

Customer Impact Survey 2009

The Customer Impact Scheme was launched in March 2006, with the objective of improving outcomes for customers of the UK's life, pensions and investment industry. Part of the Scheme is an annual survey of customer views of the industry and in November 2008 we took part in this survey where a research company spoke to 250 of our customers. The survey measured our performance, service and product range against other financial services providers and by individual customer experiences. This is the third year we have taken part in the survey.



Customer Commitments

The Customer Impact Survey focuses on three main areas to help ensure that we focus on things that matter to our customers. These three main Customer Commitment areas are:

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

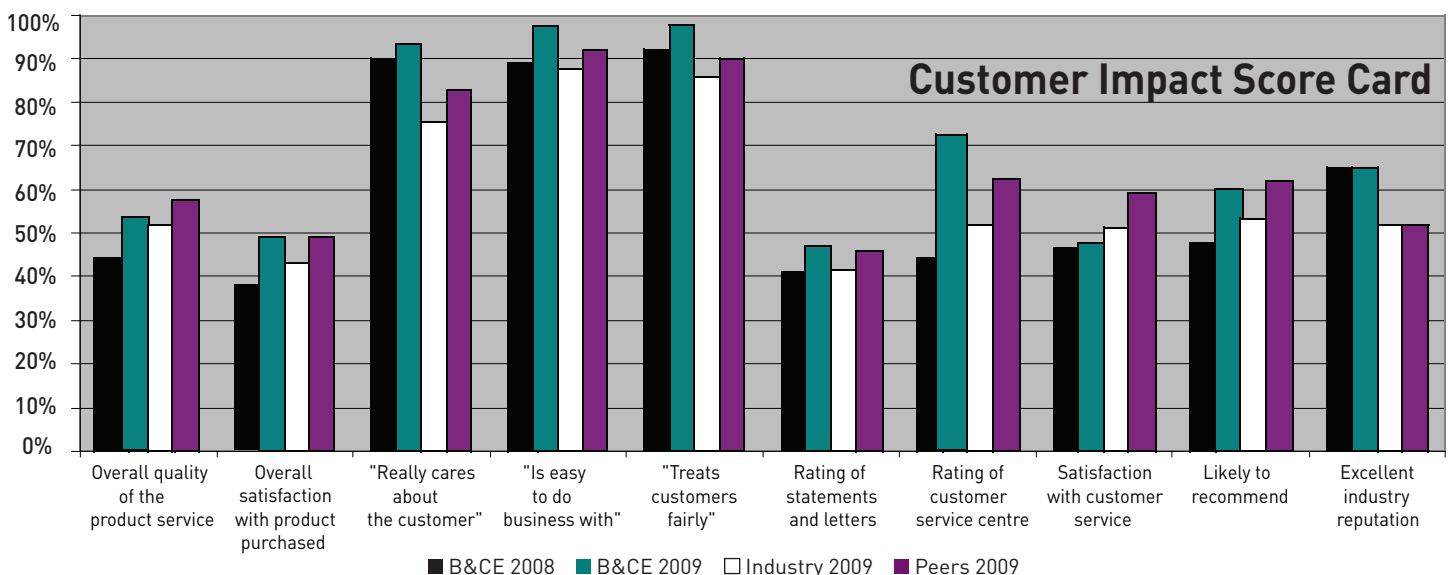
Provide customers with clear information and good service when they buy products.

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

Survey Results

Overall, the Customer Impact Survey shows industry results have been characterised by a fall in product satisfaction ratings. In what has been a particularly volatile market with low levels of consumer confidence, customers exposed to the stock market are typically more negative this year.

However, B&CE's scores appear to be opposing this trend with product ratings up significantly this year. This increase sets us above the industry average in all areas but particularly in terms of overall satisfaction where we have seen a large increase in the rating of our customer service centre in answering the phone and handling customer queries. We believe there are a number of contributory factors in our improved results, including the continued improvements to our processes and service levels where, for example, we have introduced new streamlined annuity and claims processes and staff training. We have continued to seek customer feedback to help us gain a valuable insight in allowing us to progress, for example asking our customers for feedback on how we handle any complaints and we always look to see if we can improve our processes and services following a complaint.



