FINANCIAL CONDUCT AUTHORITY

Consumer Duty Webinar – Insurance

Speaker	Transcript
EMMA STRANACK	Good morning and welcome to this the first in the series of webinars on the Consumer Duty. I'm Emma Stranack, Head of Content and Channels at the FCA and I'll be chairing this webinar today. It's great to see so many of you online, so welcome. We know that the Consumer Duty represents a significant shift for financial services and for us as the regulator and it comes at a significant time of challenge for consumers and the wider economy. But please know that we are committed to working closely with you to help you get this right. Our policy statement and the finalised guidance that we published in July contains key information to help you understand our expectations and for implementation of the duty. And we are running a programme of FCA events and communications to support you on those expectations and help you to prepare. So, the running order for today, we have with us Richard Wilson Manager of the Consumer Duty Policy, Ed Smith Head of Competition Policy, Dan Hurl Head of Insurance and all of them will be talking through the policy as a whole, giving you a sense of what outcomes based regulation means and then Dan in particular will be focusing on the insurance sector. He'll be covering general insurance, pure protection and non-investment based life products. We will be dealing with investment based life products in this afternoon's webinar. After that we're going to answer as many questions as we possibly can, particularly we'll focus on the issues that have come up most frequently and please do submit some questions in the side bar because we will take some live today as well. Now, there was a Slido screen, a Slido slide on the screen earlier we have one question for you to answer before we begin please. The Slido code I will just double check here, if you go to Slido.com and enter 1980564 or just scan the QR code that's on the screen and that will take you directly to the question. That's it from me for now, and I'm now handing over the Richard to kick us off.
RICHARD WILSON	Thank you Emma. My name is Richard Wilson and I'm the Manager of the Consumer Duty Policy team. I'd like to add to Emma's welcome and say thank you to firms who are engaging today and attending the webinar, I really hope you find it useful. Our aim today is to reach as

	many firms as possible including those we haven't managed to engage with yet either directly or through trade associations. So, I'm going start with a recap on the basics to make sure we're all in the same place. I'm going to recap on what we want to achieve, how the Consumer Duty does this, where we are in the process of introducing the Consumer Duty, the key milestones, and most importantly the support we'll provide at each stage of the implementation and embedding period. So, why is the Consumer Duty needed, why have we introduced it? The Consumer Duty is at the heart of our strategy and our work to support and help consumers. Cost of living pressures that we're seeing now underline how important it is for firms to understand the needs of their customers and to provide support to customers so that they can act and understand what they need to do. Even before the cost of living pressures, I think we all know that consumers were being asked to make an increasing number of complex and important decisions in what is quite a vast and increasingly complex environment. So, that makes it more important that they can make those decisions effectively and that competition is working really well for consumers, so firms are competing vigorously and in the interest of consumers and to a high degree of consumer protection. That changing environment also highlights the need for flexibility, flexibility in the way that we regulate so that we can respond to risk, developing and emerging harms as they emerge in the market. But also, so that firms can innovate and compete based on those high clear standards in our regulations. And the Duty does this by focusing on consumer outcomes. So, it's a significant shift both for firms and for us at the FCA, but it's also a real opportunity. It's an opportunity I say in two ways, firstly to improve the trust in financial services which is what we all want to see and to deliver good outcomes for consumers. Secondly, it's an opportunity for our regulatory framework to become more flexible and less prescriptive which will of course benefit firms as well. So, how will the Duty go about making that difference? Well in the past we've tended to look at problems as they appear in different sectors one by one, so tackling issues such as general insurance pricing practices. But what we've seen from our work is that almost all the time, those drivers of harm are pretty much the same. They are things like consumers buying products that weren't designed for them, that aren't suitable for them, consumers poor understanding being exploited perhaps by firms and their behavioural biases being exploited. The Duty tries to tackle those key drivers of harm, building on our work in recent years. So, as the slide sets out in more detail on how the Duty does that. So, the Duty extends our rules based on product governance and fair value that already exist in the insurance sector and parts of the insurance sector across all sectors. It also tackles complex areas of market practice and builds on what we've learnt about the way consumers behave in real life, so there are

	behavioural biases and things like sludge practice where frictions are added that make it hard for consumers to act in their own interest, to make a complaint or to switch product. Importantly, the Duty puts the onus on firms to look ahead to anticipate harms that may occur and to respond and act to protect consumers from foreseeable harms. It also builds on our guidance that we've introduced on the fair treatment of vulnerable customers and ensures that firms focus on the diverse needs of their customers throughout the product lifecycle and every stage that the consumer's engaging with the product or service that they've bought. But above all, it's about focusing on consumer outcomes, it's about firms being able to define, monitor evidence that stand behind those outcomes and of course act to make sure that consumers are experiencing good outcomes. But just taking one step back, we do want the firms to be as focused on customer outcomes as they are on profit and loss, and for this outcomes-focused approach to really permeate the culture of their firm. We'll also of course back this up with assertive supervision and enforcement as needed. So, structure of the Consumer Duty how does it work? Well, as I'm sure many of you will already be aware from reading our document, the Duty is quite a big package of measures. At the top is the Consumer Principle, a firm must act to deliver good outcomes for retail consumers. Underneath, the cross-cutting rules set out the overall standard of conduct we expect, they apply both upstream so that's at a target market level where firms are perhaps designing their product, pricing their product and designing their services. But it also applies downstream where a firm is interacting directly with individual customers on the phone, online or in any other way. The cost-cutting rules also inform how firms should be looking at the four outcomes which are there at the bottom of the pyramid. I'll go through each of these now. So, first of all, the first outcome is on Products and Services. We want products and services to meet the needs of people they are designed for and that means of course making sure that they are distributed, sold to the people that they are designed for. And with proper oversight of the distribution strategies for the products and services. Customers are less likely to be able to pursue their objectives and more likely to experience harm if they have the wrong product or service that wasn't designed for them. Those product governance rules that are a key innovation that we've been introducing already across a number of sectors, including insurance in recent years. And if you're already meeting existing PROD Rules then you'll be meeting that aspect of the Consumer Duty, that one of the outcomes. Turning to the second of the four outcomes, Price and Value. We want all consumers to receive fair value products and services. Our rules do not set prices, that's not what they're seeking to achieve, instead what we want firms to do is to, and what we expect, is for firms' prices, product prices to be reasonable relative to the product

