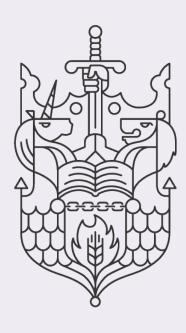


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Foreword

Claire Bassett, CII Board Member and Professional Standards Committee Chair

The Professional Standards Committee is integral in promoting and supporting professionalism across CII and PFS membership, in order to engender public trust in insurance and personal finance. Through oversight of a variety of activities undertaken by the CII and PFS to create, uphold and promote professional standards, the Committee members play their part in ensuring the Institute delivers on the commitments set out in its Royal Charter and Bye-Laws. This work is undertaken in tandem with other CII Committees - Audit & Risk Committee, Education and Learning Committee and Nominations and Remuneration Committee - all overseen and governed by the CII Board.

As part of its oversight role the Professional Standards Committee has produced this report to provide CII members, the financial services sector and the public with insight into the professional standards activities of the CII. This report provides an overview of resources produced for members, shares analysis of the CII's disciplinary process, and looks ahead to the future of professional standards at the CII.

I give my personal thanks to the Committee members for their hard work, without which the achievements set out in this report would not have been possible.

Matthew Hill, Chief Executive Officer

The strapline, Standards. Professionalism. Trust. is the driving force behind the work we do at the CII, and at the forefront of the work undertaken by the Professional Standards Committee and the CII's Professional Standards team.

All CII members are expected to uphold the CII Code of Ethics, a set of guiding principles setting out the key values of our profession, including high standards of integrity, service and fair dealing. The Professional Standards Team, with the guidance of the Professional Standards Committee and support from departments across the Institute, seek to ensure members feel confident in upholding the core duties of the Code of Ethics through the provision of relevant learning materials, CPD, and engagement with members directly. Standards are upheld through a variety of activities, such as CPD audit, as well as by partnering with the Legal team on disciplinary matters.

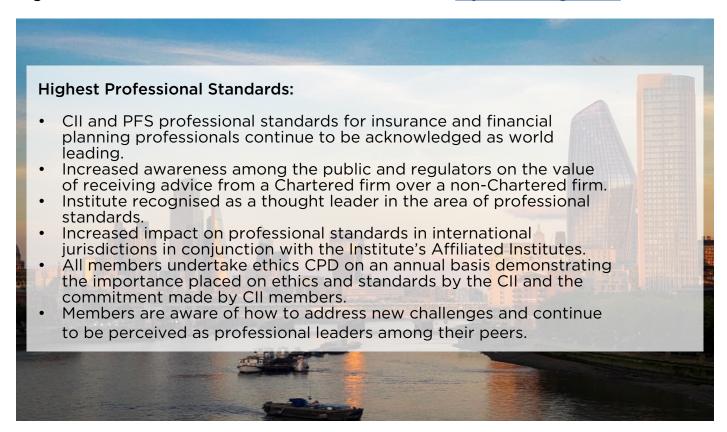
We are pleased to be able to highlight in this report the progress made towards the goals published in the Strategic Plan aligned to 'Highest Professional Standards'. I look forward to being able to report on further progress in another year's time.

The CII and Highest **Professional Standards**

The Chartered Insurance Institute is a professional body founded by Royal Charter in 1912 dedicated to building professionalism and securing public trust in the insurance and financial planning professions. The CII has over 120,000 members across the world, forming a community of professionals who hold themselves to a high standard and strive for excellence. The CII pools the years of experience, training and expertise of its members, staff and volunteers to drive forward professionalism and standards, creating a cannon of knowledge and expertise members can rely upon when serving the needs of their clients and building public trust.

Delivering our Strategic Vision:

Highest Professional Standards at the heart of the CII's 5-year Strategic Plan.



Work towards achieving these outcomes is well underway with additional actions planned to ensure we deliver against these strategic objectives. A summary of the actions completed to date, as well as planned future work, is provided below.

