

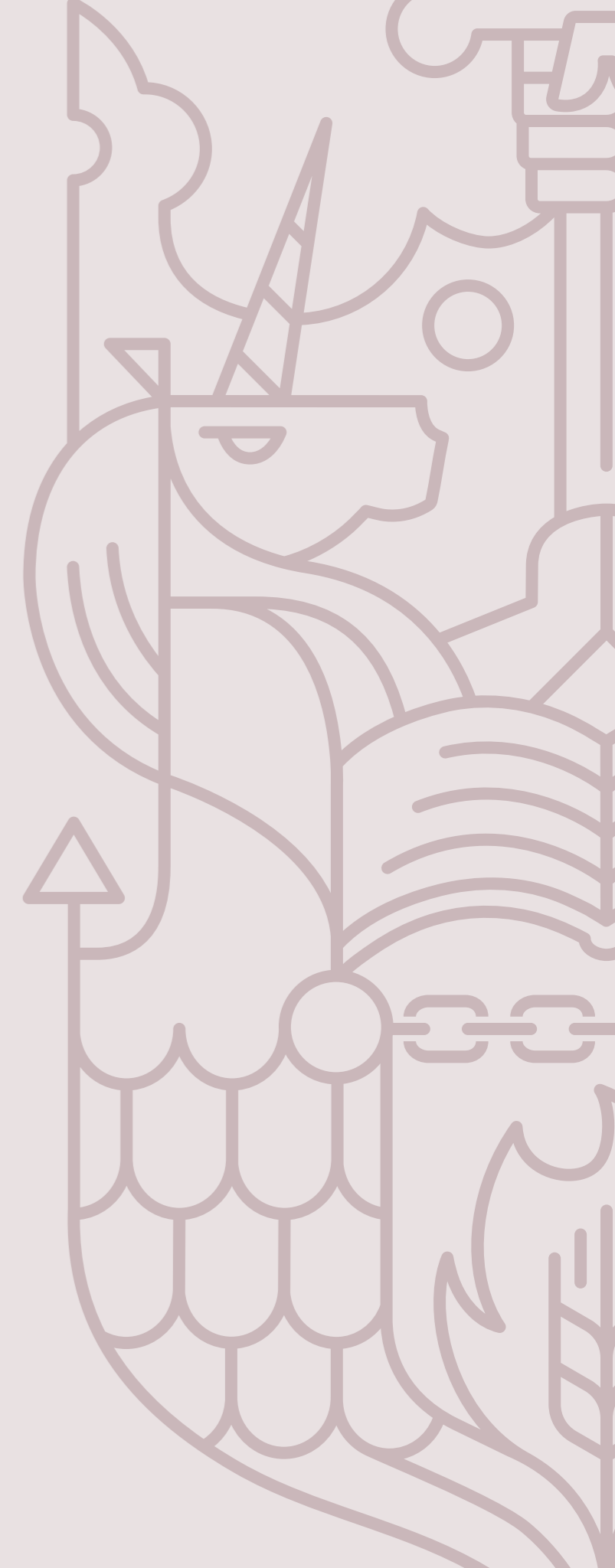
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Financially Inclusive Customer Outcomes: A companion to the CII Code of Ethics

Applying the CII Code of Ethics to the needs of diverse consumer groups

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Foreword

“The CII Code of Ethics has never been more relevant than now. Governments, regulators and society look to us to raise professional standards and ensure a continued focus on competence, good customer outcomes and a positive culture.

On its own it is a lens through which practitioners can make their own professional judgment on the right course of action. But framed within a specific context and supported by good practice guidance, that lens can become increasingly powerful in raising standards.

A positive, joined-up approach to inclusion is vital to the continued relevance and effectiveness of our profession. It is no longer something that sits on the periphery of the business, but increasingly at the heart of strategy. Taking an inclusive approach isn't only a professional duty, but, done well, a business opportunity. Understanding all of your potential customers' needs is the catalyst for sustainable product and service development. Improving engagement with customers and helping them to navigate their personal financial life journey will improve satisfaction and over time, I believe, trust in the profession as a whole.”

