



ACTUARIAL SOCIETY 2015 CONVENTION

The South African Regulatory Conduct Landscape: A Glimpse into our Future

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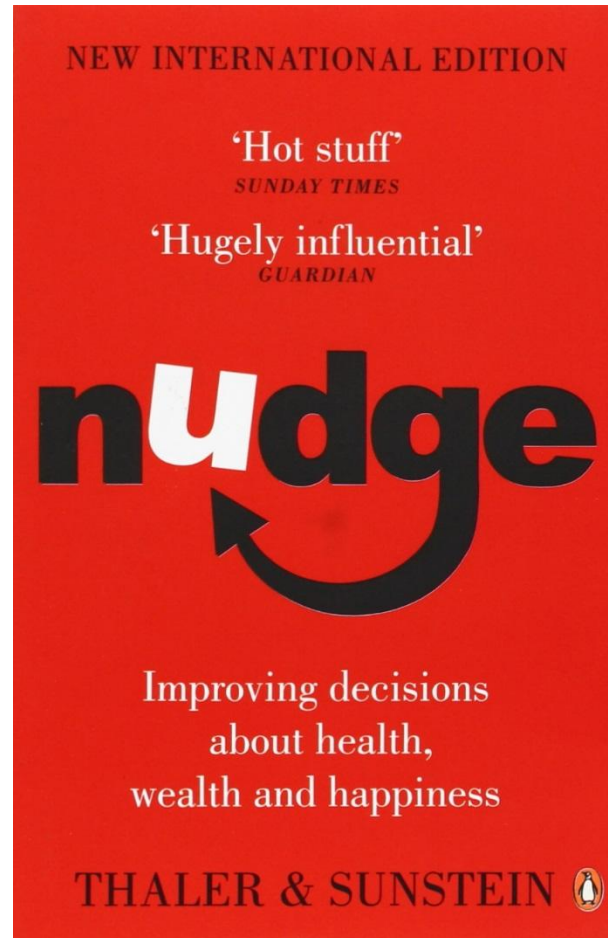
A New Conduct Regulator

- Fines
- Foreseeable
- Focused
- Fundamentals

FCA Noteworthy Publications

- OP1: Applying behavioural economics at the FCA
- TR14/20: Annuities sales practice
- OP2: Redress letters to customers
- PS15/22: General Insurance Add-on products

A brief history of Nudges



WHY DO WE MAKE BAD DECISIONS?

And someone noticed...



CabinetOffice

THE
BEHAVIOURAL
INSIGHTS TEAM

The underlying principle

"It's about retaining people's ability to make a free choice,
but helping them not make a terrible one."