	benefits. So, a firm has to consider this in the round, looking not just at the cost and charges but the overall value of the product or services. Again, where we've got existing Fair Value rules such as in parts of general insurance, if you're meeting existing Fair Value rules you'll meet the Duty. Turning now to the third of the outcomes, we expect timely and clear information that customers can understand as part of our Customer Understanding outcome. So, this is central to consumers being able to take responsibility, being able to act and make effective decisions based on the information they're receiving from their product or service provider. And this is about testing to make sure that communications are understandable given the target market, and that firms should be monitoring their impact of the communication they're sending out to make sure that consumers are acting on them and they're delivering good outcomes. Turning now to the fourth and final of the outcome areas, Consumer Support. We want customers to receive support that meets their diverse needs and help and enables them all to be able to access and use the product or service that they've bought. We want to ensure customers are supported throughout their relationship with the firm, so throughout the whole product lifestyle and the consumer journey. We want firms to consider product and services, whether it's a digital or a non-digital channel and to consider the best way of engaging with consumers to achieve good outcomes. This is really important because we want to see competitive markets, particularly with the cost of living pressures now and every penny counts, it's really important markets are competitive. And to achieve that we need it to be easy to switch, we need it to be easy for consumers to cancel or complain about a product as it is for them to buy it in the first place. And so, that really is a step change in terms of our expectations. Taking a step back, we recognise that all firms and all business models are different and the Duty reflects that. So, what's required does depend on what is reasonable given the number of factors and you can read more about those in our published guidance. Secondly, it also reflects the different capabilities of firms, so of course we recognise some firms have more capabilities in the area of say product testing or communications testing or in monitoring of data. But we expect what capabilities firms have to be applied to delivering good outcomes and delivering on the Duty. So, turning now to the timeline and to where we are I the process of implementing and producing the Consumer Duty. Back in July we published final rules and guidance, which kicked off the 12-month implementation period that we've given firms to implement Consumer Duty in relation to products that are new or existing products and still open for sale or renewal. So, they have until the 31st of July 2023 to implement the Duty for those, and then another 12 months for those products that are closed and no longer on sale. We think that is a fair timetable that reflects the scale of the work required, although of

course we recognise that for many firms that will still be a very challenging timescale. So, therefore, firms will need to use all of that time period, particularly that first 12 months, to be able to demonstrate progress they are making towards meeting the deadline.

That’s why we’ve set out two milestones along the way during this next 12 months. The first of those actually is in a couple of weeks’ time, it’s on the 31st of October and by then we expect firms to have agreed their implementation plans with their board or their governing body. To be clear, we don’t expect firms to have scoped out all aspects of the implantation plans but we do expect them to have a proper plan to have identified the key dependencies to show the thinking and assumptions behind that plan as well. How has the firm approached the Duty, how is it thinking about outcomes and good outcomes for consumers, what gaps has it identified between its current practice and where it needs to get to. So that we, and more importantly in many respects the firms’ board or its governance body, can be confident the firm is both going to meet the deadlines and is really engaging with the substance of the Duty and meeting the standards.

A second milestone is on the 30th of April 2023, we expect manufactures to have completed all the product communication service reviews needed to meet our outcome rules to give themselves enough time to then implement any changes by the July deadline. And to share information with other firms in the distribution chain, particularly we want to make sure distributors can get ready in time and they have the information they need so that all firms can meet the implementation deadline.

So, I’ve set out some of the expectations for firms, but we will be supporting industry through all of this, so we’re holding a wide range of events. We’ve already be holding lots of them and this is a good example of the kind of events we’re organising to help firms. We’ll also be having in person regional events early next year and of course putting lots of digital content on our websites and on social media, so do look out for those. And we’ll be underpinning that with a supervisory strategy, which has four key elements which I’ll just quickly highlight now.

So, firstly, we’re developing a strategy for portfolio of firms, so all of the firms we authorise and supervise are in a portfolio of similar firms, we’re developing a strategy about how we will embed the Duty in each of those portfolios and how we expect the key harms to be tackled by firms in those portfolios.

Secondly, we’ll be communicating with firms in those portfolios underlining the key areas that we want them to focus on, we’ll often be doing this through letters but also through other communications and engagement, for instance through trade association’s engagement.

	So, the third area of our supervisory strategy is obviously our work with the larger firms which have fixed supervisory teams working with them. We'll be using our existing engagement with those larger fixed firms to raise the Duty and check that they're making progress with implementation embedding and we'll be asking to see their implementation plans over the next couple of months. The fourth aspect, a key aspect of our supervisory approach is multi-firm work is the work we do on a targeted basis with smaller firms on key areas and obviously we'll be starting to look at that over the coming year. So, that there is a quick summary of the way we plan to supervise the Consumer Duty and the key milestones, I'll now hand over to Ed Smith to talk about the outcomes-based approach.
ED SMITH	So, thanks Richard, my name's Ed Smith I'm Head of Competition Policy at the FCA but I am also doing a lot of work in embedding the Consumer Duty throughout the FCA but also with firms. What I wanted to talk about today is - what is outcomes-based regulation? I want to start by looking at the high level in principle but also then drill down into particular examples of the outcomes that Richard mentioned earlier. So, what is outcomes-based regulation? I think it's a fundamental reset and shift in our approach to regulation. Traditionally, regulation's focused quite a lot on what I would call inputs - the processes within the firm, the compliance checks, the three lines of defence and all of those are important, but essentially they're a means to an end and that end is good customer outcomes. We moved a long way in recent years in terms of the sort of technology and data that we can see in the marketplace and that means we can see actually what outcomes consumers are getting in real time. We can use data in real time to see whether they're using the product in the way intended, we can see data to see what cost and charges they're incurring throughout the use of their product. So, that means we can focus much more directly on the outcomes that customers are actually getting in the marketplace, in the same way that firms might look at the sort of revenues and profitability and target those, they can also look at the customer outcomes and target those. And as Richard said, I think this has a number of benefits, first of all it allows us to be much more preventative so firms can look at the data, they can see problems emerging and address those in a preventative way rather than the problem escalating and having to react after the event. It's a more efficient way of regulating, so we've used outcomes regulation in a number of areas including in insurance for example in GI value measures and pricing practices. But we want to extend that across the range of financial services to ensure that customers across financial markets are getting the benefits of outcomes-based

	regulation by ensuring firms are focusing in terms of data and looking at the outcomes their customers are getting and addressing any problems. And that means more flexibility for the firms, more flexibility in the way that they achieve those outcomes, what works best testing it to see whether customer react in the right way. So, let’s drill down into an example of what that might mean in practice, so Richard went through the Products and Services outcome ensuring that products and services meet the needs of people they are designed for. And first of all, the Duty is very clear that firms need to have done the basics properly up front and that means identifying the target market, identifying those customer characteristics that the product is aimed at, the degree of sophistication for example, the age profile, the income profile of customers. And also, crucially whether there are any potential vulnerable customers in that target market and designing the product with those vulnerable customers in mind. It also means up front designing the distribution strategy, the marketing, the literature, the customer online journey to ensure that they’re geared to that target market and the wrong types of customers might not be getting through that journey and ending up buying the wrong product. But it’s more than just a one-off assessment upfront, crucially the Consumer Duty is an ongoing duty and an ongoing exercise about understanding whether the product is continuing to meet the needs of its customers of the customer base. And this is where data and monitoring come in as essential parts of the consumer duty. So, firms need to monitor the outcomes of customers, they need to see whether different types of customers are getting different outcomes, potentially paying more for the product than other customers, receiving less benefit from the product as other customers. And that could trigger questions about the design of the product and whether or not actually it’s meeting the needs of the customer base, it could also trigger questions about the distribution strategy and the online consumer journey to see whether those are properly targeted at the target market. And boards and management of the firms need to be on top of that data and monitoring it to ensure those customer outcomes are good. So, let’s take an example, this is a hypothetical investment platform, it has a high annual fixed fee reflecting lots of research that’s on the platform and it has low trading costs. So, the target market for this platform is confident, sophisticated investors that are investing large sums of money to justify the annual fixed fee and trading frequently and therefore taking advantage of the low trading costs.

