

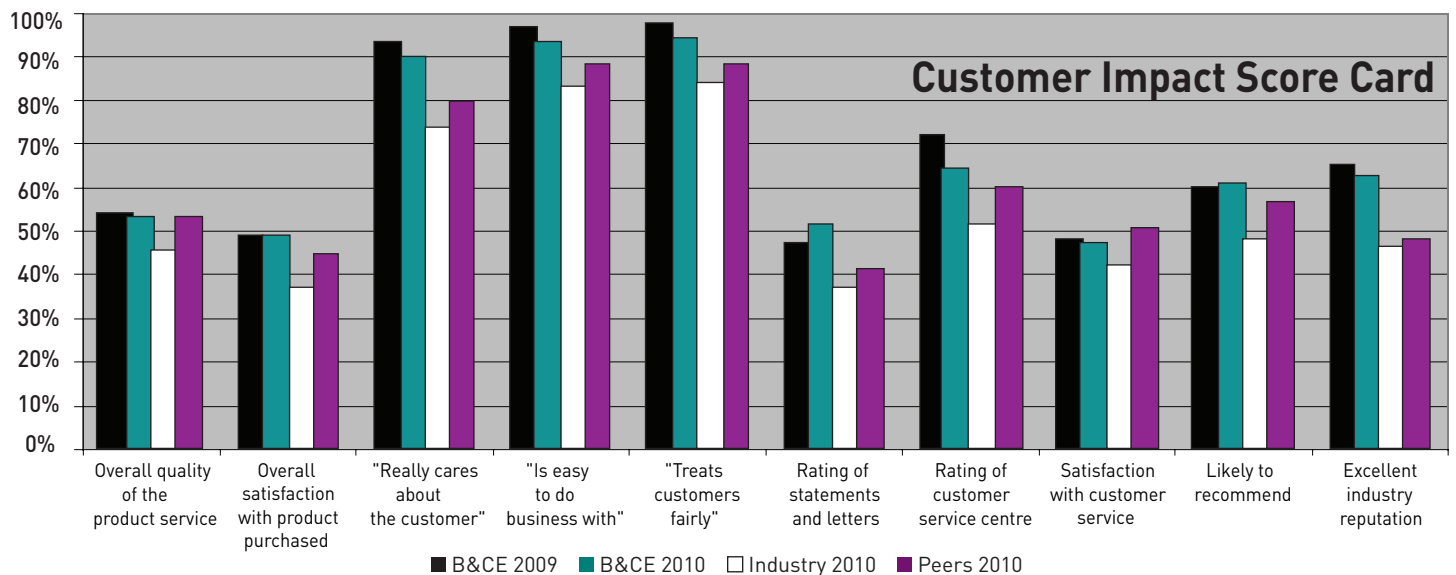
Customer Impact Survey 2010



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 2009 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 fourth year we have taken part in the survey.

Survey Results

Overall, the Customer Impact Survey shows industry results have been characterised by a fall in positive scores for the industry for 'managing the customer's expectation to potential return on investment' and fewer agreed that the industry has an excellent reputation. Despite improvements in consumer confidence and the stock market in 2009, it has been one of the most volatile years on record from an economic perspective.



The chart above shows the performance of B&CE in 2010 against the industry (32 brands), its peer group (7 brands) and also our own performance last year.

Whilst B&CE's scores have dropped against last years they have not dropped as significantly as the industry's or our peers and we are now higher or inline in 9 of the 10 categories compared to 7 out of 10 last year. Surprisingly, despite this, the only lower score against our peers is satisfaction with customer service, although again, due to the industry and our peers' scores falling more dramatically we are now higher than the industry and only a few percentage points behind our peers.

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.

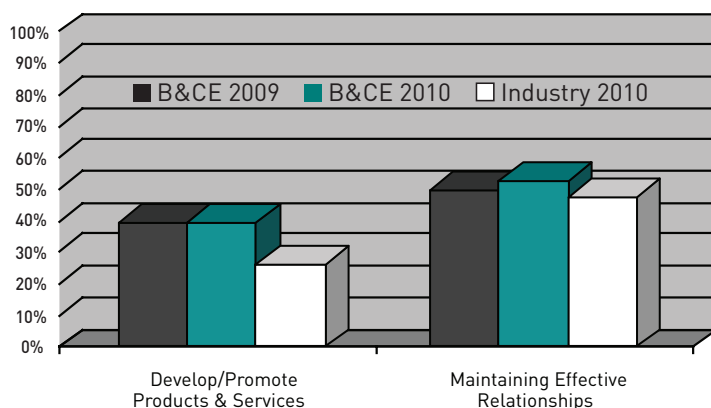
Maintaining appropriate and effective relationships with customers, providing them with a good service after they have bought a product.

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, our scores are relatively unchanged from last year at 39% for ‘develop/promote product service’ and an increase by 3 points to 52% for ‘maintaining effective relationships’ – 13 points above the industry average.

During the latter part of the year we introduced a new telephone system allowing us to improve call answering times and significantly reduce the number of abandoned calls.

In addition we have introduced dedicated customer phone lines which enables us to ensure the call is routed to the correct person as quickly as possible but still ensure calls continued to be answered by a person and not a computerised menu facility. This combined with ongoing training of customer facing staff means that we have significantly improved our first call resolution rate.

We have amended our letters and forms based on customer feedback we have received. We have also added to and improved the layout of our yearly statements with key messages relating to the customers’ actual situation, for example, basing the statement upon age and proximity to retirement. We are also always looking to enhance our process’ and this year we streamlined our claims handling process resulting in improved response times for our customers.



This year’s highlights

- 94% of customers surveyed agree that B&CE treats customers fairly
- 94% of customers surveyed believe B&CE is easy to do business with
- 90% of customers believe B&CE really cares about them – scoring above the industry and peer group

Looking forward

As part of the Customer Impact survey, B&CE only nominates customers for the ‘general customers’ section.

In addition, we only participate with regard to stakeholder pension business. This, combined with the fact that we do not offer advice or employ a sales team selling our products, means the Customer Impact survey offers only very limited value for B&CE and its customers.

B&CE has therefore decided to no longer participate in the Customer Impact survey. We will however continue ourselves to research our customers and prospective customers in relation to their needs for new products, as these views already usefully inform our product development and launch plans going forward.

Our aim is to maintain our high standards of customer service by continuing to review our products, monitor feedback and asking our customers for their views. As regulatory changes are announced, we will continue to use these opportunities to regularly review our service and communications to our customers.

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

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customer
impact

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