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Roundtable findings

Roundtable:

The Road to Consumer Trust: Professional Standards in the Consumer Duty

Summary

Summary of insights from a roundtable held at the Chartered Insurance Institute

The Financial Conduct Authority (FCA) has stated that the Consumer Duty will require a substantial cultural and behavioural shift for many firms, as it raises the standard of care they must offer to their customers.

The CII hosted a roundtable on 30 September 2024 to explore how firms, practitioners and other stakeholders can collaborate to raise those standards. To inform this debate, the CII conducted a survey on the perceived impact of Consumer Duty on organisational culture, identifying both the progress observed and the challenges that remain. Highlights from the survey findings are shown in this article in [The Journal](#).

The CII is grateful to the following contributors for their input to the roundtable and subsequent discussions.

We will explore some of the interventions recommended here during 2025, reaching out to members and wider stakeholders to help shape guidance, learning or standards to achieve a positive impact.

Roundtable participants:

Claire Bassett	Interim Chair & NED Serious Fraud Office & NED of Solicitors Regulation & Law Commission Chair of CII's Professional Standards Committee
James Daley	Fairer Finance, Managing Director Member of CII's Professional Standards Committee
Caroline Gardner	FCA, Head of Life Insurance Supervision
Martin Grimwood	FWD Research, Director
Laura Hancock	Yutree Broking, Managing Director Chair of the CII's Broking Community
Mandy Hunt	ACII MGA The Clear Group, Managing Director Chair of CII's Underwriting Community
Claire Massey	Int.Adv.Cert(AML) Dervico, Regulatory Affairs Manager Founder of Claim Guardians UK
Shan Millie	Bright Blue Hare, Consultant in insurance and Fintech strategy
Duncan Minty	Consultant in ethics and insurance
Alastair Reed	Which?, Principal Policy Adviser, Money
Johnny Timpson OBE	Chair of Absolute Military, MorganAsh and Building Resilient Households Group. Financial Inclusion Commissioner
Helen Phillips	CII Group Chair
Matthew Hill	CII Group CEO
Matthew Connell	CII Policy and Public Affairs Director
Vanessa Riboloni	CII Professional Capabilities and Insights Manager
Ian Simons	CII Content and Capabilities Director



1. Conflicts of Interest / incentives / first mover disadvantage

What is the opportunity to improve outcomes / route cause of the issue

- Firms, shareholders and customers may experience a variety of different forms of intertemporal tension. For example, customers may prioritise ease of purchase in the short term, but a lack of product understanding may lead them to pay more in the long run. Or, firms may prioritise short-term shareholder returns, but serving customers better well may be more profitable in the long run.
- Firms focusing on added value, like better service or ethical practices, may struggle to compete if consumers prioritise price. Price-sensitive buyers may choose cheaper options, even at the cost of long-term quality or benefits, creating a competitive disadvantage for value-driven firms.
- Reward frameworks go beyond bonuses: promotion and development opportunities often go to those achieving financial goals first, and colleagues emulate those who have achieved success.
- Some roles such as claims can be less well-remunerated than those focused on revenue growth, such as sales, despite the former being critical to delivery of the promise.
- Claims roles often see disproportionate rationalisation when there is a need to cut costs.

What interventions could be made?

- Clear purpose and vision aligned with action and reward structures, ensuring incentivisation of good customer outcomes beyond financial performance.
- Increased awareness and training in unlocking the commercial benefits of improving good outcomes, e.g. understanding vulnerability and designing for these “untapped” segments; better outcomes leading to improved reputation.
- Opportunities for CII to work with Chartered Firms to define, recognise and share good practice.

