Association of British Insurers

ABI

ABI Framework for the Management of 'Gone-Away' Customers in the Life and Pensions Market

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Introduction

This ABI Framework for the Management of 'Gone-Away' Customers in the Life and Pensions Market (the 'Framework') is designed to help firms operating in the life and long-term savings market to better identify, trace, verify and manage those customers with whom they have lost contact ('gone-aways'), to assist them in re-engaging with such customers in a timely manner.

Providers are committed to maintaining contact with their customers in order to keep them informed of critical events within the lifecycle of their policies and ensure that the benefits of the policies can be paid to the customers when due. However, the long-term nature of many of these products presents challenges for firms in maintaining contact and engagement with customers; particularly when customers change address and do not notify the provider.

There are different ways in which providers can lose contact with a customer. For example, a customer may forget that they had originally taken out the policy or, in the case of a pension, the customer may have received it through their employer and subsequently moved jobs. When a customer then changes address, they may forget to notify the provider, resulting in the provider losing contact with the customer, and the customer becoming what is known as a 'gone-away' customer. Where a customer becomes a 'gone-away', their provider will seek to find their new address and re-establish contact with them.

In 2016, the FCA published guidance in FG16/8: *Fair treatment of long-standing customers in the life insurance sector.* This sets out the FCA's expectation that providers "take effective action to locate and make contact with 'gone-away' customers" by, amongst other things, having a "coherent and documented strategy across their range of products" and by "establishing systems and controls to minimise proactively the number of new 'gone-away' customers"[1].

Definitions

For the purpose of this Framework the following definitions apply:

a. **ABI** means the Association of British Insurers;

b. **FCA** means the Financial Conduct Authority;

c. **'Gone-away'** customer means a customer with whom the provider has lost contact, typically because they have changed address and not informed the provider;

d. **Provider** means a firm authorised by the FCA to effect and carry out contracts of life insurance and long-term savings products as principal in the UK, and which is a member of the ABI.

About the ABI

The Association of British Insurers is the voice of the UK's world leading insurance and long-term savings industry.

A productive, inclusive and thriving sector, we are an industry that provides peace of mind to households and businesses across the UK and powers the growth of local and regional economies by enabling trade, risk taking, investment and innovation.

1 *FG16/8 Fair treatment of long-standing customers in the life insurance sector,* Financial Conduct Authority (p52-53).

Application of this Framework

This Framework is intended to support providers in developing, maintaining and improving their own strategy and procedures for dealing with 'gone-away' customers.

This Framework sets out principles for providers to consider when making their own judgements on how best to manage and prevent 'gone-away' customers, and prevent more customers becoming 'gone-away'. The principles are supported by illustrative examples of activities and practices that may assist in establishing contact with, and engaging 'gone-away' customers, and helping reduce the number of new 'gone-away' customers. It is voluntary, not intended to be prescriptive and designed to complement providers' existing practices, while also encouraging ongoing refinement and improvement.

Practices in this area are evolving and improving; in part because technological developments are likely to better enable providers to trace and re-engage with 'gone-away' customers. In order to ensure this Framework remains up to date, it will be reviewed in April 2019.

Providers will continue to follow all applicable legal and regulatory requirements.

Principles within the Framework are structured in the table below.

Examples of actions a provider could consider in order to meet a principle are presented in **purple type** where considered appropriate. These examples are not exhaustive. Equally, a provider may feel able to conclude that it has met the principles without taking each and every one of the suggested actions.

'Gone-Away' Customers Management							
Definition	Quality Validation	Identification	Tracing	Verification	Recycle	Contact Targets	Post Re-engagement
Process							
Controls & Reporting							
Conduct Risk							

Principles for Managing a 'Gone-Away' Customer Population within the Life and Long-Term Savings Market

Principle 1 – Definition

1.1 As set out by the FCA in FG16/8, providers should have a clear definition of what constitutes a 'gone-away' customer. A provider might define a 'gone-away' on the following basis:

'A customer is considered 'gone-away' where their provider is unable to contact the customer regarding the policy or benefits using paper or electronic correspondence, because the customer has moved away from the address on the provider's records. This includes communications regarding policies that:

- *are yet to reach their benefit date.*
- *are making payments (i.e. annuities).*
- *have reached or passed their benefit date and benefits have not yet been paid (i.e. an unclaimed asset).*

1.2 Providers should have a clear and consistent definition of customers they consider as 'untraceable', and document the reason why and the risk(s) of not being able to trace such customers.

