

NFU Mutual

ABI Customer Impact Scheme



NFU Mutual

ABI Customer Impact Scheme

Since its inception in 2006 NFU Mutual has taken part in all the Association of British Insurers (ABI) Customer Impact Scheme surveys. The scheme forms part of the Life Industry's commitment to improve customers' experiences and to be held accountable for its performance.

NFU Mutual was again one of the 35 participating companies and continues to support the ABI's initiative to ensure that the needs of customers are at the core of the way our business is run. 682 of you, our NFU Mutual customers, took part in the latest survey – conducted by independent research company ORC International – it revealed what you think of us and highlighted ways in which we can improve our offering to you.

Our customers' views were collected on:

- Aspects of companies' products
- Quality of customer service
- Clarity of communication
- Customers' perception of their long term relationship with the industry.

We are pleased to report that in the majority of categories, NFU Mutual has performed very favourably, and in many cases, well above the industry average.

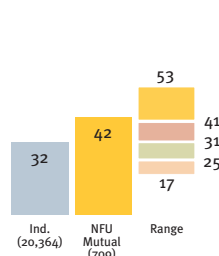
To track our overall progress we have looked to compare results year on year, having participated in four surveys this allows us to identify any emerging trends and explore the reasons for changes year on year.

Customer commitments

The Customer Impact Scheme centres on three main commitments; factors that the industry has determined as key areas of focus. These are at the core of the ABI's Customer Impact Scheme. For two of the three Customer Commitment Indices, ("Developing Products and Services to Meet Customer Needs" and "Maintaining Relationships and Providing Good Service Post Sale"), NFU Mutual outperformed the industry and peer group averages and holds a top quartile position.

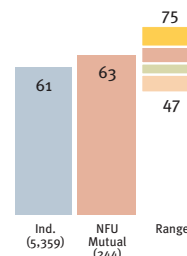
In the latest survey we showed an improvement from last year in Customer Commitment two ("Clear Information and Good Service at Point of Sale"), moving up into the second quartile. This reflects the work that we have undertaken around the Sales Process to improve ease of contact and the overall experience of our customers at point of sale.

Develop and promote products and services which meet the needs of our customers



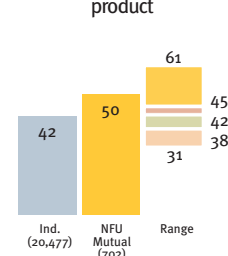
Maintained Top Quartile position

Provide customers with clear information and good service when they buy products



Up from 3rd to 2nd Quartile position

Maintaining appropriate and effective relationships with customers, providing them with a good service after they have bought a product



Maintained Top Quartile position

Customer Impact index

Along with the three Customer Commitments, the scheme also collates results from the questions relating to satisfaction and advocacy, to form a Customer Impact Index score. This year NFU Mutual achieved a score of 69% thereby maintaining a top quartile position and also achieving this year's top score.

Customers remain our greatest advocates

As with last year, customer perception of the NFU Mutual brand, products and services was high and well above the industry average. Although we have experienced a slight decrease in our scores year on year, we remained top quartile with 74% of our customers saying they would be 'extremely' or 'very likely' to recommend us, compared to an industry average of 53 per cent.

Flexible products tailored to our customers' needs

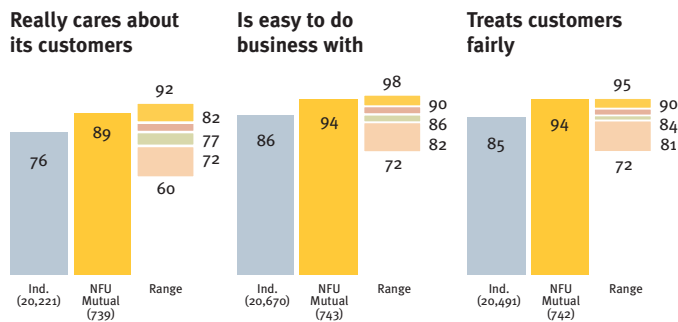
Just over half of our customers (53%) rated their life, pensions or savings product as 'very good' or 'excellent'. This is slightly up on last year's score, the key area of improvement being "managing expectations in relation to potential return on investments". Consequently NFU Mutual still retained a top quartile slot and higher than the 41 per cent industry average. We recognise however, that there is still a significant opportunity to further improve our rating in this area.