2. Data / Tech / AI and governance within the firm

What is the opportunity to improve outcomes / route cause of the issue

- There is a risk that disruptors coming into the market from Fintech or Insurtech may lead with the capabilities of technology to deliver efficiency and productivity gains, without appreciating the differences of a profession with heterogeneous products, complex needs and information asymmetry. Providers need to understand the product and customer need, not just the process, and boards need greater visibility and understanding of third-party, supplier and supply chain relationships for data and tech.
- Insurance relies heavily on technology and data, but many boards lack understanding of how to use these tools to build consumer trust and ensure ethical outcomes. Leadership needs the visibility, expertise and ability to challenge outcomes that could be rooted in the supply chain, e.g. outsourced data / algorithms.
- AI and automation raise new challenges around fairness and transparency. The insurance chain is very complex and there is a risk that ethical standards may be applied inconsistently with varying outcomes.
- Firms should have access to the right data to understand consumer experiences and outcomes better. Data should go beyond compliance and be used to challenge assumptions, improve customer service, and drive continuous development.

What interventions could be made?

- Leadership should be capable of seeing and challenging data ethics.
- Algorithmic risk committees should have clear standards, independence and clout.
- New entrants and those partnering with incumbents should invest in the same skills, competencies and ethical standards as conventional insurance companies.
- Data literacy should be prioritised across all teams, not left to analysts, and supported where appropriate with training. Conversely, analysts should have training on risk, product design and customer needs.
- Where necessary training and certification should be available for Non-Executive and other governance roles to enable them to challenge appropriately.
- Good practice should be defined and learning provided to help firms gather, use, and protect personal data equitably, ethically and in ways that result in positive outcomes for consumers. An approach could be to explore whether Consumer Duty principles can be included in algorithm decisions – e.g. fairness and transparency.
- The CII should work with the sector to incorporate good practice and standards into Corporate Chartered status.
- The CII should work with the sector to help firms recognise the commercial rewards of understanding vulnerability. A deeper customer understanding enables precise, high-impact support that enhances loyalty and reputation. See our [webinar](#) for examples.
- Reward and recognition policies should incorporate ethical behaviours and customer outcomes in addition to commercial targets.



3. Inclusivity and vulnerability

What is the opportunity to improve outcomes / route cause of the issue

- Some firms still struggle with defining / identifying vulnerability, despite recognising that at the time of a claim most customers are in a vulnerable position.
- Firms' own bottom-up assessment of the proportion of customers presenting as vulnerable is typically much lower than the 47% suggested by the FCA Financial Lives survey 2022.

What interventions could be made?

- Empathy, listening and support skills need training and incentivising, particularly at the claims interface, as well as ensuring language used in policies and communications is accessible.
- Every insurance claimant should be treated as vulnerable by default as they are often in stressful situations and lack insurance expertise.
- Many firms are moving away from performance metrics such as the time taken to finish a call, and are using more sophisticated approaches. Elements like these are essential to improving approaches to financial vulnerability.
- The FCA could take a more prescriptive approach to defining vulnerability.
- Firms should carry out bottom-up and top-down assessments of vulnerability across relevant interactions with customers to compare and contrast whether outcomes differ between vulnerable and non-vulnerable customers. This will enable firms to design strategies to address vulnerability when it arises.
- If firms don't have the means to carry out top-down assessments to understand the prevalence of vulnerability across their customer base, they can use the FCA's Financial Lives survey data as a benchmark of vulnerability by sector.
- The CII could work with the sector to develop data-led vulnerable customer strategies and align with Corporate Chartered status to drive greater adherence to a top-down understanding of vulnerability.

4. Accessibility and addressing unmet needs

What is the opportunity to improve outcomes / route cause of the issue

- Many firms currently focus on their existing target customers, but consumers who cannot afford, or lack awareness of those products and services are at risk of being marginalised.
- As comparison websites and direct channels continue to replace the use of brokers for commoditised personal lines and some SME products this may leave some consumers underserved and increase information asymmetry.
- Many consumers do not understand the difference between distribution channels, the roles and obligations they have, or know when advice may be beneficial to meeting their needs. CII research shows those who use a broker have greater trust and satisfaction.
- Comparison websites may not always be able to provide the right detail for insurers to determine the right product for the customer. This can lead to insurers conducting more thorough due diligence at the point of claim, resulting in policies being voided or coverage restricted.

What interventions could be made?