This might include: considering a customer to be 'untraceable' where the quality of data held for that customer by the provider is not sufficient to enable tracing to take place. Key elements of data (such as name, address and date of birth) are missing from provider records or the contact details for customer is a company that has been dissolved (e.g. Employer or Trust).

Principle 2 – Quality Validation

2.1 Providers should assess the quality of the address on all returned mail as the address may be incomplete and may therefore be the reason for the communication not being delivered to the customer.

This might include: using address files such as the Postcode Address File (PAF) to check the quality of the returned address.

2.2 Providers should, where mail is returned marked 'Return to Sender' (or equivalent), check all addresses held for a customer within their organisation to determine if a more up to date address is held for that customer.

This might include: where a provider operates multiple systems on which the customer may appear more than once, reviewing all systems to determine if a more up to date address is held for the customer.

Principle 3 – Identification

3.1 Providers should establish systems and controls to proactively identify and deal with new 'gone-away' customers.

This might include:

- using the services of an external tracing agency to screen customers to check whether they have moved without informing them.
- using data sources such as the Land Registry and/or estate agents to identify customers who are in the house moving process.
- screening customers (possibly using a tracing agency) that the provider has not had contact with for a set period of time or prior to a bulk mailing exercise to determine if they are still living at the address the provider holds on their records.

Principle 4 – Tracing

4.1 Providers should consider alternative contact methods available to contact 'gone-away' customers before tracing takes place.

This might include: using email and phone number data captured as part of standard processing of the customer to attempt to contact the customer in order to determine whether the customer has changed address.

4.2 Providers should have their own defined service level for initiating the tracing process of identifying a 'gone-away' customer.

This might include: considering the value of the policy in proportion to the cost of tracing as part of their defined service level for initiating tracing. This may include setting a de minimis limit which is agreed and documented within the provider's organisation as to when they will undertake to trace a 'gone-away' customer and/or next of kin/executors if the customer is believed to be deceased.

4.3 Providers should consider using both financial and residential data sources to trace the whereabouts of a 'gone-away' customer.

This might include: using a credit reference, the Electoral Roll and or DWP data, where available. The provider could also outsource the tracing to a tracing company who would use such data in tracing the whereabouts of a 'gone-away' customer.

4.4 Providers should include a mortality screening of the 'gone-away' customer to determine if they have died.

This might include: using the Government's General Register Office (GRO) records as a source to mortality screen 'gone-away' customers or outsourcing such screening to a tracing agency.

Principle 5 – Verification

5.1 Providers should have a documented verification strategy which includes how they communicate with a 'gone-away' customer following a successful trace.

This might include: considering including links to their own and the ABI's website as well as detailing any historical brands they may now own.

5.2 Providers should determine their own customer identity verification requirements to action an address update following tracing, document those requirements and communicate them across their organisation.

This might include: using confirmation from a 'gone-away' customer of their date of birth and previous address or updating a 'gone-away' customer's address as a result of a tracing company's high confidence rating of a new address that the company has found.

5.3 Providers should provide a method to the 'gone-away' customer by which they are able to verify their identity once traced.

This might include: allowing the customer to verify their identity following tracing by completing and returning a form, on-line or over the phone.

Principle 6 – Recycle

6.1 Providers should, where an initial trace of a 'gone-away' customer has been unsuccessful, have a documented process for the recycling of the unsuccessful 'gone-away' customer's trace. Current FCA guidance suggests recycling should occur after 18 months and then every three years[2].

Principle 7 – Contact Targets

7.1 Providers should set their own targets related to the level of re-engagement of 'gone-away' customers. These targets should be documented, measured and reported at a senior level within the provider's organisation.

This might include: setting targets for re-engagement based on level of re-engagement, level of customer population recorded as 'gone-away' or volume of customers newly recorded as 'gone-away'.

7.2 Providers should consider the potential detriment to the customer in them not receiving communications on particular issues and at key life events when setting targets for re-engaging with 'gone-away' customers.

