

Chubb's approach to the Consumer Duty

The Consumer Duty comes into force in July 2023. The scope aligns with the FCA enhanced product governance rules and comprises for all in-scope products and policies that are available for new sales or renewal. The scope includes all products manufactured by Chubb's UK entities that impact retail consumers, and SMEs. This includes Chubb UK's products distributed to residents overseas, and/or by overseas distributors. Out of scope are group policies, NAC (No Additional Charge), and large commercial.

This document summarises Chubb's approach to the implementation of the Consumer Duty and our key priorities. The Consumer Duty sets ever higher and more proactive expectations in ensuring good outcomes for customers. Chubb is continually evolving, as is our Conduct Risk Framework with some areas identified for enhancement. Though not directly connected to the Consumer Duty, Chubb has recently merged several product lines, including mobile phone insurance, leisure travel and accident & health into one Consumer Lines division, which is indicative of our on-going journey towards increased customer focus and the delivery of good outcomes.

Following our Board's approval last October of our Consumer Duty implementation plan, an implementation project has been set up to review existing practices, assess priorities, and implement solutions over the short and longer term. A consumer duty champion has been appointed. Work is now underway on delivering improvements.

Key areas of focus

The majority of Chubb's implementation focus is on the customer outcomes, in particular customer understanding and customer support. The approach recognises that we already have good standards and outcomes in place, but that there are some areas that we want to improve further. Some of the priority areas of focus in our implementation project include:

Understanding: we are carrying out an in-depth review of a number of core consumer policy wordings (both retail and commercial) and associated documents from a customer understanding perspective, which will make policies easier for customers to navigate and understand. The learnings from this will be absorbed across a broader range of products and communications over the longer term.

Testing: establishing an on-going mechanism and practice of testing customer communications with consumers, prioritising understanding of cover.

Support: the support provided through the customer journey is where the customer

outcomes come alive, particularly for customers in vulnerable circumstances. While Chubb is proud of its customer service and claims philosophy, it is an area where we continually seek to improve. We are working to shift our emphasis in control and oversight from exception reporting to evidencing good outcomes. Central to this approach is a review of our service levels, monitoring and management information. To enhance information sharing we are developing a customer knowledge hub.

Governance: Chubb in the UK has embedded governance arrangements to monitor the performance of customer outcomes, with established standards relating to definitions of good outcomes. The Consumer Duty provides an opportunity for us to refine further and update these standards, in particular increasing the emphasis on customer vulnerability. Reporting through governance forums is being updated to reflect the outcomes with an Annual Report for our Board anticipated as part of the year-end reporting process.

Product governance and value: Insurance has benefited from the FCA's focus on product governance and pricing practices over the last two years. It continues to be a critical area of focus and in need of improvement, in particular in respect of communication with distributors. We are reviewing our procedures as well as the outcome of our fair value assessments to assure ourselves that we are aligned to the latest standards and that our distribution partners are kept suitably informed.

Details of products and their fair value assessments are available on the Chubb UK website under "Product Governance" <https://www.chubb.com/uk-en/product-governance-matrix.html>. We will also post updates to our Consumer Duty implementation plan on this site. While this site provides information on Product Governance and the fair value assessments of the products to meet regulatory expectations in this area, it is not intended as a replacement for a healthy and engaging dialogue between underwriters or account managers and distributors. The risks that our products cover are generally well understood and are suitable for a broad target market, but are also based on our risk appetite and individual customer needs.

Outsourcing: Chubb operates primarily through independent brokers and business partners as intermediaries for distribution. This business model, particularly for consumer, is heavily dependent on outsourced providers in particular for the customer support outcome. Third party activities and engagement are embedded in each of the workstreams under our implementation programme.

Programme management: a project has been set up to deliver the range of improvements associated with the Consumer Duty, overseen by an executive steering group which meets

regularly and is supported by our Project Management Office. Workstreams include Governance and Programme Management, Product Governance, Customer Support, Customer Understanding and Training.

Additional charges: 2023 survey

As part of the FCA's general insurance pricing practices market study (Policy Statement 21/5 and 21/11) enhanced Product Governance Rules were effective from 1 October 2021. In Q2 2022, Chubb issued a communication to all our distribution and broker partners to establish whether any additional customer charges are applied by broker partners in relation to Chubb policies that, in addition to the premium set by Chubb, could influence value in the product, and the end price the customer pays. The aggregated feedback from that exercise informs relevant product reviews. The 2023 survey will be issued on or around 11/05. Please follow these important instructions when completing the survey:

- It is important that only ONE person completes the survey for your organisation. Please ensure the survey is directed to the appropriate Product Governance/Risk & Compliance contact in your organisation.
- You will be required to list any Chubb products you distribute for which any costs, other than remuneration, are associated with the distribution of these products, and to describe these costs and related services as applicable.