- Greater collaboration (profession, policymakers, regulators, 3rd sector, consumers) to measure the impact of unmet needs and what works to reduce them. Real change to the root causes is unlikely to be solved by individual firms or bodies. Initiatives like FloodRe took years to come about, but show the potential for mould-breaking change.
- Greater signposting of appropriate solutions for those outside an individual firm's appetite.
- Increased consumer awareness of how insurance works, the different organisations involved, and when each could best respond to their needs. This could include developing guides or checklists to help consumers navigate websites, emphasising the need for accurate answers and what to look for in policy terms.
- The CII could engage with market bodies, firms and distribution channels to advocate for consistent standards across direct, intermediated and aggregator channels, focusing on fair practices, consumer protection, and accountability.



5. Leadership and culture

What is the opportunity to improve outcomes / route cause of the issue

- Some firms respond to the Consumer Duty requirements with a compliance mindset, especially at senior level, often with a more short-termist approach, sequestering data for the purpose of reporting and satisfying minimum standards.
- Where the cost of paying fines for non-compliance is less than addressing the root-cause, some firms may be tempted to make a short-term financial decision.

What interventions could be made?

- Boards and leaders need to take time to reflect on and delve into real consumer experiences, not just data trends.
- Boards and leaders need to embed a curious, listening culture where feedback and consumer insights genuinely drive strategy and business decisions without fear of regulation or reprimand.
- Firms should have a strategy for improving data transparency, outcomes accountability and empowerment of staff across departments and up and down supply chains to identify root causes and innovate.
- Boards and leaders need to walk in the shoes of customers – see and hear real personal stories when it goes well and where it goes wrong.
- Boards and leaders need to have a clear vision for how their unique culture and USPs will consistently deliver good outcomes.
- Boards and leaders must lead on ethics, by driving ethics as a strategic aspect of business and governance, as well as modelling ethical behaviour at an individual level.

6. Consumer empowerment and transparency

What is the opportunity to improve outcomes / route cause of the issue

- It is very hard for consumers to judge quality – at purchase, renewal or claim. They lack knowledge and power to penalise poor quality service or make a conscious decision between cost and value.
- Product descriptions are often hard / complex for customers to understand, and typically focus on coverage, not service. For example, how does a customer know what is a reasonable claim settlement time?
- Regulatory reporting takes significant resource, particularly in exchanging data up and down the supply chain. It is easy for firms to miss the opportunity to reflect on this data and invest in change for the long-term good of consumers in the rush to report.
- Insurance is complex, and each firm exists within a wider distribution and delivery ecosystem. Fixing root causes may not all be within an individual firm's gift, and it is easy to blame 'the system'.
- Some sophisticated customers want, and know how to benefit from complex unbundled products, others rely on branding or word of mouth to make value judgments.
- A significant proportion of property claims are declined on the basis of nondisclosure, yet very few consumers would understand, for example, that there was no flood cover for groundwater even if they read the policy.
- Hollowing out is a growing problem, driven by competition.
- Customers are unlikely to know what a realistic limit for alternative accommodation should be, given most are also unaware of how long they are likely to be unable to return to their homes after a fire or flood.

What interventions could be made?

- Standardisation of reporting data or more guidance on what good looks like.
- Standardisation of product descriptions and provision of simple claims scenarios to help consumers make informed decisions.
- Establish benchmarks for claims settlement times and service quality and communicate these to consumers.
- Improve consumer engagement at the point of purchase through greater education on insurance products and scenarios.



7. Focus on minimum standards / lack of benchmarking

What is the opportunity to improve outcomes / route cause of the issue

- Regulators cannot provide the same level of scrutiny on all firms, so must take a risk-based approach. This can lead some firms to feel comfortable 'in the middle of the pack', rather than striving for ever greater consumer outcomes.

What interventions could be made?

- Smaller firms in particular need greater support in shifting from a compliance mindset / minimum standards to leadership. There is an opportunity for the CII to work with the sector to develop standards / benchmarks / frameworks.



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