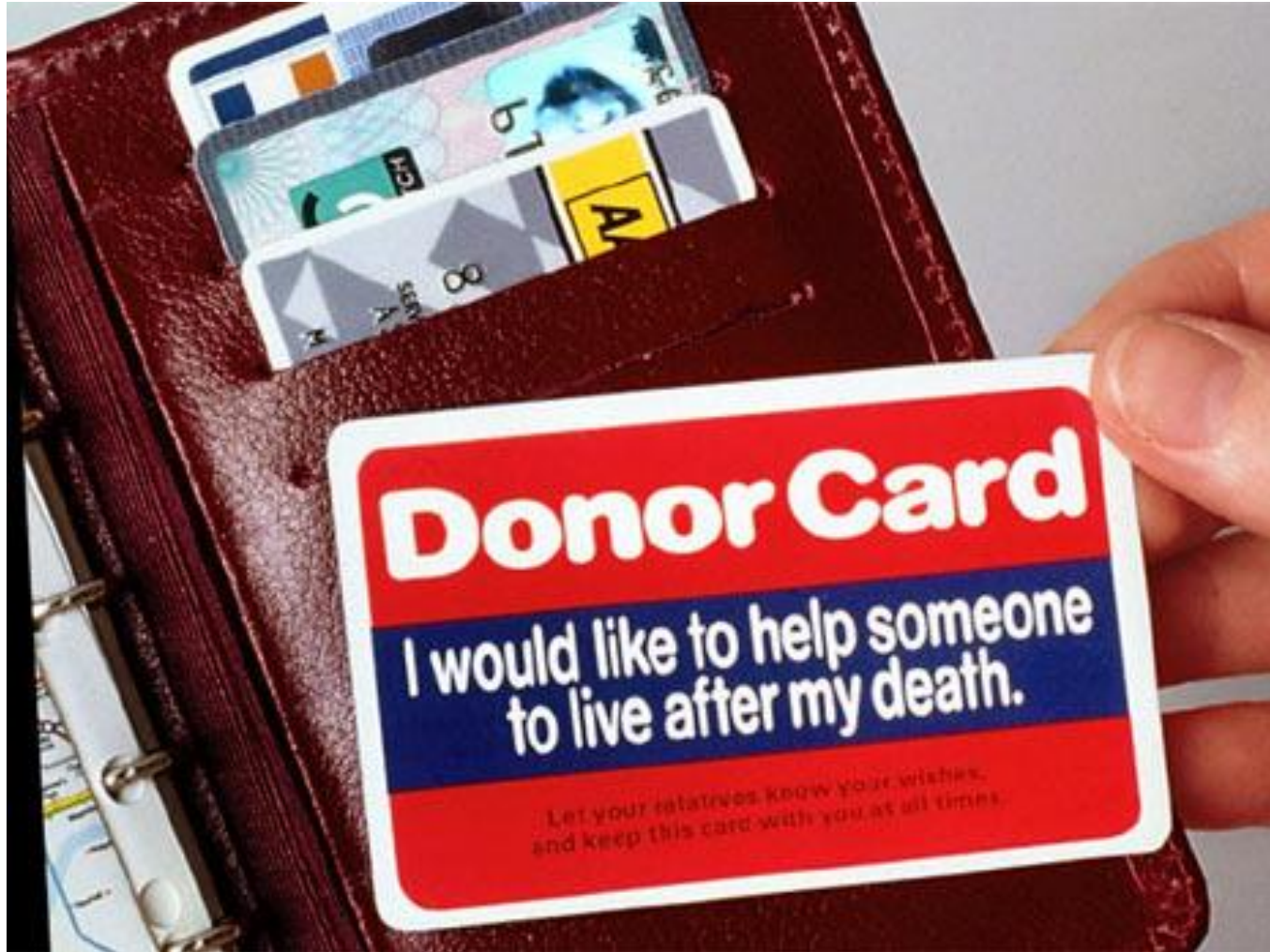
- Elspeth Kirkman

Director, Behaviour Insights Team

Nudge Unit Successes



Nudge Unit Successes



And the regulators noticed too...

Financial Conduct Authority



Occasional Paper No.1

Applying behavioural economics at the Financial Conduct Authority

April 2013

Annuity Selling Thematic Review

The previous review concluded that, in part, consumers miss out on the benefits available from shopping around and switching.

The impact of **behavioural biases** that make it difficult for consumers to make the right choices and that may result in them not shopping around effectively

Annuity Selling Thematic Review

POOR PRACTICE

Despite the firm being aware of the customer's serious medical condition, the retirement options are **framed** to the customer in such a way that exploits the customer's **behavioural biases**.

- TR 14/20; Page 35



DECISIONS

They Don't Come Easy

Redress Letters to Customers

ADVERTISEMENT

PPI PAYOUTS TOP £2BILLION

but millions of people still haven't made their claim for compensation.

The claims process can be daunting but there is an alternative that doesn't involve lots of paperwork or hassle.

After a landmark court case in 2011, the banks have finally begun to repay those affected. People still need to make a claim for their money and Renaissance Easy Choice, a leading PPI claims specialist, is concerned that many do not understand the process and are missing out.

you refer the case to the Financial Ombudsman Service (FOS). Either way, that can mean lots of form filling. For example, if you had two loans you may have to complete 20 pages of forms. At each stage of the process, you should also follow up with the bank or FOS to make sure that your case is being dealt with.

"It is certainly worth it in the end, but many people have neither the time nor inclination to deal with the case themselves and so turn to a PPI claims specialist such as Renaissance.