Sian Fisher, Chief Executive, Chartered Insurance Institute

Introduction

The CII Code of Ethics provides members of the insurance and personal finance professions with a framework in which to apply their role-specific technical knowledge in delivering positive consumer outcomes.

Its five core duties should be used as a lens through which we can assess how well we as professionals are responding to the needs of consumers and ultimately building trust in the profession through consistent and visible ethical practice.

In this companion to the Code of Ethics we apply that lens to understanding and responding to the needs of diverse consumer groups, with a particular focus on improving their financial outcomes.

Across the profession we frequently talk about *client* or *customer* centricity. As professionals we should also consider the role insurance and personal finance has in wider society, and that means considering consumers as our stakeholders. This recognises that people may need to engage with our sector without becoming direct customers - for example in seeking guidance - and we should ensure an inclusive approach.

About this guide

This guide:

- Summarises the key principles which insurance and personal finance professionals should observe at each of the following four stages of their customer engagement process:
 - Designing products and services
 - Marketing products and services
 - Engaging with customers for the first time
 - Servicing customers throughout the policy life cycle
- Is complementary to the fifth ‘Core Duty’ within the CII’s Code of Ethics: To *“treat people fairly regardless of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex and sexual orientation.”*
- Is intended to be used by any and all members of the insurance and personal finance professions, recognising that each individual practitioner will have different levels of direct personal responsibilities. For example, recognising the different distribution models and regulatory limitations that exist, responsibility for client advice is unlikely to sit with a manufacturing environment, and product pricing unlikely within a distributor. However, practitioners should always seek to understand the entire value chain and their part within it.
- Where the practitioner reads terminology such as ‘client’ within a context that implies a direct relationship which they don’t have, they should consider whether the guidance could also apply to them within an intermediated context, and vice versa.

About this guide

continued

This guide does not:

- Provide the “*right answer*” for every conceivable circumstance which professionals will face, as it is not possible to account for every possible scenario an individual may encounter in the workplace.
- Replace existing regulation or standards relating to vulnerable customers and treating customers fairly.
- Focus on or raise above any one group within society, for example by protected characteristics, such as faith, sexual orientation or disability.
- Provide a detailed checklist for how the duties and principles apply to every functional specialism or department within a company or practice.

1.

You must comply with this Code and all relevant laws and regulations

As set out within the CII Code of Ethics, this duty requires you to consider how you exercise your expertise ethically, taking responsibility for understanding the broader regulatory and legal context of your practice.

You should understand and abide by laws and regulations relating to customer inclusivity in your jurisdiction such as (but not limited to):

1. complying with the Equality Act 2010 and Human Rights Act 1998
2. meeting the FCA's expectations including:
 - treating customers fairly and acting in customers' best interests as required by the Principles for Business;

- complying with requirements set out in Handbook rules such as COBS, ICOBS, DISP and
 - stay up to date on good practice set out in FCA Thematic Reviews, Consultation, Feedback and Policy statements
3. operating in line with the Financial Services Ombudsman regime
 4. dealing appropriately with customer data and meeting the requirements of the GDPR, in particular, having regard to protected characteristics.

1.

You must comply with this Code and all relevant laws and regulations

continued

The needs of a diverse customer base can vary widely, and good practice is continuously evolving. You should therefore ensure that your understanding of and ability to respond appropriately to people's different needs are kept up to date through annual **Continuing Professional Development (CPD)**. For example, you should ensure that you are up to date with recent regulatory and legislative developments relating to vulnerable customers, financial inclusion and general business regulatory requirements, such as advertising and data protection in relation to diverse customer groups.

It is important to remember that core duty 1 includes an expectation that members will work not only within the law, but also within the spirit of the law. Much of the legislation surrounding the fair and equal treatment of customers is designed, ultimately, to ensure we are being inclusive, and treating others

with the respect they deserve. Should there be instances where the law or regulations does not explicitly set out how you should behave in a particular situation, think about the spirit in which the law was written, and what it set out to achieve, in order to guide your choices.

