



FCA Consumer Duty

Distribution Partner Briefing

April 2023

EXTERNAL



FIRST FOR JUSTICE

Introduction

Following our last communication at the end of January this year, DAS have been working through our project delivery to achieve compliance with the Consumer Duty.

Our initial high-level analysis confirmed items in scope of our response to Consumer Duty as:



This communication provides an update on the steps we have taken to achieve compliance and update on any requirements where we need further support from our partners (as distributors).

For most of our relationships DAS is the product manufacturer and you are our distribution partner. DAS are providing the resources such as Distributor Product Information and up to date policy wordings to enable distributors to undertake their responsibilities in line with regulatory requirements. Outside of standard DAS product manufacturer arrangements these should have been discussed with your Account Management Team in the normal course of business.

And update on our progress is as follows:

Outcome 1 – Products and Services

Distributor Product Information and Target Markets

DAS provided new Distributor Product Information (DPI) documents during the roll out of our response to the refreshed PROD 4 rules that accompanied General Insurance Pricing Practices. These DPI documents are now reviewed as part of the annual Product Review cycle. We are not expecting any changes to the target market statements following their communication in 2022. Therefore, distributors of DAS products can continue to rely on these to understand the target markets the products are designed for. This should continue to enable distributors to ensure they are discharging their

responsibilities under PROD 4.3.6BG to ensure that, where they distribute a package of products from different manufacturers, they do so in a way that suits the customer and supports fair value.

Product Change Processes

DAS Propositions team in alignment with Underwriting and Account Management have been working hard to continue to refine our product adaption and new product development processes to ensure full alignment to the Duty and the new cross-cutting rules in addition to last year’s PROD update. These latest updates were rolled out during Q1 2023 so you can be sure that any product changes you are working on with DAS will have been through a compliant oversight process.

Customer Testing

As part of the continuing upgrades to our processes to accommodate the Duty, we have been investing further in additional capability to increase the scope and speed of our customer testing. This will increase the opportunity for us to test collaboratively with partners, when developing unique responses for specialist niches.

Outcome 2 – Price and Value

DAS have begun their round of product reviews for 2023, as part of the Product Review Process each product’s fair value assessment has been completed. Of the completed reviews we found all DAS products continue to offer fair value.

	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec
Home Emergency (including residential and landlord variations)				✓								
Commercial LEI							✓					
Family LEI			✓									
Family HNW					✓							
Property Let & Rent Guarantee (Landlord)						✓						
Property Let & Rent Guarantee (Letting Agent)						✓						
Cyber				✓								
Loss Assist						✓						
Excess Protection									✓			
Motor Breakdown		✓										
Motor LEI								✓				
Group LEI							✓					
Travel LEI							✓					
Marine LEI					✓							
ATE Clinical Negligence					✓							
ATE Personal Injury						✓						
ATE Civil Litigation							✓					

As each product review is undertaken a new Fair Value Assessment (FVA) for 2023 will be made available. If you have any questions about this process in the meantime, please contact your Account Manager.

Reciprocal Information:

As part of our manufacturing responsibilities, we undertook an exercise of gathering additional information from our distributions during 2022 and asked partners to attest that they only sell to customers in the target market. We will need to do this every year as part of our need to continuously review our products. Therefore DAS will be undertaking this exercise again over the next month. Having taken on board feedback on last year's Reciprocal Information exercise the process has been simplified and we expect this should be an easier process for our partners to undertake.

Outcome 3 – Customer Understanding

Communications Testing

We have divided this workstream into 2 areas of focus:

- Product communications
- Customer communications

Product communications already have an extensive review process which is undertaken annually or bi-annually and feeds into the broader annual product review process. Over the period to the end of July we will be continuing to strengthen the Consumer Duty focussed outcomes approach and cross-cutting rules into our wording review processes and as we review policy wordings again through the year any newly identified policy wording changes will be communicated in the usual way.

Distributors should also be taking their own review of the policy wording versions they provide to customers; this is particularly important where a distributor has not implemented revised policy wordings previously provided by DAS.

Customer communications have been fully mapped and a testing approach agreed. DAS operational teams have now begun prioritising the review and testing of communications relating to claims. This will be followed with a combined DAS Communications Policy which will build upon our existing RIGHT Service Framework. The Policy will set clear expectations of the requirements when communicating with customers to support their understanding of the product and its associated processes.

The Communications Policy will be embedded for the 31st of July.

Quality Monitoring

DAS will in response to Consumer Duty review and update where appropriate the existing RIGHT Service Framework and quality monitoring processes.

A review of our supplier's quality monitoring approach is underway with decisions pending on the extent to which DAS will independently monitor supplier performance.

Outcome 4 – Customer Support

Customer Journey Mapping

During the initial phase of the Consumer Duty project, DAS has mapped our customer journeys to better understand customer friction points and key customer decision making points. We are using this to identify areas which present a higher risk of harm or any potential barriers to good customer outcomes. Our next focus is to examine how we can positively influence the quality of service delivered to customers, so as to continuously improve our customer outcomes.

By pooling together performance monitoring results, customer survey feedback and complaint root cause analysis DAS has devised a priority list of support areas to progress. Work is ongoing to map and operationalise any service improvements for 31st July. Where DAS use a supplier within the product service provision work is being undertaken as part of the supplier reviews to confirm the end-to-end customer support provided.

Notes on Suppliers and Vulnerable Customers:

The need to work closely with our suppliers and to consider the needs of vulnerable customers span all areas of the duty. Therefore, we have been working closely on both as follows:

Suppliers

DAS is working closely with its suppliers where a third party provides the service to ensure that they are following the requirements of the Consumer Duty in line with the DAS approach. The reviews undertaken expand upon existing performance information reported but also focus on closing any identified shortcomings or gaps against the Consumer Duty requirements. For example, whilst complaint reporting will have been in place for many years, we are using this opportunity to look again and ask if root cause analysis goes as deep across all suppliers as it would if we did it ourselves.

An action plan is being devised for each supplier with key timelines in which to evidence any identified areas for improvement.

Vulnerable Customer

DAS has a dedicated workstream to ensure adequate consideration of vulnerable customers and the explicit requirements under the Consumer Duty. We already updated our product design and oversight processes last year, to reflect the PROD manual requirements. So much of the subsequent work has focused on process and reporting. Enhanced training will roll out in July for all employees to reflect the evolving processes and support for vulnerable customers and to ensure that our employees have vulnerable customer principles in their grasp

Next Steps

Now that we have provided you with an update and overview of our working programme can you please review and consider any specific scenarios or queries that you require a response from DAS on.

Please email any requests / queries to consumerduty@das.co.uk (copying in your Account manager) where our SME team will be happy to support you.