| Outcome we want to achieve by 2027 | Summary of actions undertaken | Planned future work |
|--|--|--|
| CII and PFS professional standards for insurance and financial planning professionals continue to be acknowledged as world- leading | The Professional Standards Committee approved a wide-ranging research project into the Cll's Professional Standards work to ensure that it was at the cutting edge and providing relevant and appropriate member content. The research encompasses stakeholder surveys, a review of resources, and mapping activity. | The research project is anticipated to conclude in the second quarter of 2025. Recognising disciplinary trends is also a key piece of work to be completed by the Professional Standards team in conjunction with the Independent Review Panel. The CII will focus on leanings from both its own complaints processes and those of the regulatory bodies to provide tailored guidance and content for members. |
| Increased awareness among the public and regulators on the value of receiving advice from a Chartered firm over a non-Chartered firm | The CII has commenced a review of all aspects of the Corporate Chartered scheme, including the criteria. We plan to make Corporate Chartered Status more relevant to consumers to and have a more direct impact on public trust. Additionally, the review aims to make Corporate Chartered more valuable to firms, members and to the profession as a whole. | A consultation phase for all stakeholders, including members, employers existing and potential Chartered firms, will continue throughout 2025. This will include a pilot phase intended to review the new criteria so we can be sure they maintain a high level of professional standards, while being achievable for all, and that the CII is resourced to process those applications smoothly. |
| Institute recognised as a thought leader in the area of professional standards | The CII's research function gains valuable insights into member experience, key market data including the public trust index and emerging sectoral issues. Past surveys conducted include: • Member survey • Public Trust Index • Corporate Chartered Equality Diversity and Inclusion Survey • Beyond Buzzwords, Embedding a systemic approach to EDI across the UK professions | The Professional Standards Team will continue to partner with Capabilities and Insights to conduct research relevant to our members, firms and the public in order to further our mission to build rust in the insurance and financial planning professions. |
| Increased impact on professional standards in international jurisdictions in conjunction with the Institute's Affiliated Institutes | We have explored translating the CII Code of Ethics into other languages (Arabic, French and Simplified Chinese), but a decision was been made to put this work on hold. | Now that the CII's new Executive Director, Markets & Opportunities has commenced in role the Professional Standards team will work collaboratively to help increase the impact in international jurisdictions. |
| All members undertake ethics CPD on an annual basis, demonstrating the importance placed on ethics and standards by the CII and the commitment made by CII members | 4 hours of CPD produced by the Professional Standards team in 2024, including a webinar which offered 1.5 hours of CPD. | The Professional Standards team will continue to produce relevant CPD for members, aligned to the CII Professional Map and addressing emerging topics and issues. |
| Members are aware of how to address new challenges and continue to be perceived as professional leaders among their peers | The CII published the Green Finance Companion Guide to the Code of Ethics in 2023, produced resources designed to support individuals and employers implement the Consumer Duty, addressed a number of facets of AI in articles, and provided practical tools and guidance designed to support an inclusive and representative workforce. | Further Companion Guides to be launched. Professional Standards and Policy and Public Affairs to launch a series of Good Practice Guides focused on Non-Financial Misconduct. |

Meet the Professional Standards Committee

Professional Standards at the CII and PFS is overseen by an independent Professional Standards Committee Chaired by CII Board member Claire Bassett.

Members of the Committee volunteer their time and expertise to play a crucial role in quality assuring the CII's professional standards activities and supporting the CII to achieve its mandate of securing and justifying the confidence of the public and employers and building professionalism. The Committee members are consulted on CII projects and share their expertise on CII working groups.

Concise Summary of the Role of the PSC:

The Professional Standards Committee (PSC) is a committee of the CII Board. On behalf of the Board it provides strategic expertise and challenge to ensure that the CII and its members in the insurance and financial planning sectors operate with the highest professional standards and ethical behaviour. Through its work the PSC seeks to build and maintain public trust in these sectors.

It is responsible for the development and approval of the CII's Code of Ethics, which are reviewed at least once every five years, in order to secure public trust and confidence in insurance and financial planning and to build a reputation which people value. It ensures compliance with the Code by overseeing the CII's disciplinary and membership eligibility rules.

The committee provides thought leadership on a wide range of strategic and topical issues relating to professionalism, ethics and standards in the insurance and financial planning sectors, through a programme of reviews, publications and events.

It has responsibility for certain areas of member learning and development, through oversight over the processes of auditing members' Continuing Professional Development and issuing Statements of Professional Standing. Smooth functioning of these processes is essential for the maintenance of the Cll's Accredited Body status.

The committee has oversight over the development of the Corporate Chartered Status scheme criteria and rules. Maintaining the integrity of Chartered status is of vital importance CII and the profession.

Members of the committee have a wide range of expertise and experience in all aspects of the insurance and financial planning sectors, in addition to independent consumer representatives. The committee is chaired by an independent member of the CII Board.