If within your control, ensure that your organisation's regulations and compliance arrangements sufficiently protect customers, and do not advertently or inadvertently lead to non-inclusive practices or procedures. This requires you to consider how your role and area of expertise fit within the wider business and contribute to **inclusive customer outcomes.**

Questions to ask yourself in applying this duty to ensure inclusive customer outcomes include:

Am I up to date with recent regulatory and legislative developments relating to vulnerable customers, financial inclusion and customer outcomes?

Am I aware of general business regulatory requirements covering areas such as advertising, data protection and competition, and how inclusive customer outcomes can be consistently achieved through these practices?

Do I take full account of reports on individual cases, for example from ombudsman services and other reporting outlets of good practice in dealing with consumer complaints and specifically complaints arising from financial exclusion?

Am I aware of internal compliance arrangements relating to inclusive customer outcomes?

Have I fully understood my organisation's Data Protection protocols (including GDPR) and are they followed? If not consider how to improve and if necessary raise with management.

What was the spirit in which relevant legislation and regulation was created? What did it set out to do? Am I ensuring that I am working within the spirit of the rules, and not just within the letter of the law?

2.

You must act with consistent ethical standards and integrity

Adhering to this duty means that you can be, and are, regarded as trustworthy.

Consider whether others would find you trustworthy. Take care to demonstrate that you can be trusted through your **actions, decisions and behaviour.**

Remember that forming relationships built on trust can be more challenging when you have little in common with the customer, so being **honest, reliable, dependable** and **respectful** are essential qualities.

Ensure you have taken steps to be informed and inform others who work for you on what financial inclusion and exclusion means, as well as customer vulnerability¹, and how customer access issues arise.

Promote financially inclusive good practice, not just within your business, but throughout the sector and profession more widely.

Consider whether your approaches are appropriate to the whole of the target audience, and **customer journeys are inclusive** and lead to fair outcomes. This includes ensuring that processes and policies do not result in consumers being given an undue advantage over another group, and/or that a group of people is unfairly disadvantaged.

Ensure that your customer approaches provide a fair and equal service for all customers, whatever their needs. This includes specific consideration of vulnerable customers.

Encourage your organisation to include values which would enhance customer outcomes, such as respect, inclusivity and equality, within its code of ethics or values statement.

1. See Definitions and Further Reading in Appendix

Questions to ask yourself in applying this duty to ensuring inclusive customer outcomes include:

Am I trustworthy? How am I expected to behave in this particular situation, and am I ensuring that I am being honest, reliable, dependable and respectful?

Is there more I can do to promote and encourage an inclusive approach within my organisation and the profession as a whole?

Is the target audience for the product or service clear, and is it accessible to all those relevant?

For example, is it marketed in such a way as to appeal to a certain age group, or gender? Could certain segments of the target audience perceive it as not relevant to them? Representative imagery and language may need to be considered.

What would an outsider think of what I am doing?

Are there unintended consequences that a customer could experience as a result of a policy condition that increased premiums because of an event outside their control, such as bereavement, that have not been made clear to them?

3.

You must act in the best interests of each client

The third duty is about knowing your client and putting their interests ahead of yours, even when they may appear to be at odds.

A number of the requirements within this Core Duty directly relate to ensuring financially inclusive customer outcomes. Please refer to the Code of Ethics for further information.

- Encourage your organisation to put fair treatment of clients at the centre of its **corporate culture**. This could include for example, helping colleagues to **continuously improve their knowledge of customer needs** provide **training**, and **proactive guidance** on inclusive customer language.

- Base your decisions on a **clear understanding of client needs, priorities, concerns and circumstances**, taking into account their age, relationship status, health, dependencies and any temporary or permanent vulnerabilities, for example.
- Give your client all the information that they need to make an **informed decision**, specific to their circumstances, provided that information is not confidential to another client, and check their understanding.
- Understand that a temporary vulnerability may arise, or have the potential to arise in the future, which the client may not have anticipated or considered how it might affect their **financial security**.

