



Scottish Equitable
International

Customer Impact report



**customer
impact**

Meeting the customers'
needs by putting them at
the heart of our industry

Customer Impact

At AEGON Scottish Equitable International, we're committed to the Association of British Insurers' (ABI's) Customer Impact scheme. This is a voluntary scheme which aims to improve customers' experience of the life, pensions and investments industry. It's overseen by an independent Customer Impact panel.

Customer Impact commitments

As a member of Customer Impact, we make three commitments to you:

- to develop and promote products and services that meet your needs
- to provide clear information and good service when you buy one of our products
- to maintain an appropriate and effective relationship with you

We see these commitments as the absolute minimum we should be doing for our customers and it's our ambition to do much more than this.

Yearly report

Every year, we produce a report to tell you how AEGON Scottish Equitable International is performing, what we've been doing and what we'll do in future to help put customers at the core of our business.

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Find out more about the scheme on the Customer Impact website at www.customerimpact.org

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Our commitment to our customers

At AEGON, we're committed to delivering a better financial future for our customers. That means everything from developing innovative products and services that meet your changing needs, to delivering a friendly and efficient service during every phone call.

So we're a strong supporter of Customer Impact and its goal of improving customer experience in our industry. We played an active role in developing the scheme and were one of the first companies to sign up, making a public commitment to put you, our customers, at the centre of our business.

Our report for 2007

Every year, we produce an open and honest report to keep you informed of our progress. This is our second report for AEGON Scottish Equitable International – in it, you'll find details of:

- our performance against our customer priorities
- 2007 customer highlights
- our thoughts on the year ahead

I hope you'll find the report clear and open about where we've improved and where we've still got work to do. We were able to change some things quite quickly while others will take longer to complete – but because we'll be reporting every year, you'll be able to hold us to account for our progress.

Looking ahead, it's clear that your needs will change and your expectations will continue to rise, so we know we need to keep changing and improving too. For example, we're looking at ways we can give you more certainty about the performance of financial products given today's turbulent investment markets. And I've appointed a new Director with specific responsibility for improving AEGON's customer experience.

In my introduction to the first Customer Impact report last year, I said that successful companies are those that truly understand their customers and respond to their needs. We're taking steps to make this a reality in AEGON, and Customer Impact is a valuable way for us to share our progress with you as we move forward.

As always, we're keen to hear your views. If you have any thoughts on this report, or on AEGON in general, please get in touch at customer@aegon.co.uk



Otto Thoresen

Chief Executive, AEGON UK

June 2008

Our performance against our customer priorities

AEGON's customer approach

We recognise that customer satisfaction is absolutely vital to running a successful business. So we work hard to keep you at the centre of our thinking right across our organisation, from the products we develop and the customer service we provide, to the recruitment and training of our people and the clarity of our communications.

AEGON has many different customers. At one end of the spectrum might be individuals seeking financial security for their families, and at the other, very large companies with complex pension arrangements for their employees. But our core commitments under Customer Impact apply to everyone.

Last year we set some priorities to help meet these commitments:

- fair treatment in all of our dealings with you
- the right products and services for you
- high-quality service
- ease of doing business with us
- clear and meaningful communication

Our performance

To help you compare our performance year on year, we're reporting against these priorities again for 2007.

For each priority, we'll explain:

- what we're aiming to achieve
- how AEGON Scottish Equitable International is doing
- the progress we've made since last year, including the specific commitments we made in our report for 2006
- what you can expect to see over the next year

Customer Impact survey

Each year, an independent survey is carried out on behalf of Customer Impact, to assess how well member companies are doing against their commitments.

AEGON Scottish Equitable International specialises in tax-efficient, offshore investment solutions. Because we have fewer than 10,000 customers, the survey didn't include a sample of our customers. Although this makes it harder for us to demonstrate our performance as clearly as we'd like, we include as many specific measures as we can, such as the number of complaints we receive and our findings from customer research. And, of course, we still take on board the main learning points from the overall survey.

Fair treatment in all of our dealings with you

It's a fundamental requirement that we always treat you fairly. This includes making sure the products or services we offer are designed with customer needs in mind, perform as we've led you to expect, and that you have all the information you need throughout your time with us.

We also make sure we act in the spirit of the Financial Services Authority's (FSA's) guidance on treating customers fairly.