During 2024 the Professional Standards Committee members were:

- Claire Bassett, Independent Non-Executive Chair
- James Daley, Independent Consumer Representative
- Chris Digby, Local Institute National Forum Representative
- Edward Grant, PFS Representative
- Adam Harper, Higher/Professional Education Representative
- Brendan McCafferty, ACMA Life & Pensions Representative
- Richard Hopegood, Financial Planning Representative
- Jane Jarman, Chair Independent Review Panel
- Stephen Lark, General Insurance Representative
- Kate Wellington, Independent Consumer Representative

Information about the current Committee members can be found here.

The Professional Standards Team

The CII has a dedicated Professional Standards team focused on the creation, implementation and promotion of professional standards and ethics. Representatives from the team attend every Professional Standards Committee meeting and provide updates on behalf of the CII.



Adam Harper, Executive Director Strategy, Advocacy and Professional Standards was appointed in December 2024.

The Professional Standards team work closely with other CII departments, and much of the work reported on in this paper would not have been possible without the input, support and leadership of colleagues across the CII, most notably from the following teams:

- Legal
- Governance
- Member Engagement & Learning: Insight & Proposition
- **Policy & Public Affairs**
- **Risk & Compliance**
- Communications
- **Sales Operations**

Promoting Professional Standards

CII Ethics Resources - Professionalism in Practice

CII Code of Ethics

The CII <u>Code of Ethics</u> sets out principles which all members commit to and must adhere to. These principles are designed to ensure the maintenance of high standards of integrity, probity and ethical fair dealing.

Five Core Duties of the CII Code of Ethics

Members must:

- Comply with the Code and all relevant laws and regulations
- Act with the highest ethical standards and integrity
- Act in the best interest of each client
- Provide a high standard of service
- Treat people fairly regardless of: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex and sexual orientation

Members that breach the standards set out in the Code are held to account under the CII's Disciplinary Processes.

Moving from theory to practice

To bring the Code of Ethics to life and bridge the gap between ethics and the complexities of the modern working environment, a number of companion and practical guides have been produced by the CII. The guides aim to support members in achieving the principles of the Code by contextualising them in relevant workplace scenarios.

Practical and Companion Guides

- Code of Ethics A Practical Guide
- Digital Ethics Companion Guide
- Digital Ethics Companion A Practical Guide
- Green Finance Companion Guide
- Financially Inclusive Customer Outcomes Companion Guide
- Chartered Transparency Ethical Companion Guide



How ethical are you?

The CII produces resources including articles, podcasts and webinars aimed at supporting CII and PFS members with their learning and development needs relating to professionalism.

For example, in 2024 the team produced an ethics CPD event entitled 'How ethical are you? Take our ethics challenge and learn about the CII's ethical resources'.

During this webinar, members were informed of the key resources and activities available to support them in their careers, and how they could be utilised. Attendees were also presented with ethical challenges, and given the opportunity to vote on possible solutions before hearing from the expert Panel on the best approach to take.

This provided members with 1.5 hours of CPD, and remains available to view on CII Digital.



Here's what our members enjoyed about the ethics event:

- "The case scenarios helped to bring the subject to life"
- "The session was insightful and pushes one to reflect on his conduct"
- "Loved that this was developed to bring the Code of Ethics to life in a real and meaningful way to members"
- "The shared learnings on ethics will continue to aid me in my daily interactions with clients, peers and others"
- "I really appreciate the depth of the scenarios, going beyond the usual yes/no answers"

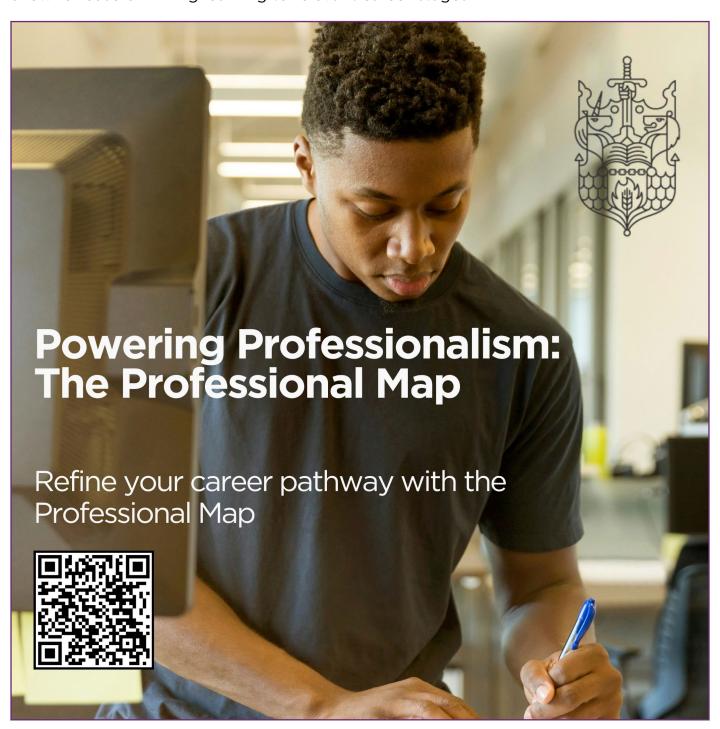
Ethics CPD webinars will form an ongoing aspect of the resources CII provides to members to build confidence and capability when facing ethical dilemmas. Browse our upcoming webinars and view recordings of past events here.