Ensure customers' personal information is handled with the utmost discretion and in compliance with the law. Specific rules apply to protected characteristics, as outlined in The Equality Act 2010²

Consider how biases (both conscious and unconscious) can impact upon your behaviour and decisions. Take all necessary steps to **ensure that these biases do not affect how you deal with customers.** For example, avoid inadvertently creating approaches and processes that exclude certain customers or give rise to poor outcomes.

- Adopt a “**whole customer**” approach. Often a customer's whole needs are considerably greater than the product or service itself. It's vital to consider how to ensure the product responds to the customer's circumstances and in their *Moments that Matter*³- for example, poor outcomes can arise when customers don't realise

the impact of different relationship situations when entering into financial and insurance products. For example, many private pension contributors - especially those who are carers - may not have a conventional working lifestyle, and consideration should be given to understanding how advice, products and services may need adapting to reflect their specific needs.

Be mindful of how you and your organisation handle sensitive customer data, remembering that while your role may require the handling of lots of information on a daily basis, the customer may consider that information to be highly personal. Customers entrust professionals with their personal information, and expect it to be treated with respect and kept securely.

Recognise a vulnerable customer's ability to understand complex terms or pricing options, and signpost appropriate guidance or support as necessary. Think about whether an individual's personal circumstances may mean that exclusions or warranties should be brought to their attention.

2. Refer to equivalent local legislation outside the UK.

3. See Sources of Further reading at the end of this document for links to resources illustrating the financial life journey

Questions to ask yourself in applying this duty to ensuring inclusive customer outcomes include:

Would a customer reasonably be able to navigate your customer journey to achieve the right outcome?

Would they easily be able to find the right product or service for their circumstances? If you aren't able to provide a solution that directly meets their needs, could you signpost one that does, or provide wider guidance or support?

How can I better help my client to make appropriate and confident decisions?

Customers have differing levels of financial capability and confidence. Have I considered how my guidance, and products and services I offer avoid disadvantaging those who may have lower financial capability and confidence?

Do I understand how my organisation's purpose and customer values apply in practice?

Are you aware of where these values are brought to life in any customer, conduct and compliance policies, processes and controls?

If the client is vulnerable, what extra steps can I take to make sure I act in their best interest?

Different considerations are needed for different types of vulnerable customer. For example ensuring that a customer with a mental disability such as dementia is not disadvantaged by memory impairment will be very different from a temporary vulnerability brought about by a circumstance such as bereavement or the collapse of the client's relationship.

Have I recognised, and made appropriate adjustments for, the specific needs of each of my clients?

Think about not only overt and long-term vulnerabilities, but the client's temporary life context.

Do I understand customers' financial life journeys through their *Moments that Matter*?

Have a look at "Securing the financial future of the next generation"⁴ to find out about the *Moments that Matter*, and consider how this might apply to your customers.

4. See sources of further reading for links

Questions to ask yourself in applying this duty to ensuring inclusive customer outcomes include: (continued)

Do I listen to my clients or just hear them?

Clients with specific needs or risks relating to their personal circumstances may not be aware of what products and services respond to them. You should consider how you can help them to navigate your firm's products and services, understanding their financial context and wider life journey.

What training or learning could I undertake that would help me to understand the needs, perspectives and experiences of different types of customer?

For example, are there charities or other 3rd sector organisations who can help you and your colleagues engage with customers with dementia or those going through significant life experiences such as relationship breakdown, bereavement, illness or unemployment?

4.

You must provide a high standard of service

This duty is not just about answering the phone promptly or sending paperwork on time. It's about actively listening to your customers and meeting your promises.

Ensure that, when interacting with clients, you tailor the experience to suit their needs. Communication should always be **accurate and straightforward**, but the way in which you communicate may need to be amended to **ensure the individual client can understand** – both in terms of language, as well as financial capability and confidence.

Ensure reasonable steps are taken to ensure all advice is relevant and suitable for the individual client, whilst also bearing in mind the 'Whole Customer' approach referred to in the previous section. Any advice should be based not only on a clear understanding of their expressed demands and needs, but on your wider appreciation of their circumstances.