Treating customers fairly

The FSA has defined six outcomes for customers which it wants firms to deliver. Read more on the FSA's website at www.fsa.gov.uk/tcf/

Complaints

Our ideal would be that none of our customers would ever have a reason to complain. But we encourage our employees to consider every complaint we do receive as an opportunity to learn from your feedback and improve our performance in future.

We aim to respond to all complaints quickly and fairly and to explain our actions or decisions. We also make sure that our UK customers who complain know they can challenge our decision by writing to the Financial Services Ombudsman's Bureau (FSOB).

How we're doing

- Last year, we set up a monthly complaints review to examine the root causes of complaints and recommend changes to prevent possible recurrences. In fact, we now carry out complaint reviews weekly which has been a successful approach. In 2007, we received 95 complaints, fewer than half the total for 2006, and we acknowledged all of these within five days. We're really pleased with this improvement and we'll keep working hard to remove the causes of complaints.
- In 2007, none of our customers who complained asked the FSOB to review our handling of their complaint. In 2006, one customer contacted the FSOB, who agreed with our decision.

Progress since the 2006 report

- A key focus has been to clearly explain our decisions to customers who complain, so they can understand our reasoning – this was an issue highlighted in last year's report. Since then, our complaints handlers have completed training on communicating clearly and concisely, while making sure the response covers all the points raised in the original complaint. All written replies to complaints are checked by a senior employee before sending, to make sure we're following this approach.
- We developed guidelines for employees on the behaviours we expect, including 'think customer', 'encourage excellence' and 'act with integrity'. How we perform against these behaviours is now an integral part of how we're all managed and rewarded. So this isn't just in Customer Services but throughout the business, from IT teams to actuaries.

What you can expect next year

- We've made good progress with training employees on the behaviours we'd like to see in our organisation, including linking them to recruitment, pay and performance. But we know this is only the first step: ultimately, we'd like these behaviours to become second nature, part of the culture of working at AEGON. So we'll be continuing to communicate regularly and to recognise employees who demonstrate the behaviours, through our yearly AEGON Recognition Event.
- We've developed computer-based training on treating customers fairly, which all our employees will go through by the end of the year. This draws on the guidance from the Financial Services Authority (FSA) and will help to reinforce the key principles we're working to.

The right products and services for you

It almost goes without saying that we want you to be pleased with our products and services. We develop them based on our understanding of your needs, and do our best to make sure they're competitive, clearly explained and deliver what they promise.

However, we're aware that financial services is a complex area and it can be difficult to choose the right product for your needs. That's why we always recommend taking financial advice from a qualified professional. Almost all our customers come to us through recommendations from advisers.

We know it's important to help you understand what return you might realistically expect on your investment. The Customer Impact survey identified this as the biggest factor influencing how customers score products. It's also important to clearly explain the risks involved. Of course, we can't control how markets perform, but we do offer a wide range of investment funds to suit different attitudes towards risk. And we always point out the risks of any investment linked to stock market performance.

How we're doing

- In today's volatile investment markets, we recognise that customers are increasingly looking for a degree of certainty in their investments. Our award-winning '5 for Life' retirement planning solution already offers a guaranteed 5% of the initial investment for life. And in 2007, we made significant enhancements, following research with advisers and customers. We added new money-back guarantees if you die or when you cash in the policy (after ten years). We also increased the fund choice with different options tailored to the customer's risk profile.
- We signed a deal with Barclays Financial Planning for their network of 1,000 financial planners to offer our '5 for Life' solution. This shows that our product is well-received by the market.

Progress since the 2006 report

- We promised to spend much more time directly researching our customers' views. As well as the specific research on '5 for Life', we've also carried out quarterly research to monitor the quality of our marketing literature and communications.
- We've done more to make sure that we're clear on which groups of customers a product is suitable for. For example, our guidelines for marketing projects now require us to clearly identify this as part of the product design process.

What you can expect next year

- In our literature, we've begun to include details of which groups of customers a product is suitable for, based on our research during the product design process. This is to check that advisers understand our thinking and help them make the best recommendation for their clients. We'll be doing more of this in future.
- We'll continue to develop new products and improve our existing products, to help meet your changing needs.