Customers remain central to all we do

Results from this year's survey continue to confirm that you, our customers, recognise the efforts we make to place you at the heart of all we do. 94 per cent of our customers agreed that we were "easy to do business with" and that we "treat customers fairly". We did however, record a reduction in scores for these factors and in particular this year only 89 per cent (down 4 points) of you agreed that we "really care about customers", this was driven by lower

scores largely from our Claims & Payments customers and stemmed from the bedding in of new processes. We recognise there are two key areas to improve: “Communication during the process” and “Speed with which payment is agreed”.

A summary of our performance is shown below.

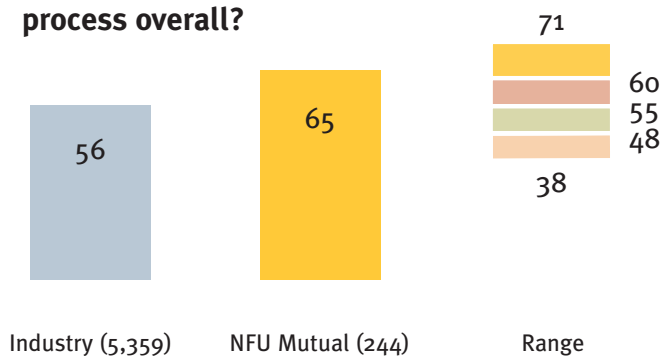


Customer Service Centre

Our scores for the Customer Service Centre have improved slightly on last year, with a 2% improvement to 67% satisfaction. In particular the staff in the Customer Service Centre were rated in the top quartile for “being courteous and professional” (with a score of 72% compared to the industry average of 61%) and having “appropriate knowledge” (with a score of 62% compared to the average of 50%). 63% of customers also praised the Service Centre for the “ease of getting through”, a higher score than the 48 per cent industry average.

Last year we were able to report an improvement in Claims and Payment handling, achieving a top quartile position. Whilst we maintained this position in the latest survey it is disappointing that our performance deteriorated by 6 percentage points and as previously mentioned, this is clearly an area to focus on and improve.

How would you rate the sales process overall?



Our ratings for the Sales Process have made significant improvement across all areas this year, with a 9% increase overall. Driving this improvement were the key factors “Clarity of information”, up 4% on last year and “Payment Handling” making a slight improvement from last year.

Respondents satisfaction with the Sales Person/Advisor who sold them their policy has improved a great deal this year, with a 7 point increase (81%) moving us into the first

quartile. The main area of improvement being “Following up after the sale was complete” (up 13% on last year), there were also key improvements for, “Doing what they said they would” (up 7%), “Understanding your needs” (up 7%), and “Being easy to contact”(up 5%).

Developing our communications

We have seen improvements across the board for our rating of Statements and Personalised letters. These improvements are around “where applicable prompting to take action”, “relevance to you” and “clarity”. All our scores increased slightly and we remained higher than the industry average and within the top quartile. This reflects our efforts highlighted in last years report to review and improve our Annual Statements and apply Plain English Standards to Customer Letters. This work will continue throughout 2010 and into 2011.

Why our Mutual heritage matters

Once again, the ABI Customer Impact Survey has acknowledged a very positive response from our customers and also highlighted areas of potential improvement. NFU Mutual has consistently outperformed the industry average across a large number of categories. We achieved the top score for the Customer Impact Index (Satisfaction and Advocacy) and top quartile scores for a large number of attributes including, “Cares about Customers” and “Treats Customers Fairly”. This is extremely pleasing and reinforces the major benefit of being a Mutual – our strong focus upon, and commitment to, our customers.

Our Philosophy has remained the same since NFU Mutual was established in 1910: To provide our customers with the Insurance, Pensions and Investments they need, at a fair price, with a first class service.

The value we place on the ABI Customer Impact Survey

The improvements that were made following last year’s results, and the enhancements that we are currently implementing for 2010 and beyond, all demonstrate the value that we continue to place on the ABI’s initiative and use of these ratings to shape and guide our business.

Overall we were pleased with this year’s results of the Customer Impact Survey and believe it provides a valuable insight into how you feel we run the business. We have a strong business base from which we are committed to develop and improve for the benefit of both existing and future policyholders.