Obtain and provide clear information before, during and after the point of sale. Think about getting any information that could help you to guide the customer not only through a product purchase, but to wider positive financial outcomes. For example, you may need to consider signposting solutions that may be relevant to the consumer's wider needs where they aren't provided by your organisation.

4.

You must comply with this Code and all relevant laws and regulations

continued

Ensure relevant and correct records are kept and that these trigger relevant solutions. For example, understand how the client’s or their dependents’ needs or resilience could change as a result of changes to circumstances. Recognising data protection rules including GDPR, think about what relevant information you could hold in order to provide this high standard of service such as: marital /cohabitation status, health condition, care needs, dependencies, and ageing relatives.

If it is within your control, make sure your firm has a clear written complaints procedure which is followed and used to improve processes and outcomes. Look at how complaints data can be gathered in such a way as to identify and learn from problems and opportunities. In particular, think about how data can be disaggregated to identify specific needs and opportunities of different intersectional groups.

Ensure that you deliver on your organisation’s “promise” set out in its purpose and customer values and that this is implemented effectively across all the products, channels and customer experience on an inclusive basis. This includes when aspects might be outsourced too, and ensuring that outsource providers’ Service Level Agreements afford the same degree of inclusivity in their customer approaches.

Ensure you understand your organisation’s policies and know who to ask, or where to refer customers, if any aspects of their characteristics means you are not sure how to provide an appropriate solution or service.

Questions to ask yourself in applying this duty to ensuring inclusive customer outcomes include:

Am I always seeking new and innovative ways to improve the service I give to my clients?

Am I well placed to anticipate the needs of future clients?

Does my organisation seek feedback from clients, including disaggregated and tracked themes relating to vulnerable groups or protected characteristics?

Does my organisation/do I learn from and adapt to this feedback?

Does customer feedback inform staff training for dealing with vulnerable customers and inclusive customer outcomes?

Do I see specific references to how we can better respond to the needs of diverse customers within our training, and is it updated with examples from real customer feedback?

Questions to ask yourself in applying this duty to ensuring inclusive customer outcomes include: (continued)

Are my knowledge and skills up to date?

Do I encourage and support others with their training and development needs?

Am I approachable?

This is applicable both in terms of relationships with customers, as well as my relationship with colleagues. Do I take negative feedback well? Would others feel comfortable approaching me with a question, concern or complaint?

Do I contribute to a workplace culture which ensures ‘there is no such thing as a stupid question’?

Is it possible for me, and those around me, to ask for help when needed?

Am I familiar with my organisation’s policies and how to get help should a situation arise that I can’t handle?

Is it easy for customers to seek support and guidance?

Remember, it may be particularly difficult for certain customers to ask for help. Be sensitive, responsive and professional.

5.

You must treat people fairly regardless of

Age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex and sexual orientation

This duty is about putting yourself in your customers' shoes, challenging unfair practices and treating everyone with respect.

A number of the requirements within this Core Duty directly relate to ensuring financially inclusive customer outcomes. Please refer to the Code of Ethics for further information.

- **Treat each person as an individual.** Remember not to 'label' customers, recognise that they may not fit into any single category, and that their needs and behaviours are likely to change throughout their lives

- **As a professional, you should consider not only your own actions, but those of your peers.** If you see evidence of unlawful or unfair treatment of customers based on discriminatory practice, you should investigate, challenge and possibly report/resolve the issue, as appropriate.
- **Always act openly and fairly and treat employers, employees, colleagues, clients, potential clients and suppliers with equal respect and opportunity.** You should consider how you and your wider organisation can actively avoid excluding any customer type. Bear in mind that while it is fair and appropriate for firms to have differing appetite for certain segments of clients, no groups should be excluded based on protected characteristics.

5.

You must treat people fairly regardless

continued

- **Make reasonable adjustments to assist people with disabilities or particular needs you may deal with at work.** Be aware that customers may have invisible disabilities.
- **Encourage your organisation to produce and promote an equality and diversity policy** setting out how the business plans to promote equality, diversity and inclusion, prevent discrimination and deal with any instances of discrimination which might happen.
- **If it is within your control, make sure processes and procedures do not discriminate.** Ensure you can access and understand these documents yourself, and consider how you could contribute to improvements based on your understanding of different customers' needs.