High-quality service

If we could sum up our service ambition in a sentence, it would be this: you always know where you are with us. We want to make sure that we deliver a clear, accurate and prompt service and that we tell you when and how we'll do things, so you're never in the dark about what happens next.

We know we've got some way to go before we can achieve this, but we're investing in our people and our processes to make it happen. It's about knowing what really matters to you, so we can decide where to invest in training and technology.

It's often important that we can respond quickly – for example you might want to change your investment fund before the stock market moves too much. And at the end of a tax year, there could be financial implications if we don't meet certain deadlines. With this in mind, we set service standards for each type of product and transaction, constantly tracking our performance against these. Accuracy is also very important and we aim to get things right first time.

How we're doing

- In 2007, we met our turnaround standards for the services we provide in 97% of cases, maintaining the high level of performance from last year.
- We regularly check and sample the documents we send out to measure their accuracy. During 2007, the percentage of documents issued which were fully accurate rose to 95%, up from 92% in 2006. We hope to continue this upward trend.
- Last year, we reported that 85% of our Client Services team were sitting their exams with the Chartered Insurance Institute. This has now risen to 92%.
- We recruited 21 new people into Client Services, who went through an eight-week training programme covering product and customer knowledge, processes and service delivery. This includes learning alongside experienced employees in each department.
- We won the award for Best International Life Group at the International Investments Awards 2007.

Progress since the 2006 report

- Last year, we promised that every single AEGON employee, not just those in customer-facing roles, would receive specific customer training. All our employees will complete computer-based training on 'Customer Services Essentials' by the end of the year.
- And we've continued to roll out the development programme for our managers in association with Henley Management College – customer focus is included at every level.
- We now regularly ask for feedback on our customer service using a quick online survey. The survey asks about our ability to resolve your query and the professionalism of our employees.

What you can expect next year

- Last year we told you about our 'Voice of the Customer' forum to help us understand the level of service AEGON Scottish Equitable International customers are actually experiencing. We've now extended 'Voice of the Customer' to advisers and we'll be gathering face-to-face feedback every month across our UK sales network. Advisers are a valuable source of input, as they're constantly considering the financial needs of their clients.
- We've recently begun to implement a programme of continuous improvement, which aims to make our processes more efficient from the customer viewpoint. We hope you'll start to see the benefits of this over the coming year.

Ease of doing business with us

We want to make it easy for you to do business with us in whatever way suits you best. That might be through our website, sending a letter or email, or picking up the phone to call us.

If you do call us, we'd ideally like to be able to deal with your request there and then. When ranking companies' customer service centres, the survey found that for most people, ability to resolve queries in a single call is the most important factor. Since financial matters are often complex, not all of them can be resolved in a single call, but we always aim to deal with every query as quickly as possible.

Used in the right way, technology can make things much easier for everyone involved. We work very closely with financial advisers to make sure online developments enhance the products and services our customers receive.

How we're doing

- Our Dublin Client Relations team are available to support customers with any queries or issues and we continuously review how well we answer your calls.
- In 2007, we moved to new, larger premises in the International Financial Services Centre. This has eased pressure on space and allowed us to recruit 36 new full-time employees to handle our growing business and maintain high standards of customer service.

Progress since the 2006 report

- We regularly review not just our complaints but all instances where our service breaks down. This helps us get to the root cause of problems so we can make changes to our processes, training or communications to prevent them happening again. We'll update you on these improvements in our next report.

What you can expect next year

- Our Client Relations team will all receive coaching to make sure we're responsive and that we communicate clearly. We've all been in situations where our requests haven't been understood properly and we recognise that this can be frustrating as well as time-consuming. By enhancing our skills in this important area, we hope to make it easier for you to do business with us.

Clear and meaningful communication

It's vitally important that you receive clear, relevant and prompt information from us, throughout the life of your plan. This includes everything from the literature you read when you're considering buying a product, to how we keep you informed of your plan's performance, to the way we communicate with you when it matures.

Our aim is to use a helpful layout, everyday language (not jargon) and a straightforward, open style of writing to make our documents easy to read and understand. We can't always make complex issues seem simple but we can make them clear.

How we're doing

- From the Customer Impact survey, we know the quality of statements and personalised letters is a key area where customers rate our industry poorly. We're determined to make every aspect of our communication as clear and easy to understand as possible.