Professional Map

The CII has developed a <u>Professional Map</u> which provides members working in financial planning and insurance with a framework which sets out the behaviours and technical expertise needed to be a well-rounded professional. The Map is founded on market research into the skills needs of the sector as well as incorporating the principles of the CII Code of Ethics and alignment with the regulator.

The Professional Standards team will align all future content to the Professional Map to allow for ease of linking learning to relevant career stages.



The CII monitors sector trends including emerging ethics risks and topics, and produces content in response to meet the needs of CII members.

The FCA Consumer Duty

The 2023 Consumer Duty, set a new regulatory standard for consumer protection with the FCA describing it as the biggest overhaul of the UK's financial service sector in 20 years. As a result, throughout 2024 the CII gave a lot of focus to the Consumer Duty, considering how members and employers could best be supported to implement the rules.

For example, the CII produced four Consumer Duty Training digital courses and a face-to-face workshop supporting personal finance employers and employees on implementing the Duty and evidencing how you are meeting your obligations. This sits alongside a <u>Proficiency+ Consumer Duty Diagnostic Tool</u> which allows members to assess how effectively they and their teams are implementing the FCA expectations.

Additionally, CII sought insight from practitioners about their experiences and challenges of implementing the requirements of the Consumer Duty in various ways:

- The Consumer Duty requires every regulated firm to produce a Board report, at least annually, to record progress in achieving the expected customer outcomes. The CII sought and collated experiences from those responsible for writing the first board reports to understand any challenges that might have been encountered, and to make recommendations that might assist other firms in the future. These findings were compiled in a White Paper (White Paper: Consumer Duty Board Reporting), and shared with the FCA and the wider sector.
- The CII hosted a roundtable to explore how firms, practitioners and other stakeholders can collaborate to shift culture and behaviours which will raise the standard of care offered to customers. The roundtable findings were published in a paper <u>'The Road of Consumer Trust:</u>

 <u>Professional Standards in the Consumer Duty'</u>. Additionally, the CII conducted a survey on the perceived impact of Consumer Duty on organisational culture, identifying progress made and the remaining challenges, the results of which are available in The Journal.



Green Finance

The Green Finance Companion Guide aims to help members make decisions aligned with the principles of green finance in their professional lives. The Companion Guide is supplemented by a podcast with Rebecca Aston, CII Professional Standards Manager, and Simon Thompson, former Chief Executive of the Chartered Banker Institute and Chair of the UK's Green Finance Education Charter. This is available on the CII's Journal Podcast hub.

Additionally, the Personal Finance Society established a panel of advisers, policy professionals and sustainable finance experts to enhance advice standards and consumer outcomes around climate change and other sustainability challenges, the PFS Sustainable Financial Advice Panel.

The PFS Sustainable Financial Advice Panel published 'The Sustainable Finance Knowledge Gap' - a review of PFS members' confidence in providing sustainable financial advice. The Panel went on to help PFS to launch a digital course on Sustainability Disclosure Requirements and Anti-Greenwashing to help advisers prepare for new disclosure regulations, and updated its digital course ESG and Sustainable Investment Advice.

Artificial intelligence

In recognition of the increasing influence AI has on the financial services sector the CII produced a range of content on this topic to guide members, such as including a practical example of applying ethical principles to an Al powered complaints processing system within the Ethics CPD Event 'How ethical are you?'.

Given its relevance to modern business, and the way it will continue to shape the future of professionalism and impact business practices, AI was understandably a key featured topic for the CII in its two magazines (both with digital and hard-copy publications), The Journal and PFP magazine. Whilst several pieces on AI have been published, the following in particular draw a link between the use of AI and its current and/or future impact on standards and ethics (see table).