Questions to ask yourself in applying this duty to ensuring inclusive customer outcomes include:

Have I ‘put myself in the shoes’ of the customer(s) who are being affected by this policy/process or experiencing this service?

Would I feel fairly treated if I were them?

Is what we are asking for more difficult for this person to achieve?

And, if so, is the thing we want really necessary or can we make an adjustment to make it easier for the person to achieve?

What can I do to promote a workforce that is representative of the people we serve?

Have I considered volunteering for any outreach initiatives, role modeling or mentoring? Could I contribute to any networks focusing on intersectional groups where I could learn more about others’ lived experiences?

Does my organisation have effective equality and diversity training arrangements?

For example, have you and your colleagues received relevant training on unconscious bias? Do you have a guidance on inclusive language?

Questions to ask yourself in applying this duty to ensuring inclusive customer outcomes include: (continued)

Does my organisation systematically audit its own policies and practices to ensure that these comply?

Is this process transparent to me, and can I contribute to it where relevant?

Does my organisation create unnecessary hurdles for this person?

Have processes, processes and channels been designed with considerations for all types of customer, or could they disadvantage or exclude one group over another?

Am I familiar with different characteristics and what they mean?

Does my organisation have a clear process for reporting customer discrimination issues, and if so, do I know what to do?

The benefits of a financially inclusive customer approach

A commitment to financial inclusion delivers widespread benefits for consumers, businesses, practitioners and wider society:

- **Customers** can be more confident of their financial resilience, regardless of their personal characteristics and circumstances
- **Insurance and personal finance employers** can unlock business opportunities from making their products and services as relevant and engaging as possible to the broadest number of people
- **Policymakers** can be reassured the profession is ‘playing its part’ in building a fair, modern progressive society
- **Members of the Chartered Insurance Institute** can demonstrate their commitment to the core duties within the Code of Ethics

The CII has published a range of material which demonstrates that further progress needs to be made by the insurance and personal finance profession before the benefits of Financial Inclusion are fully realised. For example, evidence of gender bias in financial services is set out in publications from the Insuring Women’s Futures programme (www.insuringwomensfutures.co.uk). We are grateful to Jane Portas as author of those reports and key contributor to this ethical guide.

Sources and further reading⁵

| Title | Organisation |
|---|---|
| Financial Inclusion (exclusion) House of Commons Briefing Paper | House of Commons Briefing Paper |
| Financial inclusion report 2018-19 | Department of Work and Pensions and HM Treasury |
| Inclusive Language Guidelines | Chartered Insurance Institute |
| Data protection and anonymity considerations for equality research and data | Equality Challenge Unit |
| Consumer Vulnerability | FCA |
| Transforming Culture in Financial Services | FCA |
| Our future approach to consumers | FCA |
| Living a financially resilient life in the UK: the <i>Moments that Matter</i> in improving women's and all of our financial futures | Insuring Women's Futures, Author: Jane Portas |
| <i>Solving Women's pension deficit to improve retirement outcomes for all</i> | Insuring Women's Futures, Author: Jane Portas |

CII Code of ethics hub, including practical guides and other companions.

www.cii.co.uk/about-us/professional-standards/code-of-ethics/

5. Where appropriate refer to equivalent legislation and regulation outside UK

Sources and further reading continued

| Title | Organisation |
|--|---|
| Risk, exposure and resilience to risk in Britain today | Insuring Women’s Futures, Author: Jane Portas |
| Securing the financial future of the next generation | Insuring Women’s Futures, Author: Jane Portas |
| Equality Act 2010 | UK Public Acts |
| Checklist for insurers: A guide for staff in the insurance industry who are supporting customers who have experienced economic abuse | Surviving Economic Abuse |
| Alzheimers’ Society finance and insurance guide | Alzheimers’ Society |
| Pensions and divorce | Pensionwise |
| Pensions and bereavement | The Pensions Advisory Service |
| Review your home insurance and possessions on separation | The Money Advice Service |
| Review your insurance after having a baby | The Money Advice Service |

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