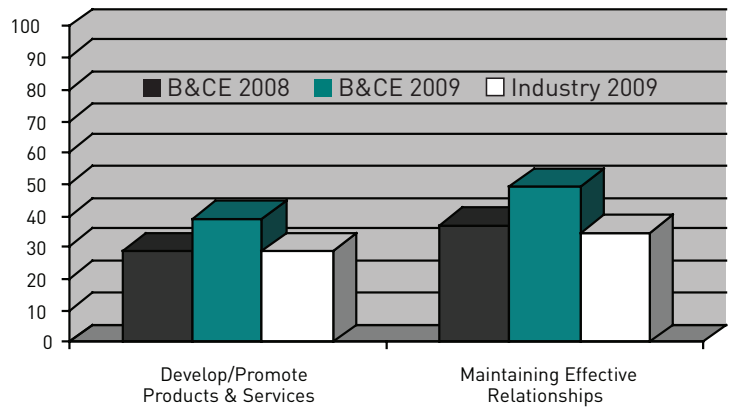
The chart above shows the performance of B&CE in 2009 against the industry (32 brands), its peer group (7 brands) and also our own performance last year.

It is evident from the chart that we have improved against our own scores for last year and in 7 out of 10 areas we are in line with or better than both the industry average and our peer group scores. Changes implemented in our customer literature include our pre-retirement wake up material and letters to clearly highlight the importance of using the Open Market Option facility, and revised Key Features documents. We believe these changes have all contributed to the continued year on year improvement in the overall satisfaction with proactive communication to customers in a written form. More specifically, clarity and relevance of material both rate considerably higher than the industry average.

B&CE has been judged on two of these customer commitment areas this year. These are “develop/promote product and service” and “maintaining effective relationships”. As can be seen from the chart below, our scores are much improved with an increase by 10 points to 39% for ‘develop/promote product service’ and an even larger increase for ‘maintaining effective relationships’ up at 49% – 14 points above the industry average and in the top quartile.

These scores are encouraging as B&CE had targeted these areas for improvement in the 2008 survey.

We have already redesigned and updated all product literature, developed our ‘Downloads’ page on the website and introduced easy to read Frequently Asked Questions with our annual statements. We are also engaging in a staff training programme and will soon be launching new products. These measures will hopefully drive up the scores for the future.



This year's highlights

- 97%* of customers surveyed agree that B&CE treats customers fairly
- 97%* of customers surveyed believe B&CE is easy to do business with
- 93% of customers believe B&CE really cares about them – Scoring above the industry and peer group

*some of the best scores in the industry and placing B&CE at the pinnacle of the top quartile

Room for improvement

Although we are above the industry average, we recognise there is still room for improvement within the following areas:

- Rating of statement and letters
- Overall satisfaction with customer service
- Overall quality of the product service

Looking forward

B&CE's vision 'dedicated to the personal and financial well being of everyone in construction' is not just a phrase we use on marketing literature. It defines our company culture. It's an ambition, something we strive towards. How we achieve this ambition is very important to us and our customers. We will continue to build upon and develop our Treating Customers Fairly (TCF) practice and continue with staff training, reviewing sales and marketing material, producing relevant management information and ensuring product understanding.

We will also continue to research our customers and prospective customers in relation to their needs for new products as these views have already usefully informed our product development and launch plans for this year. This year will be turning our attention to further enhancing our website to include more relevant content and further improve our downloads area for frequently used forms for example.

Our aim is to maintain our high performance scores for “treating customers fairly”, “easy to do business with” and “really cares about the customer” as well as improve on areas such as product development, by continuing to review our products, monitor feedback and asking our customers for their views. As regulatory changes are announced, we will use these opportunities to regularly review our literature, statements and letters picking up on areas identified as room for improvement.

Overall, our scores for customer service remain static this year at 48% so there is room for improvement and we aim to narrow the gap further in terms of the scores for ‘customer service’ as although B&CE is 7 points above the average, this is still below our peer group average.

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customer
impact

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