	And if we look at the scatter plot on the diagram we see the investment amount on the vertical axis and the frequency of trading on the horizontal axis and these are the customers on the platform. So, we see on the righthand side of this diagram that that is the target market, it's high investment amounts, high degrees of frequency trading, so these are the customers that are taking advantage of that fee structure. But we also see down on the left, bottom left, a group of customers that aren't trading frequently and also aren't trading large amounts… aren't investing large amounts of money. So, the question arises, are these customers in the right products? Is this meeting their needs? And the firm might want to undertake other types of research on these customers to understand their age profile, whether there are any vulnerabilities in this cohort, whether in fact they may be using the product in the right way, they may be using the research in which case they may be justifying the high annual fee. But equally, they may well be in the wrong product, and if that's the case the firm needs to look at its online customer journeys, its literature, its marketing to make sure that it's actually getting to the right customer base, the target market in this example. So, let's look at another outcome and example this time the Price and Value outcome, as Richard says this is about delivering fair value for the products that firm sell and ensuring that there's a reasonable relationship between the price paid by the customer and the benefits a customer receives. And again, the firm needs to do upfront work in terms of marketing the product to check that the fees and charges are reasonable for the benefits and any firm marketing a product will do that and check whether or not there's unjustifiably high fees relative to similar products on the market. It might also check whether some customers, and it should check that some customers are at risk of exceptionally high charges and the way that they use the product and design the product to ensure that doesn't occur. But there's also ongoing questions that the firm needs to ask itself to make sure that on an ongoing basis customers are getting fair value. So, is the revenue that the product's generating coming from features that rely on behavioural biases like inertia, so the customer's not moving just staying in the same product. Are certain groups paying different prices, are they groups that came through a particular channel, are they particular type of customers with some characteristics, are they using the benefits of the product in the right way, are the customers actually materially using the product in a different way which means that they're not getting the benefits. So, firms needs to consider all of these questions and update the charging and structure to reflect how the customer is actually using the product.

	So, let's take another example, this time it's a Gadget insurance policy, so this is a standard Gadget policy with some exceptions for cosmetic damage, water damage which effects the usage. So, here on the diagram we've got another scatter plot of customers, on the vertical axis we've got the annual premium that they pay for the policy and on the horizontal axis we've got the length of time that they've been in the policy. And here we have what you might call a classic example of inertia, so price walking or loyalty penalty depending on what you call it, but you see that the annual premium paid rises with the length of time that the customer is in the product. And so, the question is, is the firm in this example taking advantage of that behavioural bias, the inertia of customers to generate revenue off the back of them. But also, if we look at the benefits that customers are getting from this policy we see, you know reasonable relationship between total claims paid and the length of time that the customer is in the product, reflecting the fact that as they go through the product they might make more claims. But we also see a group of customers down at the bottom righthand side who aren't making many claims, if any claims, on the policy, and that might be ok, they might have the policy for peace of mind. But it also might reflect that the customers don't understand the policy or have been onboarded in the wrong way, or the fact that they are having trouble making claims and are being rejected and don't understand the exclusions in the policy. So, what can the firm do about that? Well, it might want to right to the customers to check that they understand the exclusions on the policy, that they're using the policy in the right way, it might want to review again the onboarding journey to make sure it's clear to customers or clear as it can be that the exclusions apply. It might want to make it easier for customers to make claims and support customers in that process. So, coming now to consumer understanding, Richard also mentioned that this is very much related to Products and Services outcome and to the Price and Value outcome in the sense that if customers don't understand the product they're buying they're far less likely to get a product that meets their needs, and are far less likely to get fair value for that product. So, we require firms to test and monitor the outcomes of their communications and that's a significant shift from Principle 7 which is communications need to be fair, clear and not misleading. What we're actually asking firms to do is monitor the reaction of customers to different communications, get feedback from those communications and really understand what prompts customers to act in the right way. And again, this can involve some upfront testing of communication so, testing the text during a textual analysis, using focus groups to understand customers reaction, using experimental

	labs to test your online consumer journey to make sure it's actually achieving the right outcomes. But again, it's going to involve ongoing monitoring, so understanding in real time what the effect of a communication has been to have a look at whether your consumers are switching to other products on the basis of the communications, products that might meet their needs better. So, understanding really what prompts consumer reactions and behaviours in the right way. So, let's go on to look at how we're embedding this in our core functions so Richard's talked already about supervision and we are rolling out a clear programme of supervision over the coming implementation period to make sure that firms are really planning their implantation of this, and also really addressing the key risks in their product from a Consumer Duty point of view. And Richard also mentioned that we will be communicating with firms on a portfolio basis to help them identify those key risks. It's also important to note that we will be rolling out the Duty at our gateway, so we have a programme of work to ensure that firms coming into the gateway are prepared to implement the Duty, that they understand it, that they have the proper data strategies to understand what outcomes their customers will be getting. So, that will be a key part of our gateway. We'll also be using the full range of our tools to ensure that firms are implementing properly the Duty and to react to any breaches of the Duty. So, our enforcement colleagues are very much working hand in hand with out supervisors to ensure that as and when the Duty comes into force we can react quickly to any breaches of the Duty to make sure they're not prevalent. So, with that I will hand over to Dan Hurl who's our Head of Insurance who can talk to you more about the insurance aspects of the Duty.
DAN HURL	Thanks Ed. So, the insurance industry plays a vital role for many consumers by helping them safeguard against unexpected and unaffordable losses. Many of the rules introduced in insurance industry over the past five years are well aligned to the Consumer Duty, insurance distribution directive, value measures, or general insurance pricing or product governance rules. And as we've said before, for many insurers and brokers, if these existing rules have been met, then you're a long way to complying with the content of the Consumer Duty. That said, there will be products that aren't caught by these rules and so there will be changes needed and there are elements of the Consumer Duty that both Richard and Ed have talked about that are different, so firms will need to take a step back and consider what needs to be done differently. But again, as Ed covered, firms should be testing outcomes at all stages of the consumer journey to ensure that they're meeting the Duty.

	For the most part, I believe that the Consumer Duty will not be as significant a change for the insurance market compared to other areas of financial services. And in terms of our priorities, our focus is on testing the implementation and learning the lessons from the existing rules and assessing if firms are meeting our cost of living expectations as we set out in our recent Dear CEO letter. So, for example, what are you doing to ensure the fair treatment of vulnerable customers? Are you including premium finance in your fair value assessments? Are you proposing products that meet your customers' demands and needs? And are you handling claims fairly and promptly? In terms of where the Consumer Duty builds on existing rules, so when we look at Products and Services, the existing rules in PROD are designed to ensure that firms appropriately consider their target markets and that their distributions arrangements ensure that customers are offered suitable products. As I've said, compliance with these rules would be largely expected to meet the Duty, we're therefore continuing to test firm's implementation of these existing rules. And if there's one thing you take away from today's session, it's the importance of being able to demonstrate outcomes and that you can monitor how consumers are using your products and how these products are performing. This might include monitoring claims ratios, declined claims, lapse rates, customer complaints and importantly, demonstrating you're taking action where issues are identified. Turning to Price and Value, again firms complying with the Fair Value assessment element of PROD and with our rules on pricing practices, can expect to meet the Fair Value standards in the Consumer Duty. We'll be conducting follow up review on the effectiveness of firm's Fair Value assessments as part of their product governance approach, their implementation of the GI pricing rules including the attestation process and we'll be publishing the findings of our initial value measures reporting. This reporting does reveal that there's potential poor value in certain retail GI products, so including but not limited to guaranteed asset protection insurance and personal accident insurance. We'll be saying more on this and our expectations in November, and therefore there'll be a continued focus on board and management oversight of Fair Value, particularly in the context of cost of living pressures. We want products to be sold that have customers at the heart of them, some of the key questions that we expect boards to be asking, does the product have a defined market? Does the cost of the product reflect the cost of risk? How much of the premium charge is used to pay claims and how much of that premium is paid away through the distribution chain? In the life sector, for products that are not currently covered by our PROD rules we'll be looking for firms to ensure that fair value is a renewed focus and builds on our previous guidance on the treatment of longstanding customers.

