

Adviser insights

Adviser views matter

In February 2006, we commissioned Deep Insight, a specialist company in customer relationships and market research, to carry out some research amongst financial advisers on our behalf

This was a follow up to a similar research project carried out in December 2004. We wanted to know what advisers think of us, how their views had changed since 2004 and how they see the market developing in the post A-Day world. Our aim is to use this information to help us improve the way we work and to develop our proposition so that it more closely meets both adviser needs and those of the marketplace.

As a business, we naturally want to work closely with our partners. We were therefore pleased to find that advisers were generally complimentary about the service we provide, although naturally there are areas we need to work on. In the interests of balance we have included both positive and negative comments in this short summary.

If you would like to know more about the research findings, please let me or your normal contact know and we will provide more details.

These are exciting times in the SIPP world and we are pleased that so many advisers share our positive outlook for SIPP business.

With best wishes

John Moret

Director of Sales and Marketing

Email: john.moret@suffolklife.co.uk

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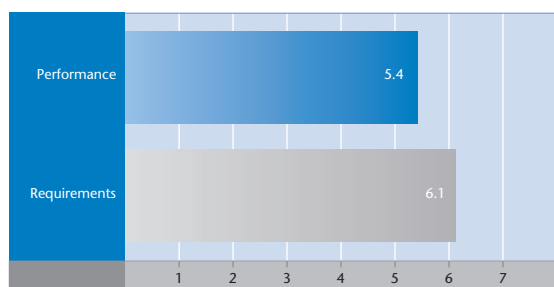
Expertise with a personal touch

One of our main aims was to find out what's important to advisers and then evaluate how we measure up

The emphasis was on the quality of our relationships with advisers, exploring some of the softer elements of our relationships rather than hard aspects of service or product features. The following extracts from the research company's report summarise the findings:

- » Suffolk Life has a stable customer base. The research measures customer loyalty and for Suffolk Life the indicators predict a high business retention ratio. These findings suggest that once an adviser has placed business with them, they are likely to continue to use them for future transactions.
- » 93% of advisers that replied to the survey are either 'Ambassadors' or 'Rationals'. These classifications have been developed over many years research and are the top two segments out of five. The results from more than 900 organisations across all business sectors are held in the database and a score of 93% places Suffolk Life near the top of all those companies. What's more the number of Ambassadors (the top segment) has risen sharply from 37% to 45% from December 2004 to February 2006, which is a very commendable performance and means nearly half of Suffolk Life's supporting advisers are very strong supporters of the company.
- » Advisers trust Suffolk Life and are satisfied. The research goes beyond simple transactional assessments of customer satisfaction and probes critical relationship aspects such as trust which is an essential pre-requisite for relationship commitment.
- » Suffolk Life's administration and customer service are rated very highly. Scores are broadly the same as the 2004 survey which is encouraging given the record volumes of business written in 2005.
- » Administration/customer service and product specialisation and expertise are perceived to be Suffolk Life's greatest strengths. To borrow a phrase from a TV advert, they obviously "do what it says on the tin".

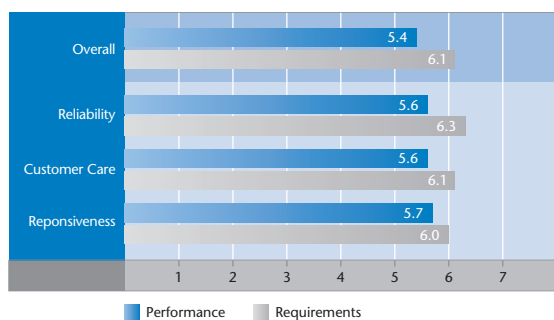
We were particularly interested in how well we match up to advisers' service requirements. The following chart summarises what we discovered:



A gap of more than 1 unit is normally judged as indicating that a company is experiencing customer service problems. Where the gap is less than 1 there is no cause for concern. The gap of 0.7 is about the same as December 2004. Interestingly, the service requirements from the marketplace have increased from 5.9. This is not statistically significant but illustrates that all providers need to keep on their toes. This confirms our long held view that service is not an area where providers can rest on their laurels in a changing market.

Looking at figures in more detail, we are able to break down service into three different elements – reliability, customer care and responsiveness.