Progress since the 2006 report

- We implemented a new technology platform for all the documents we send to customers in March 2008. This will allow us to improve the quality of our system-generated letters and statements.
- To improve the one-off letters we send, we've reviewed and improved the training we give to the people who write them.
- We've been reviewing all our printed marketing literature, including application forms. The majority of items have now been updated in line with our new look and clear, concise language and the rest will be completed as soon as possible.

What you can expect next year

- We'll be rolling out training on clear communication to all customer service employees who write emails or letters to customers. This will help make sure we always write to you in a consistent style which is straightforward and approachable.
- Our regulators have started to move away from setting out detailed rules for processes and literature, instead challenging us to deliver good outcomes for our customers based on high-level principles. We're looking carefully at the opportunities here to improve the quality and accessibility of key documents.
- We're reviewing the content of our yearly and quarterly valuation statements. We're looking to remove any jargon and improve the clarity and readability so you can quickly find the information you need.

2007 customer highlights

We'll publish a Customer Impact report every year. As part of this, we'll keep you up to date with developments from the previous year.

Here are some of our main achievements in 2007.

Enhancing products

As well as launching new products and services, we're constantly reviewing our existing portfolio to check they're still relevant and look at how we can add value.

In 2007 we added new features to our '5 for Life' retirement solution, with money-back guarantees and a wider fund choice – these changes were a direct response to adviser and customer feedback.

We've also added to our trust range with the launch of our Discretionary Reserved Interest Trust and Discretionary Discounted Gift Trust.

Awards

We're delighted to have received several important awards for our products, which are an independent endorsement that we continue to meet our customers' financial needs.

- '5 for Life' won two Innovation Awards from Scottish Financial Enterprise. These awards were for the best innovations across the whole spectrum of financial services in Scotland, from banks to investment houses as well as life offices. So we're delighted not just to have won the award for life and pensions but also to be crowned the overall winner.
- We were highly commended for Best International Life Product for our Wealth Management Portfolio at the International Investment Awards 2007 (where we also won Best International Life Group).

Developing our customer experience

At AEGON, we're determined to improve our customers' experience in all their dealings with us, right across the board. To achieve this, we recognised that we needed people at all levels to 'think customer' and we've put in place specific training and development frameworks to encourage this. But we also need key people to lead and champion the work we're doing across the business.

As well as recruiting a new Director of Marketing and Customer Strategy, we also established a dedicated team to co-ordinate our efforts. It's their job to look at things from your perspective and make sure the changes we make are the things you want to happen. We're actively looking at the kind of experience you want us to offer and how we can deliver it.

Our thoughts on the year ahead

This report aims to give you a balanced view of how we're performing against our commitments to our customers. We've tried to highlight areas where we're doing quite well, while being open about where we need to improve.

We want you to receive a better-quality service, and hope the initiatives described in this report will make a real difference. We're impatient to do better but, at the same time, we know that some of what we're doing will require long-term investment and commitment.

To summarise, here are some of the most important things we'll be doing next year:

- We'll keep our focus on how we do things, as well as what we do, by recruiting and rewarding employees who show a passion for customer care.
- We'll continue to develop new products, and enhance our existing products, to meet your changing needs in today's difficult financial climate.
- We'll improve our processes and procedures to make things easier for you.
- We'll spend more time researching customers' views, as well as gaining insights from advisers' expertise.
- We'll continue improving the quality of our communications, from literature to system-generated letters and emails.
- We have a team in place with the specific responsibility to keep challenging all of us to deliver the customer experience you deserve.

We'll update you on our progress with all of these in future years' reports.

About AEGON Scottish Equitable International

AEGON Scottish Equitable International is a Dublin-based life company specialising in offshore wealth management, tax and investment solutions, mainly for UK customers. We manage over £1.5 billion of funds for around 8,500 investors.

We're part of the AEGON Group, one of the world's largest listed life insurance companies with £272 billion assets under management and administration*.

AEGON in the UK and Ireland

In the UK, AEGON owns life and pensions, asset management and advice businesses as well as AEGON Scottish Equitable International, based in Ireland. We use our financial strength, global insight and deep-rooted expertise to deliver better financial futures for our two million UK customers.

*Source: AEGON Annual Report, 2007