	But as we've said, there are some aspects of the Consumer Duty that go further. Consumers should be supported in using insurance products throughout the product lifecycle, including at the point of sale, renewal and claim stages. This includes making it easy for customers to contact firms without excessive waiting times or delays. Ensuring that the administration of products is accurate and efficient and make it as easy to exit a product as it is to buy it in the first place. We've seen both good and poor practices in this regard, some of the good practices provided interim payments to customers before the final assessment of their claims, opening up a range of different customer contact channels, issuing proactive communications to help customers and brokers through the claims process. If customers have a pre-existing medical condition providing a list of specialist insurers and supporting customers in financial difficulty either through forbearance or waiving charges. We've also seen examples of poor practice, so complex claims processes which deter customers from making claims, including expecting them to submit hard copies, allowing customers to purchase a product online but allowing them to switch or cancel only by calling the number with long wait times. And not providing customers with easy and accessible options for cancelling autorenewals. The consumer understanding outcome builds on, and as Ed said, goes further than the clear, fair and not misleading standard under Principle 7. We'll expect firms to test their communications to ensure that they have been properly understood and firms need to think about how are you considering those needs of vulnerable customers. Ultimately, we want consumers to be given the information they need at the right time and presented in a way that they can understand. Where this happens, they'll be equipped to engage confidently with products and services and take responsibilities for their decisions. What we often see though, is firms approach consumer communications from more of a legal liability perspective, everything's in the terms and conditions approach. So, we want firms to apply a consumer lens and think about what do our customers really need to know, how can they make good decisions about our products and services, and how can we best present this information is a digestible way. So, for example, firms should be asking do customers really understand what their policies do and don't cover. Disclosure docs, like the IPIDs, help with this but under the Duty firms should go further and be thinking about, do we explain our product features and exclusions in a way that customers understand. Taking into account what we know about them, including any vulnerable characteristics. Is it easy for customers to identify key exclusions or is it buried away in page 46 of a policy booklet? Is the information we provide consistent? So, across letters, across key facts documents and the terms and conditions.

	We think there's more that firms can do in this area and the Duty sets clear expectations but we've also set out some extensive guidance about good practice in relation to communications. And there's new requirements, such as testing key communications, this is a really good example of an outcomes-based approach. Focuses on what works in practice and testing whether consumers actually can understand communications and making improvements where they don't. Monitoring is also a fundamental part of the Duty, in an insurance context this could mean looking at the reasons for declined claims, are there common themes? Are these indicative of shortcomings in the way the product features and exclusions are communicated? Can they be improved upon? This outlook and mindset should lead to better consumer outcomes, but also benefit firms. For example, smoother and more efficient claims handling operation and with less declined claims and complaints due to confusion over what a policy covers or does not. So, to recap, in many areas the Consumer Duty builds on existing rules in the insurance sector, however; the Duty does go further in other areas. Firms therefore need to take a step back, consider what more needs to be done to ensure that consumers receive good outcomes. Testing outcomes at all stages is key and our principle focus for the coming months is on testing the implementation of existing rules and if you are meeting our cost of living expectations. Thank you for listening, I'll hand to Emma for the question and answer session.
EMMA STRANACK	Thank you Dan and Ed and Richard very much. So, yes we're now onto the Q&A part of the session and for that I will be posing questions to our panel here but we've also got some subject matter experts online that I'll introduce you to shortly. As I said earlier, we've had I think over 250 questions coming in in advance and we asked our team to get some live questions coming in so please do submit in the sidebar if you have a burning question. We have grouped by themes some of these questions, a lot of them are on similar themes so I will kick off very shortly. First of all, I'll introduce we have three people online joining us, Matt Brewis Director of Insurance, Jason Pope a Technical Specialist in the Consumer Duty Policy team and Sean Cafferky a Senior Associate in the Consumer Duty Policy team. So, the first question is coming to you Matt, we've had quite a few questions [clears throat] excuse me, about who's in scope of the Duty from an insurance perspective. So, can you say a little bit more about

	that Matt and also including the application of the Duty to group policies in particular.
MATT BREWIS	Great, thank you Emma. Hi everyone. Let me start by answering that one then I'll hand over to Jason who will talk about group policies in a bit more detail. So, at a high level the Consumer Duty applies to firms which can determine or materially influence retail customer outcomes. Any part of the distribution chain which has that ability is important to be covered here. So, for general insurance a retail customer is a policy holder or potential policy holder as defined in our ICOBS rulebook. So, broadly, what that really boils down to is individuals and smaller businesses. It only applies to firms conducting retail market business, so it doesn't apply to reinsurance, contracts of large risks for commercial customers or for risks located outside of the UK or certain insurance distribution activities associated with those group policies that Jason can talk about now.
JASON POPE	Thank you Matt. Yes, so, in the Duty we say that firms distributing group insurance policies are out of scope when they're carrying out distribution activities for the purposes of setting up the policy or of adding new members to the policy, where those members are not directly in contact with the firm. But firms will have responsibilities under the Duty to individual members outside of those activities. So, that could include, for example, any communications which are sent out to members and the customer support outcomes for ongoing interaction with members. The principle and cross-cutting rules would also be relevant. Now, I think one of the questions we had also asked about the Product Design and Fair Value outcomes, firms should also be complying with PROD in relation to product design and fair value. So, the rules under those first two outcomes of the Duty wouldn't be directly relevant to those firms. So, really, I think it's the focus on communications and customer support which are most relevant.
EMMA STRANACK	Thank you very much, both to Matt and Jason for those. Now, I'm going to go back into the studio for Richard, you talked a little bit about firm's implementation plans Richard. We've had a number of questions on what we exactly want to see in those plans, can you give us a bit more detail on that?
RICHARD WILSON	Yes, I mean I'm not surprised we're getting questions on the implementations plans because as I mentioned that deadline is coming up in the next few weeks so it's very timely. So, we set out that key milestone that we wanted firms to agree their implementation plans to set expectation about the speed of firm work, but also about the level of oversight we wanted to see with firms and