"our aim is to get compensation paid as quickly as possible and with the minimum amount of hassle."

"At Renaissance we recognise that people may have more important things in life. So whilst some other

Are you owed £4,000?

Have you had a loan or credit card from

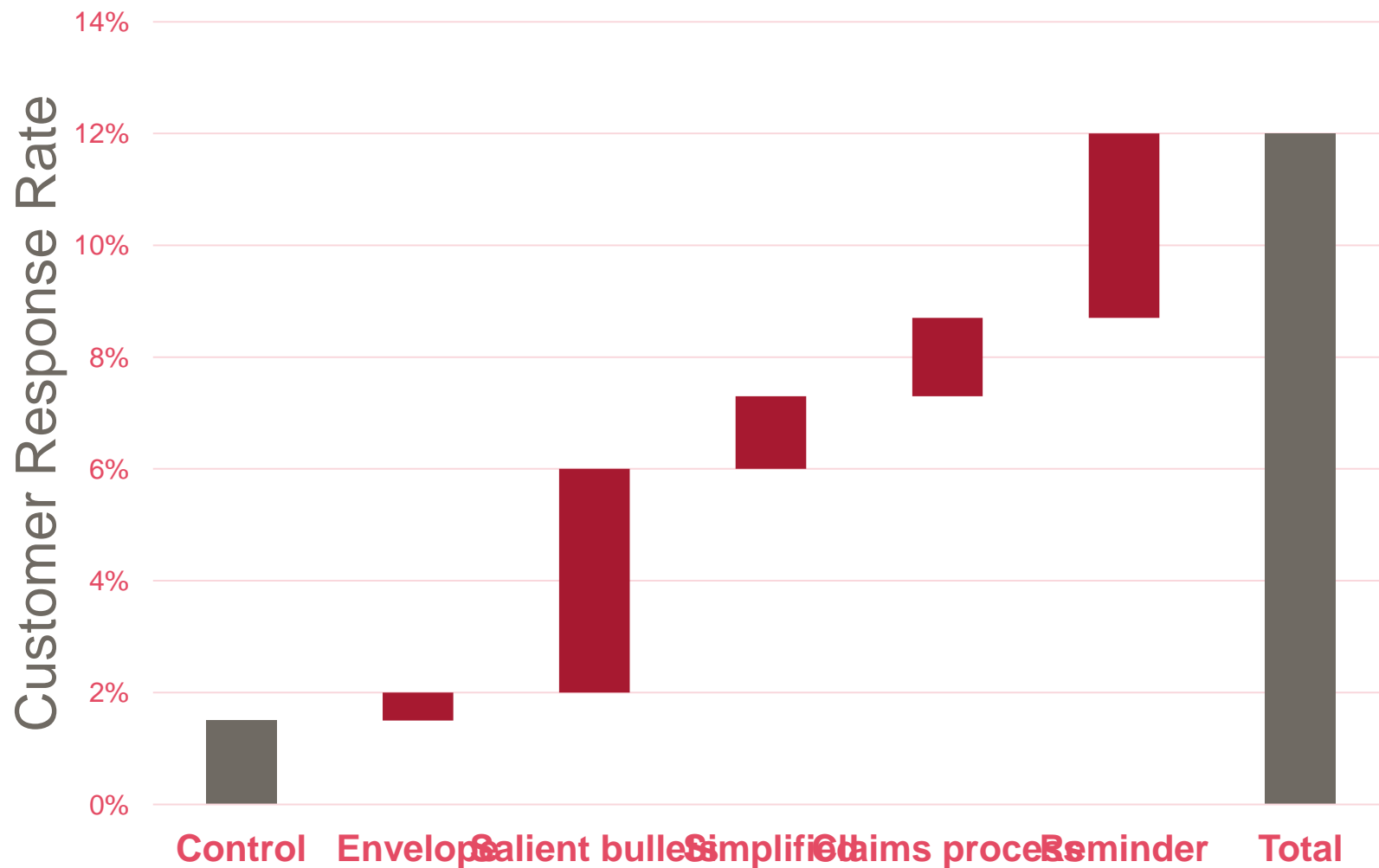
Abbey	Halifax	MBNA
Alliance & Leicester	HSBC	NatWest/RBS
Barclays	Lloyds TSB	Northern Rock

or any bank or other lender?