Acting on the results of last year’s survey

The improvements achieved in this year’s survey reflect the enhancements that we have made to systems, processes and training over the past 24 months. As we committed to last year, we reviewed how we explain our Sales process to customers and majored on the key elements highlighted in the ABI Customer Impact Scheme. We tested a new Fact Find and placed greater emphasis on “understanding your needs”, “deliver on our commitments” and our “follow up

post sale". To help our customers understand our Sales Process we now use a 'Guide to our Service' leaflet at both Point of Sale and After Sale and this is now firmly embedded. We continue to revise this guide in line with the improvements we make to our Sales Process.

We are continuing with our programme of improving our Fact Finding process and have tested a number of new documents with customers to reflect our approach. Our objective to improve the level of personalisation in post sale letters is nearing completion and new systems will be introduced this year. Our performance around "maintaining contact with customers" reflects the investments we continue to make in our Life Retention Unit, which is now in its second year of operation. One area of real customer value stems from where our Retention Team remind customers about the important benefits which are included in their existing contracts, so they can make more informed judgements.

We have introduced enhanced call routing across our Customer Enquiry and New Business teams to ensure we improve 'ease of getting through', as well as improving the handling of first time payments through a review of the way we set up and collect Direct Debits. Pleasingly these have begun to be recognised as evidenced by the improvement in our scores in the latest survey.

In 2009 we introduced new Claims and Payments processes and achieved an increase in the overall number of Customers paid out within 5 days (although there is clearly more work to be done in the area of Pension Payments).

Throughout 2009 we continued to grow the number of Financial Consultants and Corporate Financial Consultants thereby providing customers with increased access to advice and guidance. More of our Agents offices now have dedicated Life Coordinators to help Customers arrange appointments and obtain information.

As committed to in last year's report, in the area of written communications we have continued to make Plain English revisions to Statements and during 2009 our OEIC (Open Ended Investment Company), Stocks and Shares ISA and Stakeholder Pension plans were revised.

What we will do next

In response to the ABI's latest survey, we propose to review our Claims and Payments handling particularly those associated with Pensions. The reduction in our score for speed of payment for Pensions reflects our move to encourage more customers to follow an advised process. This lengthened the process and initially caused some delays earlier in the year, which improved in the second half. Across 2009 we have been able to double the proportion of pension customers receiving help and advice (from 33% to 61%) which is a positive outcome.

We recognise that whilst this is a better outcome for customers we need to improve the timeliness of communication across the new process as well as improving and streamlining the overall speed of payment.

Further work is planned around Pensions and this will utilise and follow the ABI's latest Statement of Good Practice. We plan to consider extending the guarantee on our Pension illustrations from 4 to 6 weeks. This will allow us to issue a guaranteed quote in writing 6 weeks prior to a customer's retirement.

A core theme for 2010 will be on our ability to provide faster payments to customers across the whole product range. This will build on the successful trials of settlements by telephone as an alternative to our traditional paper based approach.

To help our customers understanding and to know what to expect regarding payments we will look to improve communication around our policy on Terminal Bonuses and in particular how we apply smoothing of returns on With Profit policies.

To monitor improvements we will use detailed root cause analysis on complaints as well as more regular surveys of our Call Centre, Claims Teams and New Applications process.

We will continue to make Plain English Revisions to Statements and revisions to the statements for Personal Pension plans will be completed later this year.

We have embarked upon a programme to transform our Life business and this will determine and drive the longer term developments around distribution and customer segmentation. This gives us the opportunity to reshape our Customer Contact Strategy through looking at new channels to complement our Financial Consultants working face to face.

We continue to carry out a substantial amount of customer panel testing for our products, services and communications. Specific examples include the introduction of dedicated surveys around: payments; complaint satisfaction; new literature; proposed investment products and statements.

We also undertake a wide range of customer surveys and our executive team regularly take the opportunity to meet customers face to face, to hear your views first hand and ensure we are meeting your needs. As with previous surveys the ratings and results from our participation in the ABI Customer Impact Scheme are communicated to all staff across our business. This means that your comments and views enable all of us to understand which areas of our business are working for you and those areas we need to work on.

We would like to take this opportunity to thank all of you who took part in the survey for your honest and insightful comments and for the hundreds of thousands of you who maintain your relationship and continue to support NFU Mutual year after year.

www.nfumutual.co.uk

NFU Mutual is The National Farmers Union Mutual Insurance Society Limited (No. 111982).
Registered in England. Registered Office: Tiddington Road, Stratford upon Avon, Warwickshire CV37 7BJ.
Authorised and regulated by the Financial Services Authority.
A member of the Association of British Insurers.