	boards overseeing those implementation plans, and also to give firms a sense of when we will start asking to see them as well. But we have had a number of questions about exactly what we want to see in those plans. So, to be clear as I said earlier, we do not expect firms to have necessarily fully scoped every aspect of their implementation in these plans. We recognise it's a journey and plans evolve, but they do need to have developed their plans enough to assure their boards, or the managing bodies, and ourselves if we ask for it, of two key things. Firstly, that the plan is well thought through, it's deliverable and they're going to meet the implementation deadlines, and secondly, that they've really engaged with the substance of the Consumer Duty. That they've thought about consumer outcomes they want to achieve, thought about how they're going to monitor those outcomes and about the key issues in their area and the gaps between where they currently are and where they need to get to considering the four requirements of the Duty, so that they really engage with the step change that we're looking to see. So, we'll be looking at that bigger picture stuff but also at the level of planning, obviously we'll be looking at the plans to see that they've properly thought through the amount of products and services and communications that they've got to review during the time that's realistic from that point. A couple of other things we'll be looking for, might be dependencies, key dependencies with other firms for instance, so their commercial partners, their outsources, other firms in the distribution chain. That they've thought about how they're going to work with them, if any data or information needs to be shared between those that they're working proactively to make sure that that happens and the risks that come from that. Another area is internally thinking about how they're going to deliver on the culture change that we want to see, so how are they going to make sure that all their staff are thinking about their and understand their responsibilities under the Duty to deliver good outcomes. So, how are they going to implement the training and culture change within their own organisation as well.
EMMA STRANACK	Thank you, that's really helpful. I'm going to stick with you Richard, there's one more which a number of people have asked about, and that's about the requirement to have a champion on their board or their management body. So, can you talk a little bit about what role you expect that champion to play and actually how does that responsibility differ from, for example, a senior management function holder?
RICHARD WILSON	Yes again, this is another area we've had lots of questions on in previous events we've been in and lots of positive engagement which shows that firms are really thinking about how to implement this board champion role in the best way. Because we've had so many questions on this, it's worth putting out that we have published some

	extra information already on our website about the board champion role so I'd encourage people to check that out. This board champion role has two primary functions, firstly, it's about making sure that the Consumer Duty is raised regularly in all the relevant board and committee and other discussions, so really making sure it's on the agenda and it isn't forgotten about. And secondly, the board champion is challenging the management and the firm on their plans and reports on implementation and Consumer Duty that are coming up the board or the other management bodies, and making sure that the focus really is on consumer outcomes. So, it's that kind of getting it on the agenda and making sure that the challenge function is there because we really want to make sure that the non-executives on the board are engaged in the Consumer Duty and are properly sort of overseeing and challenging this. But as you say you had some specific questions, so we also need to be clear on what it isn't. So, it isn't a prescribed responsibility under the senior manager and certification regime, it doesn't affect the boards collective responsibility or the individual roles the board members have on compliance and other functions to make sure they're implementing the Duty. It's something over and above that, that is trying to, as I say make sure that the non-execs are engaged and there's proper debate and challenge. We've not been prescriptive in what we've said about the board champion, the key thing to say is that we want firms to implement it in a way that works for their firm, because we recognise firms have different structures, different personalities on their board and roles on their boards. So, we want them to apply judgement and think about how they would set up this board champion role in a way that's effective for their firm given their group structure or however they're set up.
EMMA STRANACK	Thank you that's extremely helpful. I'm going to go back to Matt online now. Some of the attendees have noted that the quality of product value assessments from manufacturers has been pretty variable and some haven't been forthcoming by the recent 30th of September deadline. So, that's made it pretty difficult for distributors to complete their value assessments. Can you talk about what work we're undertaking to improve the quality, timeliness and consistency of these PVAs, Matt?
MATT BREWIS	Thank you Emma. So, the Fair Value Assessment is obviously one of the new rules that came in as part of the GI pricing practices set of measures and an area which is really important to us to help us understand how the market, the products that are being sold to consumers how they operate, what the right products are and that they have the right target market responding appropriately to the demands and needs of customers.

	The process hasn't quite worked in the way that I was expecting, I think, you know, we set out some of those concerns in a letter just before the summer around, that for many manufacturers they were taking the complete time allotted for that piece of work and not factoring in the work of the distribution chain. Equally, we've had feedback around some of the other parts of the distribution chain which haven't been as timely or as thorough as manufacturers would expect. Look, Fair Value Assessments aren't going anywhere, and as we've talked about they are going to become part of the new Consumer Duty going more broadly as well. So, but it is incumbent on us to work with all of the industries to work out what's worked well and what hasn't through this, so that we can improve it for next year. And actually, almost immediately after this I have a round table with trade associations from across the insurance network from the manufacturers, distributors so we can get all of those views on the table and work with the sector to work out what, you know, whether there are changes we need to make, whether there are changes firms need to make, how we can have a greater level of standardisation for example around the Fair Value Assessments that are carried out. So, we've heard your feedback, we understand the frustration and there are parts of it that we're slightly frustrated about as well, and so I'm hoping that we will be able to provide some greater clarity to the market quickly before round two begins in earnest. Thank you.
EMMA STRANACK	Thank you Matt, thank you. I'm going to go back online now for Jason to answer this question. We've been asked to clarify whether if a firm has just completed an annual product review in compliance with PROD rules then this is also, is this also deemed compliant with Consumer Duty requirements? I.e., there's no need to carry out another Annual Product Review ahead of April, is that right? Jason…
JASON POPE	Essentially that is correct, there are specific application provisions in both the Product and Service outcome and the Fair Value outcome which say that, where a firm has products subject to PROD, it should continue to comply with PROD. The Duty doesn't require fresh processes here, including any additional product reviews.
EMMA STRANACK	Thank you that's really helpful. Jason I'm going to stick with you if that's alright because I've got another one I think for you here, we've been asked if an insurance firm doesn't market and sell the product directly to consumers but they do underwrite and provide claims management, how should they approach the consumer understanding task when they don't actually own that relationship with the end consumer?
JASON POPE	So, the first thing to say is that the Duty applies where a firm has a material influence over retail customer outcomes and only relevant aspects of the Duty apply. So, if a firm generally doesn't have a

	material influence over those aspects, then that aspect of the Duty wouldn't apply. But if the firm is communicating with customers, for example in its claim management, or if it's got direct interaction with the customers who are making a claim, then they should be focusing those outcomes on that interaction. They wouldn't be expected to look after any other aspects of communication or customer service, such as the sale by another firm. Other aspects of the Duty could apply, such as the Principle and cross cutting rules and I think that the firm should already be subject to Product Design and Fair Value requirements in PROD.
EMMA STRANACK	Ok, that's helpful thank you Jason. Matt, I'm coming back to you now, we've had a number of questions about the work that we've done on general insurance pricing practices remedies. So, what would you say are the key lessons to be learned from the implementation of GI pricing practices remedies, and how can they be applied?
MATT BREWIS	Thank you Emma. So, look, part of that are Fair Value Assessments I covered in the last answer, but more broadly I think one of the key things that we learnt from that was the importance of firms determining what the products were that they were selling, who the target markets were as has already been covered in this presentation. And how to treat customers fairly throughout the life of the product. All of those kind of key tenets are the key parts of what makes the Consumer Duty the, what we hope to achieve from it and so, as Dan said in his remarks, the GI pricing followed well and the product governance rules followed well goes a long way to achieving what we're seeking to achieve for the market and for consumers from this Duty.
EMMA STRANACK	Thank you for that. Something else that comes up quite often and this one is for Sean; is about how does the Duty apply proportionately? So, do we have the same expectations for small firms as we do for larger ones, Sean what can you tell us about that?
SEAN CAFFERKY	Thanks Emma. Yes of course, so first on the proportionality point, so the focus on good consumer outcomes must permeate all aspects of firm's operation and culture, but we've also been clear that the duties intended to apply in a reasonable way. And what that means in practice for a firm will depend on a number of different things so, just to call out some key ones, so first the nature of the products or service. So, more complicated products or those with greater risk of leading to harm, are likely to need more attention than simple or less risky products. Secondly, the firm should also consider the characteristics of their customers. So, where a firm's customers are more likely to have characteristics of vulnerability for example, we'd expect them to take more care there compared to a