If you did, there is a good chance you had a **payment protection insurance (PPI)** policy and you may not even know it. You may be due £000's in compensation even if you no longer have all the paperwork.

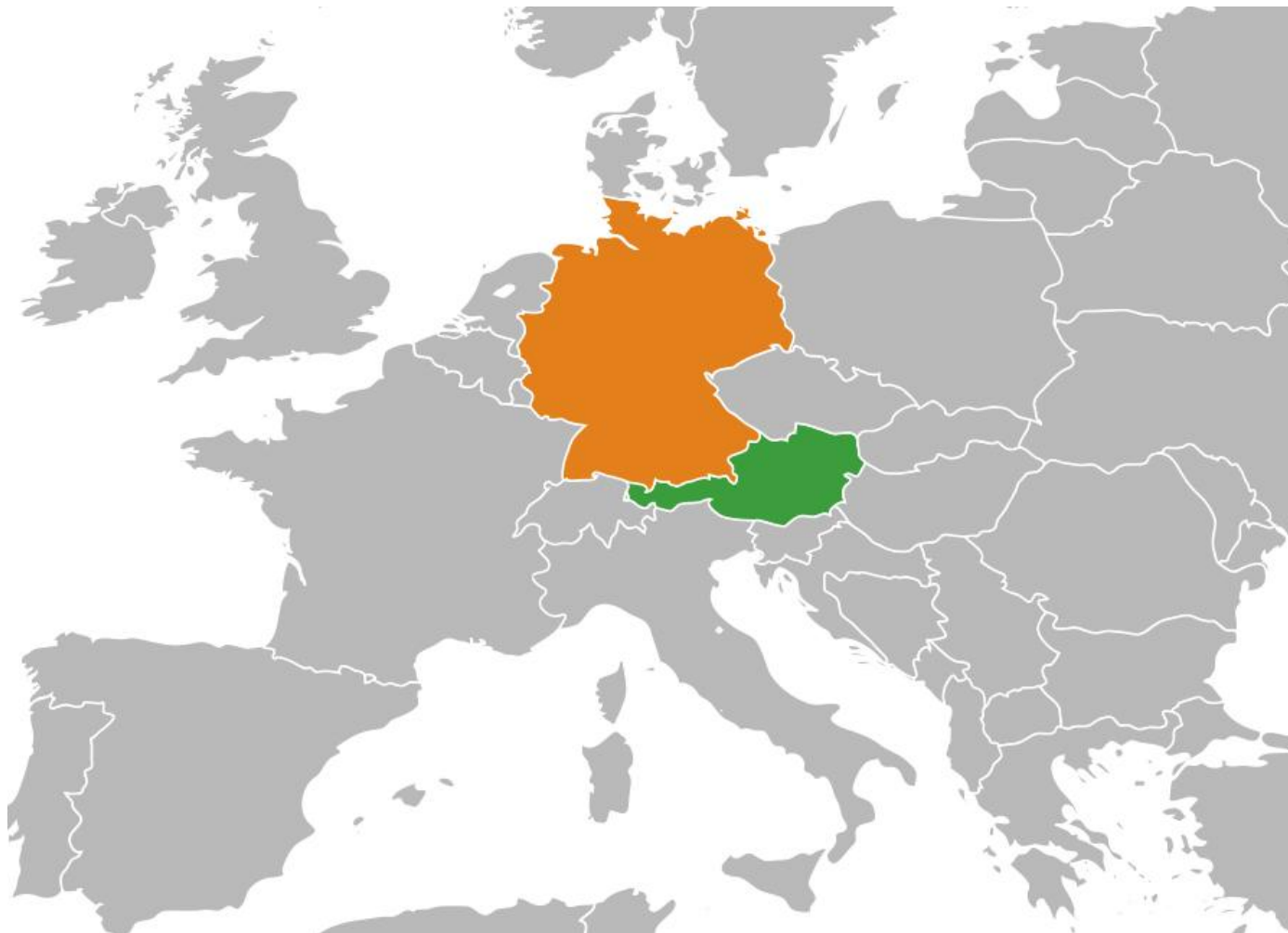
Markus Hinton, Managing Director of Renaissance confirms "There has been