Reliability is defined as accuracy and consistency of service; responsiveness means the way in which the company responds to the needs of its customers; customer care refers to personal attention, willingness to help etc.



The verdict from the research company is succinct: "The organisation is delivering a very good level of service that does match its supporting advisers' requirements. This applies across all dimensions of service. The 'reliability' gap, although not significant, needs to be monitored to make sure that it does not widen."

Looking forward

We are always seeking ways that we can improve what we offer to both advisers and consumers

As a result we pay as much attention to negative comments as we do to the positive ones. As part of their feedback advisers highlighted three particular areas of concern:

- » lack of market presence
- » pace of growth
- » online facilities

We have taken a number of steps to improve our market presence although clearly more work needs to be done. We believe we have a strong awareness amongst our chosen marketplace (i.e. SIPP advisers) but we recognise that we need to develop our market position more and are currently looking at the best means of achieving this.

Concerns expressed about the expansion of our business are interesting, particularly as there is no suggestion in the research that we are actually taking more work on than we can handle. Indeed, customer satisfaction levels remain very high. However, given our ambition to grow the business we take such feedback very seriously. The concern seems to centre on whether we have the ability to absorb more work from a systems and people point of view as well as a slight worry that we may lose our personal touch. We need to keep a close eye on this and we are taking great pains to avoid the “big company mentality” as some have described it. We are continuing to take on new administrators all of whom receive comprehensive one-to-one technical training, as well as a thorough grounding in our company values including our commitment to quality service.

Finally, we welcome your comments about our online capabilities. We do currently offer online services to a group of pilot-user financial advisers with online valuations and contribution/transfer histories. We are supplementing this with an online fund supermarket and equity dealing, which are currently being tested, and all of this will be rolled out more widely over the next three months.



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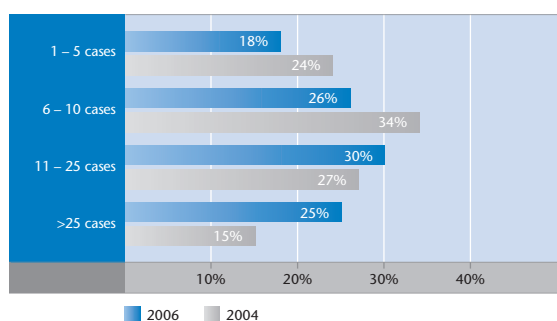
SIPPs – a growing market

Before A-Day there was much talk in the press about how the market for SIPPs was set to explode

So, we thought it would be interesting to find out the adviser view by asking a couple of market questions.

Firstly, we asked:

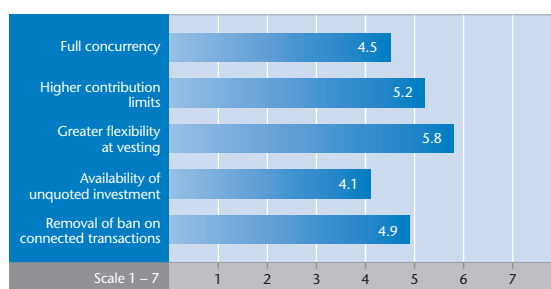
“How much SIPP business do you expect to write in the next 12 months?”



We are pleased to see that advisers are more bullish about the market than they were in December 2004 with 55% of advisers expecting to write 11 or more cases in the next 12 months.

Secondly, we asked advisers:

“Please indicate on a scale of 1 to 7 the likelihood of each of the items listed below increasing the number of SIPPs you establish after A-Day”



The results here were mostly as expected: early indications back advisers in naming flexibility at vesting, connected party transactions and higher contribution limits. Taking a longer-term perspective, full concurrency may have been under-rated – we believe this will have a big impact on the growing popularity of SIPPs.

More information

For more information about the research findings or about Suffolk Life, our products and services, please either:

- » speak to your normal contact
- » visit our website www.suffolklife.co.uk
- » email us at enquiries@suffolklife.co.uk
- » telephone our press agency, Financial Dynamics, on **020 7269 7244**

www.suffolklife.co.uk

Suffolk Life Annuities Limited, 153 Princes Street, Ipswich, Suffolk IP1 1QJ.
Tel: 0870 414 7000 Fax: 0870 414 8000

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