	firm dealing with more sophisticated customers. And then also, firms should consider their relationship with their customers. So, for example, the Duty doesn't require an execution only firm to start providing advice to customers as obligations under the Duty reflect the firms' role and their ability to influence customer outcomes. And we generally expect firms to focus on harms that are reasonably foreseeable considering what they know or could reasonably be expected to know. But just to point out our guidance which we published alongside the rule should help clarify our expectations in this area as it gives many illustrations of how the Duty applies proportionately in different context. And just on the second point there about our expectations for smaller versus larger firms, we do recognise that firms will have different capabilities depending on their size, the resources and their activities. So, while all firms should aim to deliver good outcomes, their approach to the Duty may vary, and good examples are in relation to testing and monitoring of consumer outcomes. Clearly firms will be in different positions as to what they need to do and what they can do in practice. Smaller firms generally though will have simpler business models and therefore, would not need to apply to same processes as a larger, more complex firm. And in general, we'd expect firms with more sophisticated data strategy to have a more detailed approach. But one question firms can ask themselves is whether they're using the same MI capabilities they use to inform other elements of their business such as product development or sales, to also monitor customers are getting the right outcomes. But more generally, we do recognise all firms and particularly smaller firms have the support from us on how to implement the Duty, so we've got lots plans and just to list some of those things we've got coming up including accessible communications which we will produce with an eye on smaller firms in our audience. And a combination of events including regional, in-person events in the new year and there'll be more information added to our webpages overtime and we'll be sending out tailored letters for each portfolio flagging key issues for firms to consider. And finally, as ever, support will continue to be available from our supervision hub.
EMMA STRANACK	Thank you very much Sean. Now, back to the studio I'm going to pose the next question to Ed. We talked a lot about outcomes and outcomes monitoring and it's really a question that a number of people have had about how we at the FCA are going to measure the success of the new Consumer Duty. Will we be asking for more data from firms and can you say a bit more on our expectations for outcomes monitoring?
ED SMITH	So, thanks Emma.

	Well, in the same way that we expect firms to use data to monitor customer outcomes, we're going to be using data and developing data to assess the progress of the Duty in affecting customer outcomes as well. So, in our three year strategy we set out a number of high level measures that we'll be using to assess whether customers are getting better outcomes and a lot of that is survey data at the level of financial services but a number of it is the complaints data that we'll be monitoring in particular sectors to ensure that's going in the right direction. And on top of that, we're developing a series of data suites for each portfolio, each sector, to really understand the sort of consumer outcome measures that we want to see moving in the right direction. So, we will be monitoring that over time to make sure that it is going in the right direction. On top of that, we will be monitoring compliance so Richard already talked about the supervisory activities that we'll be doing to ensure that firms are embedding the Duty, we will be doing survey work to understand the degree of compliance with firms and in particular small firms as well. We will be doing dip testing, multi-firm work overtime to understand that the firms are putting the right measures in place and fundamentally doing the right sorts of assessments on consumer outcomes that we expect them to do. We're not expecting to do any particular new reg returns at this moment, we may want to do a particular one off data request we're still considering that, but that won't be for some time I should imagine yet. So, we are doing a lot of work in understanding implementation, compliance, we have a number of different top line metrics and sector based metrics to understand outcomes and we'll take that work forward. It's very central to how we want to embed the Duty.
EMMA STRANACK	Thanks, Ed. Matt I'm going to come back to you now, a question we've had in about premium finance firms. Some insurers use premium finance firms to offer customer direct debit payments, however; the APRs charged don't really reflect the credit risk because the guarantor of the debt is the insurer, so the insurer doesn't really have any bad debts because they can cancel policies on a pro-rata basis. Will the FCA consider disproportionate APR charges for insurance policies as not being a good outcome? Matt.
MATT BREWIS	Thank you, Emma. So, this answer… premium finance in the round as opposed to premium finance companies. So, it's a product that exists to allow consumers to pay for a product monthly rather than in an annual lump sum. And for many consumers actually they can't afford the cost of

	the one month, you know paying it all in one go and want to spread the cost as we do with so many of the products and services that we use today. Now, what we see is a cost of, you know, it ranges from different firms and different types of products but can be in the region of 30% which is high given, you know, as was noted in the question actually for, in many cases the lack of credit risk that exists in that product. So, this is one of the areas that we highlighted in the letter Sheldon Mills wrote to the sector around cost of living and our expectations and highlighted this is one of those areas where we'd expect firms to look closely at whether or not they're doing enough to ensure customers are getting value from that product. I mean, I think one of the points I'd make is many firms include as a risk factor whether or not somebody pays monthly compared to annually as a risk factor. So, somebody who pays monthly will be charged more for their insurance anyway, and then in an additional cost, 30% in some examples, for that same consumer for paying by direct debit for paying on a monthly basis as opposed to be able to afford to pay for it annually, does raise questions for me as to the fairness of that. But it's one of, you know, as I say it was highlighted in Sheldon's letter and we've seen some firms take action on that which we very much welcome, but we, it will be an area we will continue to look at and as we understand the Fair Value Assessments and reviews that firms are doing on these products. Thank you.
EMMA STRANACK	Thank you. I'm now going to move onto consumer vulnerability and I think go to Jason for the answer on this one please. The question is, how should firms consider consumer vulnerability if they offer a simple product that's targeted at a wide, generic target market rather than specifically targeting more vulnerable audiences? Jason, can you pick up this question please.
JASON POPE	Sure, I'm happy to. So, I think the starting point is that we expect firms to design products or services to take account of the needs, the characteristics and the objectives of all groups within the target market. We aren't expecting firms to review the needs of individual customers or to track vulnerability for each customer, or even to monitor the diverse needs of each customer. What I think we're looking for is firms to start by thinking about does the product have features that could risk harm for a particular group of customers and that would include people, groups of customers with characteristics of vulnerability. So, I think it's about taking a step back and just thinking could anything go wrong, could it go wrong for people with certain characteristics and, if so, what could we do about helping those people maybe stopping the harm occurring in the first place. It may be that

