



Victoria McLoughlin  
Financial Conduct Authority  
25 The North Colonnade  
Canary Wharf  
London E14 5HS

20 November 2017

Dear Victoria,

**AFM Response to FCA Occasional Paper 31: Ageing Population and Financial Services**

1. I am writing in response to this consultation paper, on behalf of the Association of Financial Mutuals. The objectives we seek from our response are to:
  - comment on the paper and set out work we are undertaking with our members.
2. The Association of Financial Mutuals (AFM) represents insurance and healthcare providers that are owned by their customers, or which are established to serve a defined community (on a not for profit basis). Between them, mutual insurers manage the savings, pensions, protection and healthcare needs of over 30 million people in the UK and Ireland, collect annual premium income of £16.4 billion, and employ nearly 30,000 staff<sup>1</sup>.
3. The nature of their ownership and the consequently lower prices, higher returns or better service that typically results, make mutuals accessible and attractive to consumers, and have been recognised by Parliament as worthy of continued support and promotion. In particular, FCA and PRA are required to analyse whether new rules impose any significantly different consequences for mutual businesses<sup>2</sup>.

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<sup>1</sup> ICMIF, <http://www.icmif.org/global-mutual-market-share-2013>

<sup>2</sup> Financial Services Act 2012, section 138 K: <http://www.legislation.gov.uk/ukpga/2012/21/section/24/enacted>

4. In addition, the Bank of England and Financial Services Act 2016 now provides an additional Diversity clause for FiSMA, to require the PRA and FCA to take account of corporate diversity and the mutual business model in all aspects of their work<sup>3</sup>.
5. We value the work FCA is doing on vulnerable and ageing customers. These are topics for which the prompt by FCA has been welcomed by financial services firms, and we recognise within your analysis the opportunity to improve support to vulnerable and elderly customers.
6. The focus on this Occasional Paper is more tailored to banking, but the kinds of issues raised are similar in insurance and healthcare, where our members are active. The profile of customers of our member companies typically includes a higher proportion of more vulnerable customers than for larger insurers, due to the nature of the products, which are more accessible to a wider range of consumers. Our members also boast higher levels of loyalty, and therefore have a long tail of customers retaining products into old age.
7. Our commitment as a trade body and in support of members to improving customer outcomes in this area has been centred on working with a boutique marketing communications agency called Let's Talk Ageing<sup>4</sup>. With their help, we are in the process of delivering a series of half-day workshops on "Working with Vulnerable and Elderly Customers", with attendance from a range of marketing and customer-facing staff in our member companies.
8. So far the seminars have been run at full capacity, and have succeeded in getting our members to consider more thoroughly how they can improve delivery. I attach an overview of the workshop, and we would be very pleased to share the full presentation if that would be of interest. Each session ends with an opportunity for attendees to identify the opportunities within their business to improve the expectations of vulnerable and ageing consumers. We have been impressed by the depth of thinking by members on the areas they plan to explore further.
9. We have also begun to collect some informative case studies during the course of the workshops, about actions that our members are actively delivering, including:
  - a. National Friendly has developed an innovative Assisted Living insurance policy, to help people to continue living independently

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<sup>3</sup> <http://www.legislation.gov.uk/ukpga/2016/14/section/20/enacted>

<sup>4</sup> <http://letstalkageing.co.uk>

in later life: <https://nationalfriendly.co.uk/products-services/late-life-care/assisted-living-insurance/>

- b. British Friendly has refined its income protection products and signed up to the Protection Distributors Group's funeral payment pledge, to help customers, including elderly people, cope with bereavement:  
<https://www.ftadviser.com/protection/2017/07/25/british-friendly-makes-funeral-payment-pledge/>
- c. Exeter Friendly has launched a Managed Life policy with insurance specifically designed for people with health conditions including Type 2 diabetes or a high BMI: <https://www.the-exeter.com/life-cover.html>.

10. We were interested in the discussion in the paper about third party access to accounts. Where our members have explored the possibility of providing access to family members when someone is temporarily incapacitated and does not have a power of attorney, the general conclusion has been the risks of data protection infringement tend to outweigh the benefits. We are hoping to raise these issues further with members, and have contacted the Information Commissioner's Office, albeit as their resources appear very stretched we have not been able as a sector to develop meaningful engagement (despite the suggestion in the paper that this would be a productive route to take). Any further insight from FCA would therefore be very welcome, particular in exploring examples outside of banking.

11. We would welcome the opportunity to discuss further the issues raised by our response.

Yours sincerely,



Chief Executive  
Association of Financial Mutuals

## EXECUTIVE WORKSHOP SUMMARY

Supporting **YOU** to **CONNECT & ENGAGE** more intelligently  
with your **Older & Vulnerable Customers**



AFM has teamed up with Let's Talk Ageing, a new AFM Associate Member, who specialises in supporting organisations to become better informed about the Older & Vulnerable customer, to deliver a series of four strategically-located workshops around the UK, during Q4, 2017.

Each workshop objective is to encourage as many AFM members to participate, with a goal for up to 75 delegates to attend the workshops - representing a wide range of resource including management, marketing, sales, customer service, underwriting and compliance.

The rationale for the workshops is based on growing FCA concern about how the Financial Services industry are engaging currently and in the future with their Older and Vulnerable customers.

### Workshop Methodology

The Workshop lasts for approx. 3 hours and is split into 5 interactive sessions, facilitated by Let's Talk Ageing:



#### Older Consumer Insight

With a rapidly ageing UK population, (with 15,000,000 are now aged over 60), this introductory section highlights many of the key demographics facts & figures about the Older consumer, including the Elderly. The section discusses the many cohort groups which exist within this audience as well as looking at wealth, pensions, employment, property, health, political views, lifestyle & wellbeing.



### **Ageing Impact**

It's important to understand the impact of Ageing and the effect it has on the Older consumer, including the Elderly. This section is aimed at enlightening delegates on the physiological, cognitive and behavioural aspects of growing older and discusses areas such as sight loss, hearing, memory loss, anxiety, dexterity, mobility challenges and attitudinal behaviour.



### **Vulnerable Customers**

To reflect FCA attention on vulnerable customers, this section focusses on meeting the needs of vulnerable consumers and recognises the variety of types of vulnerable customers that the Financial Services industry encounters, and the consequences for products and how these customers should be serviced. The section looks at specific communication channels and considers examples of 'best and worst' in class.



### **Communication Essentials**

Communicating to the Older consumer is highly complex. This section is geared towards giving delegates key pointers on how best to communicate to this audience, taking into consideration their preferred communication channels, messaging, colour, use of imagery, copy style, tone of voice, form layout and response mechanisms.



### **Team Exercise**

The last section is a Team Exercise aimed at tasking the delegates to work in groups to consider ways to improve their organisations working relationship with their Older & Vulnerable Customers. Each team will present back their ideas which will be documented and be made available for distribution.

### **Summary Objectives**

All delegates who attend a workshop will have enhanced insight about the Older & Vulnerable consumer, which hopefully will enable them to consider/recommend improvements to existing current processes, products, services and communications – all geared towards engaging more effectively with this audience.