Artificial intelligence

Table 1: Content published by the CII and PFS

- CII Professional Standards Manager Charlotte Ferson provided practical tips and guidance on integrating ethical thinking into AI: 'Ethics in AI - Ethical
- Former CII Board Member Dr Artur Niemczewski and CII Communications Director Chris Shadforth published a series of articles in The Journal on the use of AI:

 - AI Why we still need humans in the loop When AI makes a mistake don't panic!

 - Al Moonshot: Finding our moral compass Al taxonomy: The right tool for the job
- Fiona Nicolson examined the benefits and risks and use cases of AI, concluding that human empathy will still be needed in a time where the use of AI is increasingly prevalent: 'AI: The future is now'.

 CII's Communications Executive Molly Burchell reported on the development
- of AI in the underwriting space, and how this will provide both opportunities and risks in terms of skills development and talent retention: 'The underwriting community - AI meets underwriting
- Jack Durrant, Associate Director at Howden, asked the question 'is the broking profession prepared for the rise in Al?' and provided tips on how broking professionals could prepare for the increased use of Al tools whilst also delivering best outcomes for consumers: 'Al is here, but are brokers prepared?'
- Liz Booth, contributing editor of PFP magazine, examined the potential risks of using AI in business, and how they should be managed: 'Keeping an eye on AI'

Equality, Diversity and Inclusion

The CII aims to provide members with practical tools and guidance to support an inclusive and representative workforce. The CII's dedicated Equality, Diversity and Inclusion Manager, Vivine Cameron has produced the following:

- Inclusive language guidelines
- Embracing inclusive recruitment
- <u>Diversity and inclusion guiding principles for key stakeholders</u> A CPD event <u>Crafting EDI Strategies in an evolving regulatory landscape what</u> <u>you need to know</u>. This webinar was held in conjunction with the Association of British Insurers to explore the proposed Financial Conduct Authority and Prudential Regulatory rules on Equality, Diversity and Inclusion.



- A CII EDI Toolkit is available for Local Institutes on the Network Know-How platform, which is reviewed and refreshed on a quarterly basis. Additionally, EDI pocket information sheets (a condensed version of the Toolkit) have been produced and will be provided to Local Institute Presidents and EDI Officers as part of their welcome/introduction packs in 2025.
- Information sheet: Suggested EDI Guidance, for organisations looking for suggested approaches around embedding EDI processes and practices.
- Suggested EDI Journey, for an individual, team member, leader or senior officer.
- A CPD event <u>"Inspire Inclusion Women in Insurance and Personal Finance International Women's Day Celebration"</u>, supported by ABI and CII EDI Network Partners, iWIN, ISC Group and St James' Place Academy. The webinar celebrated all the diverse and talented women in insurance and personal finance, to attract, engage, develop and retain female talent in the profession. CII Guides, Tools and resources were provided to support members and quests in the employment cycle of female talent.



Corporate Chartered Status

The CII's Royal Charter enables us to award Corporate Chartered Status to organisations who meet the scheme's criteria. Being awarded Chartered status signifies an organisation's commitment to upholding high professional standards, staff development and delivering positive consumer outcomes.

The CII offers four corporate Chartered titles:



At the end of December 2024 there were 711 Chartered firms employing 43,293 staff



Setting the Standard for Chartered firms

All Chartered firms are assessed for compliance with the scheme's rules at the point of application and on an annual basis by the Professional Standards and Sales Operations teams. Additionally, the Professional Standards team works closely with the CII Corporate Development Managers and Business Development Executives to communicate messaging related to standards to Chartered firms, and help firms promote Chartered status internally and to their clients.

The Professional Standards team consider complaints about Corporate Chartered firms if they have not met the standards expected of them. The CII has previously stripped a firm of its Chartered Status for failing to declare a regulatory sanction.

Corporate Chartered Review

Whilst Corporate Chartered has been a success for many firms since it was first launched in 2007, take-up has plateaued since 2017. To ensure that the scheme is relevant for the current market the CII commenced a review of all aspects of the Corporate Chartered scheme, including the criteria. We plan to make Corporate Chartered Status more relevant to consumers and have a more direct impact on public trust. Additionally, the review aims to make Corporate Chartered more valuable to firms, members and to the profession as a whole. To do that we need to make it more accessible and flexible while maintaining and enhancing professional standards.

This work is being supported by the Professional Standards Committee, and there is Committee representation on a project workstream exploring repositioning Chartered status as an outcomes-based award rather than a criteria-led award.