	there's nothing to be done or there are no particular issues that need to be addressed, but it's about taking that step back and just thinking through the possible issues.
EMMA STRANACK	Thank you Jason. Sticking on the consumer theme but we'll go to Sean to answer this one please, we've had a question about consumer understanding outcome and on testing communication and how much is required. Sean, could you come in on this one.
SEAN CAFFERKY	Sure, Emma yes. So, in our rules and guidance we've set out various different factors for firms to consider when deciding whether it's appropriate to test communications or not, but I think in a nutshell it's really those ones which consumers rely on to make decisions because that's where the majority of harm stems from. When consumers overlook those key communications and purchase products which aren't right for them, so that's really the essence of what we're getting to then. It's also just worth pointing out that we recognise that consumer understanding is hard, but we're not expecting to get to a position where every single consumer understands all aspects of all products and services, we know that's just not realistic. But the aim is really just for firms to be able to provide themselves with assurance that the communications that they're sending are supporting good outcomes and are appropriate for the target market. And also, to identify any areas where there is an element of misunderstanding and make changes with the aim of improving that.
EMMA STRANACK	Thank you Sean. [clears throat] excuse me. So, back in the studio I'm going to put this question to Richard, because we've had a couple of questions asking about the Consumer Duty and whether it means that firms will have to pay redress more often to consumers. So, Richard, what does the Duty mean for redress?
RICHARD WILSON	Well, I think the simple answer to that is no, we don't expect the Consumer Duty to result in firms having to pay a redress, or redress more often to consumers. In fact, the whole emphasis of the Duty is the opposite, it's about preventing harm and getting firms to think ahead, reduce the likelihood of foreseeable harm occurring and therefore, reduce the likelihood that they'll need to put things right. And therefore, as a result hopefully improve outcomes and improve trust in the industry. Of course, that goes down to how well the firm implements the Consumer Duty and how much it embraces the need to tackle foreseeable harm and to improve outcomes. But, you know, we don't live in a perfect world, it's not a zero failure regime; even with the Duty, things will still go wrong and so a redress will remain a crucial element of our protection regime.

	So when firms cause harm they should make it right and this is another area where the Consumer Duty does increase expectations of firms. So, as part of the Consumer Duty firms are expected to take action to prevent foreseeable harm and be on the front foot but where foreseeable harm is caused we do say that firms should, as well as trying to take action to prevent that harm occurring again in the future for other consumers where consumers have been impacted, redress may be one of the appropriate actions to take at that point. So, it's going beyond our current requirements which is around considering redress just where you've got complaints but also more proactively consider it as part of the Duty and as part of acting on foreseeable harm.
EMMA STRANACK	Ok, that's helpful thank you very much Richard. Matt I'm going to come back to you now because we've had questions about the distribution chain. So, when a firm identifies that other firms in the distribution chain aren't meeting the consumer duty, and that's resulting in poor outcomes for the consumer, is the expectation that the firm will notify the FCA immediately or should they actually engage with those firms in the distribution chain first? If it's the latter, then when should the firm notify the FCA and is this only if the other firms don't make appropriate changes within a reasonable timescale? Matt.
MATT BREWIS	Ok, thanks Emma. So, let's, you know, there's some really specific questions there but let's think about it slightly more broadly. So, we already have the Fair Value Assessments, the distribution chains already engaged in looking at the products and the value that's being provided. If you have concerns about it, the right thing to do is to talk to the firm, you know, the distribution chain talking together getting the right outcome for consumers is what we're after. Of course, if there's an area, if there's something that you believe is really, is significant then tell us right, we're always happy to receive information, always, you know, if there are concerns that you have whether it's kind of via our whistleblowing route or just general via the supervision hub. Always, always happy to receive intelligence that helps us with the supervision of firms but for the market to work well we need firms to work together for the distribution chain to work collectively, my lights to stay on…
EMMA STRANACK	[laughing]
MATT BREWIS	But all of this is going to the point of saying, you know, there's not set rules as to you must do it within x days, but ideally outcome that we're focusing on is customers get the right products that they, that meet their demands and needs and are sold to the right people and it's the right product for them. And so, the chain working together is the most important part to achieve that. Thank you.

EMMA STRANACK	Thank you. Now, probably coming back to the studio it's either Richard or Ed, one of the two of you, we've been asked what practical actions does the FCA expect firms to take to satisfy the onus on firms to anticipate and respond to emerging harms? So, how do we expect firms to take, well you know, what actions do we expect firms to take in identifying and anticipating those harms and how can they evidence that they're taking those steps?
RICHARD WILSON	Yes so our rules do, we have a cross cutting rule which requires firms to act on foreseeable harm, so firms need to make sure that they are reviewing on a regular basis thinking about what kind of harms the consumers of their products and services could experience. That's a dynamic thing, it's not a once and done, you don't just do it at the start when you design a product but it's an ongoing requirement so it's thinking about things that are developing in the economy, it's looking at the letters and supervisory engagement that we're engaging with firms over. So, the portfolio letters, Dear CEO letters, what kind of harms and things are we warning about there, and then obviously their own insights and analysis. Firms are always in the best position to understand their consumers, their products and their services and to be thinking ahead about what harms could occur and what action they can reasonably take to deal with that. Obviously not all harm is foreseeable and not all harms have a possible action that they can take but it's about putting out some proactive onus on firms to think ahead.
EMMA STRANACK	Thank you for that. I'm going to stick with you Richard, this is a question that we've had a few times about whether or not there is a template implementation plan. I think I know the answer to that and you've given us some ideas about what we expect to see in the plan, but can you address that?
RICHARD WILSON	Yes, I mean, obviously the Consumer Duty applies to thousands and thousands of firms of different sizes, different structures and different business models. So, it's not been possible for us to come up with a template for firms to use in terms of their implementation plans and what we really want for the implantation is the firms to have a plan that they need, that their management and their boards need to assure themselves and that they need to implement and the management itself and the firm itself need to implement. It's not a trick question we're just asking firms to think about how they would implement the Consumer Duty sensibly and get it to meet our deadlines. And obviously, they can refer to our guidance and our Policy Statement which does set out lots of help in there and one of the things I point people to for instance is within the guidance we have lots of questions in there that our supervisors might pose to firms as they look at implementation plans. But also, which firms can use to pose to themselves in anticipation to us asking, and which are helpful

	in trying to understand our expectations and the things that we might be looking to see as they implement the Consumer Duty.
EMMA STRANACK	Ok. Thank you for that. Now, going back online to Jason please, we've had a question asking how the Duty applies in the context of closed books of business and insurance products in run off. So, how does a firm apply the outcomes and then how do they define the customer as being the policy holder who is indemnified or the claimant who can be an individual who is not the policy holder? Jason, can you illuminate?
JASON POPE	Sure, yeah. So, the Consumer Duty is applicable to all products whether they're open or closed, and it's important to say at the outset that where the product is closed, we aren't looking retrospectively; the Duty will only apply going forwards. And we've also published a lot of guidance on this subject so, if you haven't looked at it already, I encourage you to look at the guidance on this. So, where a product is closed, we've got a slightly different approach in terms of the product design rules. Firms still need to review the product, but they need to check that the product is consistent with the cross-cutting obligations. They don't have to have a target market, for example, or a distribution strategy: these clearly aren't relevant. So, they should also be thinking about the retail customers who could benefit from the policy, they aren't thinking about the target market in this case. And, I think, primarily, you could see the impact of the Duty on things like customer support and customer communications: it's very obviously applicable to any new communications which are sent out to existing customers. I hope that helps.
EMMA STRANACK	Thank you very much for that Jason. The next question is going out to Matt. Could you elaborate please on the link between the Consumer Duty and the FCA's work during the cost of living crisis?
MATT BREWIS	Yeah, absolutely thank you. I mean I've already mentioned the letter that Sheldon sent, Sheldon Mills the Executive Director for Consumers and Competition sent last month, which focused on the cost of living crisis. But as part of that, there was a section that talked about new Consumer Duty and how the two come together. So, we see, you know, this new Consumer Duty as a way to think about the kind of current pressures that people are facing and I talked about it in my previous answer too on premium finance on how we deal with, you know customers who need to exit products because they're unable to afford them or because, you know, they don't have the car anymore and kind of excess fees that are charged. We've had guidance around these areas previously during the Covid pandemic and many of those things are still really relevant today and are all still pushing in the same direction. Again, coming back to big picture outcomes, it's about having customers at the heart of your business,