This might include: grading their policy communications to a customer into detriment groups of high, medium and low and setting targets for re-engagement for each potential detriment group.

Principle 8 – Post Re-engagement

8.1 Providers should agree and document actions that they will take with policy communications after re-engaging with a 'gone-away' customer. This should include having a process in place for reissuing any relevant correspondence the customer has not received.

This might include: documenting and communicating procedures within their organisation to re-issue all policy communications marked 'Return to Sender' (or equivalent) following re-engagement, whereas another provider may decide to only re-issue policy communications following re-engagement for 'high detriment' communications.

8.2 Providers should agree, document and communicate their own methods of maintaining contact with a customer post re-engagement after successful tracing.

This might include: ensuring that when in direct contact with a customer (written or verbal) the opportunity to confirm current contact information with the customer is taken.

8.3 Providers should ensure, when developing new products, that customer responsibilities regarding maintaining contact with the provider are clearly defined and communicated.

This might include: including details of the customer responsibilities to keep the provider updated of any change of address in the policy's terms and conditions, or other policy documentation of any new product, or highlight such responsibilities to the customer in any updates to the policy terms and conditions that are issued to the customer.

Principle 9 – Process

9.1 A provider should have an agreed, consistent and documented method in its organisation for marking a customer record as 'gone-away'.

This might include: having a specific data item or marker within their system(s) which indicates that the customer is 'gone-away'.

9.2 Providers should take steps to ensure that any future policy specific communications to a 'gone-away' customer are supressed in order to reduce fraud and data protection risks.

9.3 Providers should update the customer's address after verifying their identity at a new address, in accordance with its own rules and in a timely manner.

Principle 10 – Controls & Reporting

10.1 Providers should have their own documented 'gone-away' customer management framework in place which has been communicated and embedded across their organisation.

This might include: using the principles within this Framework when developing a 'gone-away' customer management framework for communication and embedding across its organisation. Providers adhering to the Framework may also consider documenting where their own processes deviate from this Framework, including the reasons why.

10.2 Providers should have clearly defined and documented roles and responsibilities across their organisation in relation to 'gone-away' customer management.

2 *FG16/8 Fair treatment of long-standing customers in the life insurance sector,* Financial Conduct Authority (p53).

This might include: having a dedicated role and/or team in its organisation focused on re-engaging with 'gone-away' customers. Alternatively, or in addition to, a provider could include 'gone-away' customers as part of its governance structure to include a committee/forum which has specific responsibility for the oversight of the treatment of 'gone-away' customers.

10.3 Providers should have clearly defined and documented performance measures for re-engaging with 'gone-away' customers which provides visibility to senior management in the organisation on a regular basis.

This might include: basing performance measures on movement in its population of 'gone-away' customers in a period or re-engagement rates as a result of tracing and verification.

10.4 Providers should have management information in place which provides accurate information on the levels of 'gone-away' customers across its organisation.

This might include:

- where a provider has customers on multiple systems, having processes in place to de-duplicate its 'gone-away' customer management information to ensure that a customer is only counted once.
- structuring its management information on 'gone-away' customers into groups such as traceable, untraceable, traced but not verified, successfully verified, no longer 'gone-away' or deceased.

10.5 Providers should periodically review the measures they have in place to trace and re-engage with 'gone-away' customers to ensure they reflect market developments and good industry practice.

Principle 11 – Conduct Risk

11.1 Providers should have their own agreed and documented governance controls for the management of 'gone-away' customers in place to ensure that any associated conduct risks are identified and action plans put in place to mitigate.

This might include: as part of a provider's governance structure, including a committee/forum which has specific responsibility for the oversight of rules and processing for 'gone-away' customers. This could also include details of any associated conduct risks and mitigating actions.

11.2 Providers should ensure that there is clear visibility at a senior level of its population of 'gone-away' customers, along with the associated conduct risks as part of its formal conduct risk management reporting.

This might include: reporting on a regular basis the position of a provider's population of 'gone-away' customers to senior management & Board level committees.

11.3 Providers should identify and clearly document their own financial crime and data protection risks associated with 'gone-away' customers, along with associated mitigating actions.

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