product performance and the service you receive.



The Customer Impact Scheme – our commitment to you

Pearl joined the ABI's Customer Impact Scheme in 2006. By doing so, we have made an undertaking to put you, our customers, at the heart of our thinking for the whole of your relationship with us. Our three core commitments to you, as identified by the ABI, are:

- To develop and promote products and services which meet your needs.
- To provide you with clear information and good service when you buy products *
- To maintain appropriate and effective relationships with you and to provide you with good service after you've bought a product from us.

** Note that Pearl Assurance no longer sells new life or pensions policies, However, we remain committed to providing you with clear information and good service standards for the products you have bought from us.*

About the survey

Pearl participated in the Customer Impact Survey for the first time in November 2006, along with 31 other companies which together represent around 85% of the pensions, protection and investment industry¹. The survey covered our performance, how we handle complaints, how we communicate with you and your views on our customer service.

Survey results

The results of the survey indicate our customers have confidence and trust in the Pearl brand. We perform in line with the industry on claims, complaints and payment handling but fall short on product performance, product choice and communication.



¹Information quoted from the ABI industry report available at www.abi.org.uk.

Product performance and choice

The survey showed that our customers view 'return on investment' least favourably and are also dissatisfied with a number of product attributes - specifically, choice and flexibility.

Customer service and communication

Communicating with you

The survey reveals Pearl performs poorly on the clarity and frequency of written communication (specifically our annual statements), ease of getting through to the right person within our Customer Service Centre and our ability to resolve issues in one call.

In addition, many of you have mentioned there has been limited or no communication from us other than through the annual statement process. Information on product offerings has not been made widely available and is often difficult to understand because of the complexity of products.

Claims, complaints and payment handling

The survey reveals that we are performing in line with the industry on claims, complaints and payment handling. However, we would like to achieve a higher level of service on complaint handling and are making this area a top priority for us.

Our commitment to you

Whilst some of the issues reflect the aftermath of market performance for 2001 and 2002, we recognise this has been an area of weakness for us.

Investment returns over recent years have dampened the returns on our policies. We are seeking to address this by adopting a new investment strategy and have invested heavily in building a leading edge specialist investment team (Axial Investment Management Ltd) which is specifically focused on managing Pearl's assets.

These steps have seen positive results in the last year or so with the EBR (Equity Backing Ratio) increasing from 25% 18 months ago to the current 50%. More recently, Pearl has announced the distribution of £500 million of excess assets held in the with-profits fund which will also boost with-profit policyholder payouts over time.

Our commitment to you

We know we get things wrong from time to time, and have listened to your comments. We recognise the need to ensure on an ongoing basis our products are performing as described and that you have up-to-date information about the likely prospects.

We are currently reviewing the way we communicate with customers and financial advisers. This will ensure we are providing all the necessary information in a clear and consistent way so you and your adviser can make informed choices about your policy.

We are also overhauling the technology and administration systems used by our Customer Service teams. Once completed, our staff will be better informed, have easier access to information and will be able to deal with your service requests more efficiently.



Our commitment to you

Towards the end of 2006, we reviewed our complaint handling processes against the ABI Complaint Handling Good Practice guide. Some measures have already been implemented including staff awareness and training programmes, and improvements to internal procedures to enhance our overall quality control. Early feedback on the new procedures is extremely positive and we are confident that satisfaction levels will continue to increase as the new processes and training are embedded.

PEARL

**customer
impact**

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