	about the heart of your products and how you use that thought process really in all aspects of the business to ensure that consumer remain the focus. Thank you.
EMMA STRANACK	Thank you. I'm going to come into the studio again now to Ed. You spoke about value measures data, is the FCA going to publish this?
ED SMITH	Well, I think that's probably for more Dan actually I think Dan mentioned the value measures data as part of the insurance work. So, I'll hand to Dan.
EMMA STRANACK	Dan.
DAN HURL	Thanks Ed, yeah this is more for me. So, as I said yes we will be, so we hope to do that shortly, we've been looking over what that has told us and there are some areas, there's clearly some products when you look at that, that raises some big questions which we will be expecting firms to look at individually but also you know, looking at products across the market. So, yes coming shortly, is the answer.
EMMA STRANACK	Thank you very much. Question now I think to Jason, we've been asked about the potential application of the Duty to an MGA with underwriters marketing and selling policies including creating the products, but where the capacity providers are different companies. Although of course, they do approve the products, where does the Consumer Duty responsibility sit in that situation?
JASON POPE	I'm afraid the answer here is that it will depend. So, the Duty applies to all firms in distribution chains where they can determine, or have a material influence over, retail customer outcomes. So, I think firm in the chain will need to answer that question: do they have that sort of ability to influence the outcomes and to what extent, and duties, the obligations under the Duty may be shared as well. So, maybe multiple firms in the chain have responsibility and I think this is something that firms will have to agree. Where they are co-manufacturers already under PROD, this may be something that firms want to put into their co-manufacturer agreements just to clarify who is responsible for which aspects.
EMMA STRANACK	Thank you that's really helpful Jason. Coming back into the studio I'm going to ask Richard to answer this one. One of the questions that has come in has asked whether we should be considering a fair outcome rather than a good one. Not all customers may consider our action as a good outcome, so it may not be the outcome they were looking for in particular but, what would say our approach is for that Richard?
RICHARD WILSON	Yes, I mean this is an area we consulted on several times there was lots of debate on what is the right wording for our sort of headline principle and our approach which we've landed on is this formulation around acting on good outcomes.

	We had lots of feedback, lots of discussion I think I can confidently say there's no perfect wording that everyone would like, but we think that good outcomes reflects where we want firms to be aiming for rather than some of the concern about treating customers fairly, it was possible to have a fair approach and for people to tick all the boxes and say yeah we sent out communication we warned people but the poor outcomes still occurred. And to sort of wash their hands of that when actually there were further things they could've done and that the problem was entirely foreseeable. So, that's why we've put this focus on good outcomes. Of course, we recognise financial products all often come with risks, not every consumer will get a good outcome and that's why it's acting to deliver good outcomes. Firms can't always make that happen and where risk is a key part of the product and the consumer has accepted the risk for instance, the investment risk, investments will go up and down, clearly there can't be, you know… there are outcomes from that which the consumer might not regard it as a good outcome. But the principle tries to illustrate where we are, what we want firms to aim for and it is set out in more detail under the cross-cutting rules and the guidance what we mean by good outcomes. I think that's the important bit for firms to engage with, it is the expectations underneath that in our cross-cutting rules and in our rules and guidance, as well as the headline principle.
EMMA STRANACK	Brilliant, that's really helpful thank you Richard. Matt I'm coming to you because we've had a question about brokers and the impact of the Consumer Duty on brokers. Matt, can you give us your thoughts on that?
MATT BREWIS	Sure, I mean that's, I don't know we've only got six minutes left I could talk for a long time on that.
EMMA STRANACK	[laughing]
MATT BREWIS	So, look, overall brokers play a really important part in the distribution chain of products. They provide a really useful service to consumers in terms of helping them select the right product for their needs, they help small businesses by going beyond just sending them a product. But you know, I've heard of examples of going round checking fire safety certificates and other pieces in small businesses to help them get the service they need. So, brokers are really important and we need them in the market and we want them in the market and we want them to succeed and to be profitable. So, that's my broker pitch set out there, that said, there have been issues where we have seen issues around remuneration perhaps or around the quality of service that's been provided to customers. Our recent report on multiple occupancy building insurance highlighted, you know a number of concerns around that area, as well as the pieces that we included in our, Sheldon's letter that I mentioned before on cost of living. So, there is a significant body of information that's out there already and our views on that, I've spoken at a

	number of events including last week and coming up over the next couple of months about the new Consumer Duty how it impacts on brokers specifically and very happy to talk more about it with kind of more specific questions whenever anyone would like to talk to me about it.
EMMA STRANACK	Thank you. Thank you Matt. Probably time for a quick one Sean if you're available to us for this. We've been asked about how diversity and inclusion factors into delivering good outcomes for consumers. What can you tell us about that Sean?
SEAN CAFFERKY	Thanks Emma. Yes so, the Duty is aligned with and supports our wider work on D&I, we see a diverse and inclusive industry as essential to achieving the outcomes we expect in financial services. But D&I isn't just about your people it's also about the diverse needs of your customers and that is at the heart of the Duty. So, the Duty requires firms to think about the diverse needs of their customers, including those with characteristics of vulnerability at every stage of the customer journey, from product design right through to customer support. But it's also crucially at the heart of the outcomes focus of the duty, as we've said we expect management to be able to understand and stand behind the outcomes of their customers' experience. And that includes explicitly whether certain groups of customers are getting different outcomes to others. Of course, we don't expect all customers or all groups of customers to get the same outcome, but we expect firms to understand difference in outcomes across their customer base and to satisfy themselves that different outcomes for different groups are compatible with the Duty.
EMMA STRANACK	Thank you Sean. Two minutes to spare so I think we are going to wrap up now. That final question brings us to the end, we do have a couple of other questions waiting in the wings but I'm afraid we've run out of time for today. That said, we are going to provide information on our website, you will be able to have a recording of this webinar available online as well. Thank you very much for joining us today. I hope that the information we've given you has provided some clarity on our expectations and also in terms of what the implementation plans, what our expectations are for that. I am going to ask you to do one more Slido, I'm just trying to get the number up. If you go to Slido.com and enter the code 1980564, or if you just scan the QR code that's on the screen now the one question will come up and that will be extremely helpful, thank you. We are

	going to also send you an email with follow up survey which will be a bit more evaluative, so please do provide your feedback. As I mentioned earlier, we’ve got an extensive programme of engagement next year we’re rolling out some regional and national face-to-face events, we’ve got lots of information on our website you can register for other webinars that are coming up. One this afternoon on Consumer Investments, Pensions and Asset Management and on the 1st of November, Banking and Payments and Retail Lending. You can sign up for those on our website. Thank you again for joining us and I wish you a very good afternoon.