Redress Letters to Customers





Defaults



99%



12%





General Insurance Add-Ons



General Insurance Add-Ons



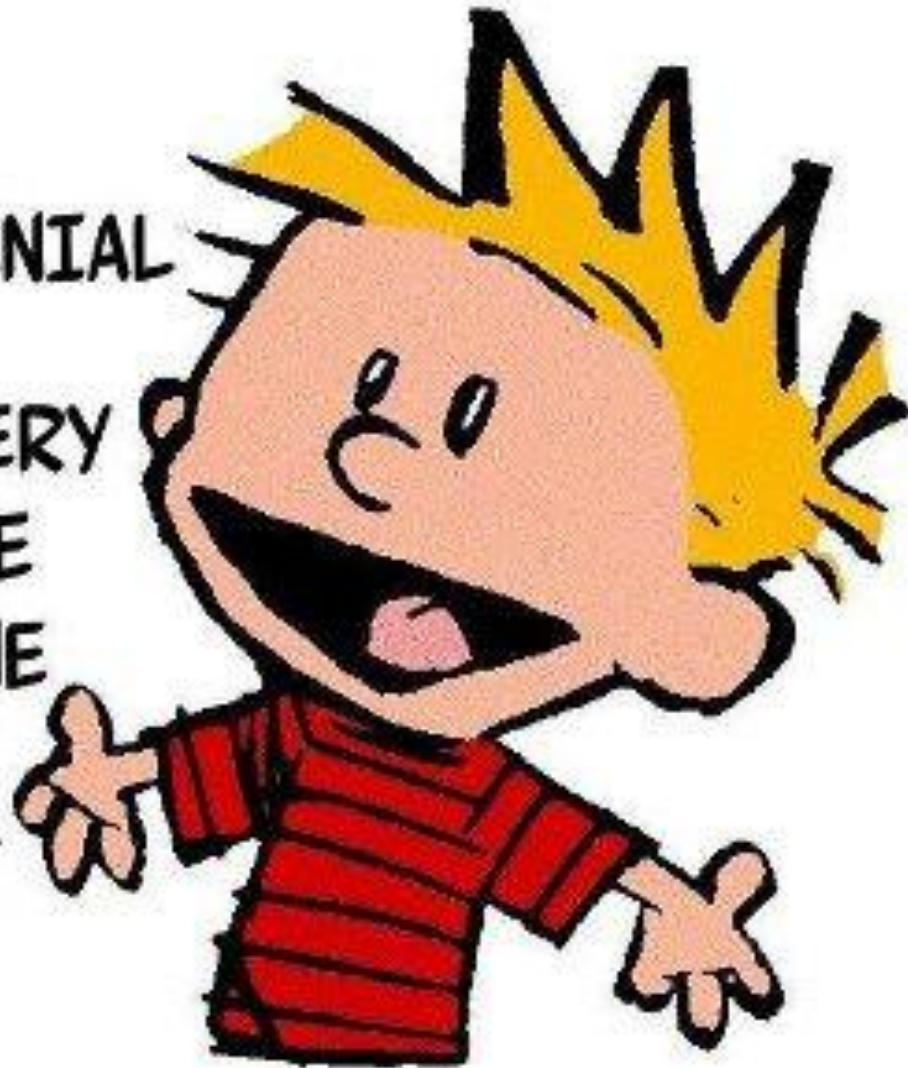
- Ban opt-out selling
- Consulting on publishing claims ratios

Where to from here?

- Acknowledge the uncertainty
- Recruit the Appropriate Skills
- Investigate our Sales Practices
- Prepare for the Response

IT'S NOT DENIAL

I'M JUST VERY
SELECTIVE
ABOUT THE
REALITY
I ACCEPT



I DON'T WANT TO BE NICE
I WANT TO BE
ANGRY







ACTUARIAL SOCIETY OF SOUTH AFRICA

THANK YOU

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