Upholding Professional Standards

CII as an Accredited Body

The CII holds Accredited Body status with the Financial Conduct Authority. In this role, CII quality assures retail investment advisers who work in regulated roles. These professionals are required to hold a Statement of Professional Standing (SPS) to be able to give financial advice. The CII is able to issue members with an SPS following checks and assurance of their qualifications and ensures that those holding SPSs meet the ongoing minimum regulatory requirements in respect of their Continuing Professional Development and their commitment to abide by an ethical code.

In 2024, the CII's processes and policies relating to Accredited Body status were audited by external auditors, with results reported to the FCA. The independent report was encouraging, with minimal exceptions noted, implying general approval of our policies and procedures.

Continuing Professional Development (CPD)

All CII members are required as a condition of their membership to complete a minimum of 35 hours of CPD every year. Of those 35 hours at least 21 hours must be formal structured activity, which means that it must achieve specific learning outcomes relevant to their role.

The CII has a bespoke CPD recording tool that allows members to record their CPD on an ongoing basis and monitor their progress over the year. There are currently 94,527 live users on the CII CPD site.

The CII provides members with resources on how best to manage and record their CPD:

- Briefing Document. CII Continuing Professional Development Scheme
- Submitting your CPD Record. A Practice Guide
- CPD Holding Up a Mirror to Your Development

CPD Audit for SPS holders

10% of all SPS holders are selected annually to submit their CPD records for assessment.

In 2024, 2,431 SPS holders were selected for CPD audit - 107 more than the target of 2,324 (a 4.5% increase on the sample target).

CPD records are quality assured to ensure members have undertaken the required number of learning hours, as well as to ensure that they have undertaken learning relevant to their development needs.

CII Disciplinary Processes

There may be occasions where members' behaviour falls short of the standards expected of them. In those instances the CII's <u>Disciplinary Regulations and Procedures</u> provide a framework through which members of the public, employers, fellow professionals and the CII itself can consider any potential breaches of the Code of Ethics.

If a CII member is found to have breached the Code of Ethics, sanctions can be applied ranging from a warning all the way through to expulsion from membership. All upheld breaches are published on the CII's <u>website</u>, CII <u>Journal</u> and the <u>Personal Finance</u> <u>Professional</u>. This helps ensure that there is transparency on behaviours that impact trust in the profession and that the CII takes such breaches seriously.

Independent Review Panel

The Independent Review Panel is Chaired by Professional Jane Jarman of Nottingham Law School. Jane also sits on the Professional Standards Committee to provide a direct link between the CII's disciplinary process and oversight Committee. The Independent Review Panel is comprised of 12 members, a mixture of CII members, lay persons and legally qualified persons.

The Independent Review Panel has oversight of every complaint received by the CII. The Independent Review Panel members are independent of the CII and volunteer their time to ensure the integrity of the financial services profession by providing an independent complaints process.

Disciplinary Case Analysis

To ensure learning from disciplinary investigations and sanctions can be shared with members and the sector the CII undertakes an annual review of its cases lead by Professional Jarman. In 2024 the CII received 119 concerns, 61 of which were raised by parties external to the CII and 58 raised internally within the CII.

The CII aims to resolve most cases within 6 months of receipt.

As of the end of January 2025 the CII had the following open cases:

One case over 12 months old.

19 cases between 6 - 12 months old:

- 11 cases under investigation
- Three cases in the process of having a determination issued
- Five cases on hold pending the outcome of court proceedings or further information

18 cases under six months old.

CII Disciplinary Processes

In 2024, the CII closed 77 cases. Of these, 13 cases resulted in sanctions imposed on members, with details published on the CII's website.

An analysis of the closed cases indicates the following key themes:

- Poor Professional Conduct remains the single highest source of disciplinary cases. These cases covered a variety of issues, including SPS breaches, workplace misconduct, and allegations of fraudulent behaviour.
- CPD Submission is now the second highest cause of disciplinary cases. This primarily relates to members failing to submit CPD records within the required timeframe.
- Complaint Against Members is the third highest cause of disciplinary cases. These relate to allegations from the public concerning breaches of the CII's Code of Ethics by members.

If you have feedback for the CII in relation to Professional Standards, including suggestions of areas you would like more support and guidance on, please email ProfessionalStandards@cii.co.uk

We would welcome your input and the opportunity to deliver on the areas that are of most concern to our members.





Chartered Insurance Institute

Standards. Professionalism. Trust.

Professional Standards Committee Annual Report 2024