

Statement of facts – Relevant Life Insurance

Introduction and context

The Insurance Distribution Directive (IDD) is an EU directive which introduced a minimum harmonisation standard for regulation of insurance from October 2018. The effects of IDD are wide-ranging, affecting sales journey, conduct and product oversight and governance through to conflicts of interest, complaints, training and remuneration disclosure.

In October 2021 and July 2022, the FCA further strengthened the requirements in relation to product oversight and governance following their market study into 'Pricing Practices' (PS21-05) and the introduction of the Consumer Duty regulations (PS22-09).

For the product oversight and governance part of these regulations, we would like to share with you an outline of the product approval process we use in Aviva and our product target market statements, which clarify who the product is intended for (and who it is not).

Aviva's product oversight & governance

Why are you telling me about this?

Under the FCA's rules, we are required to inform you we have governance processes in place to oversee the design, approval and review of our products.

What controls does Aviva have in place?

We have well established governance processes which:

- formalise approval of new product developments and changes to existing products
- identify target markets for each product
- test customer understanding
- consider needs of vulnerable customers
- monitor post-sales performance.

After we introduce our products to the market, we regularly review them to check whether we need to make changes to them. This includes an annual assessment of the value received by customers through our products; this is referred to as the 'Value for Money Assessment'. The Value for Money Assessment considers a range of indicators and measures which contribute to the overall value delivered to our customers. The measure includes:

- Claims ratio - review of the value of claims paid out compared to the value of premiums received.
- Commission and margin levels - to ensure these are appropriate for the service received by the customer.
- Complaints - analysis of customer complaints to identify and resolve root causes in particular where the product fails to deliver as expected.
- Service delivery - to ensure service levels are in line with those we have led customers to expect.
- Communications - to ensure customers receive communications which are clear, accurate, timely and appropriate.

We base our level of oversight on the type and complexity of each insurance product, our identified target markets and the level of financial understanding.

What does this mean for me?

As product manufacturer, we'll monitor the performance of our products to make sure they meet the needs of customers in the identified target markets.

Should you feel a product doesn't meet these customers' needs or is potentially unclear, you can help us by providing feedback through your usual communication channels.

Target market statements

Why are you telling me about this?

The rules require us to consider several points when designing our product range, including:

- specifying an identified target market for a typical group of potential customers
- identifying relevant risks to the target market
- making sure that the intended distribution strategy is appropriate for the identified target market
- requiring us to take reasonable steps to make sure we distribute the insurance product in line with the target market for specified distribution channels.

What does this mean for me?

We've developed target market statements to give you, our distributor, clarity on who the product is intended for (and who it is not) and how customers can buy the product.

Using these target market statements should help you in your consideration of:

- how the distribution strategy aligns with the target market statement
- the demands and needs of the customer
- whether any of the customers may be outside of the target market due to eligibility or exclusions
- what limitations, exclusions or alternative insurance cover in place might inhibit a customer from getting full value from the product
- that fees and charges are appropriate to the service being delivered for customers
- vulnerable customers and the target market focusing on whether they may require additional support in their decision-making.

Can I sell outside of the target market?

The target market is aimed at a broad range of customer types. You shouldn't assume a product is appropriate simply because the customer is in scope. Equally, a customer may benefit from buying the product even if they are out of scope. During the sale, you will be closest to the customer in identifying their demands and needs and your judgement will decide what is right.

We set the distribution channels for how you can sell the product (for example, online or face to face) and we expect you to follow these. If you believe you could use an alternative distribution channel, please get in touch with us, so we can consider your proposal.

Feedback

If you have any feedback on these statements, please contact your usual Aviva representative.

Relevant Life Insurance – target market statement:

What customer need does this product meet?

Relevant Life Insurance can be used by your clients to provide protection for an employee. This cover has the potential to have tax benefits.

This product provides life and terminal illness cover on a level basis. There are several optional benefits available including employee significant illness cover, total permanent disability and increasing cover.

The product is suitable for employers who want to provide life only or life & employee significant illness cover for their employees. The cover can prove invaluable in the event of death or unexpected ill health which results in retirement. This can help the beneficiaries of the policy to avoid the extreme financial hardship this could bring.

Who is Relevant Life Insurance designed for?

This product is designed for UK resident businesses who wish to provide cover for an employee. The employee must also be UK resident. Employees can include salaried company directors and partners.

Employees must be aged between 18 and 73 for life cover and aged between 18 and 64 for life and employee significant illness cover.

This product is available to permanent residents of the UK.

Who is Relevant Life Insurance not designed to support?

This product is not suitable for non-UK resident employers and employees. It is also not suitable for equity partners, sole traders and anyone who is self employed.

This product is designed to last for a set period, selectable when you apply. This is not a whole of life product and the product has no cash in value.

To claim for employee significant illness cover the life covered must retire or expect to retire from their current role.

The product can be transferred as a relevant life policy to another employer if the life covered leaves employment. The life covered could also take over the policy but it will be replaced with a personal protection contract. If they do this, it will lose its' relevant life status and, if previously included, the new policy will not include employee significant illness cover.

Can I sell Relevant Life Insurance without advice?

Yes. The product is suitable to be sold without advice. Therefore, Aviva regards this product as non-complex.

How can I sell Relevant Life Insurance?

You can sell Relevant Life Insurance face to face or by telephone.

Please remember Aviva accepts protection applications from you in line with our agreed terms. Please get in touch with us if you'd like a copy of the agreement.

Need this in a different format?

Please get in touch with your usual Aviva contact if you would prefer this document (**AL18045**) in large print, braille or as audio.

| Retirement | Investments | **Insurance** | Health |

Aviva Life & Pensions UK Limited. Registered in England No 3253947. Aviva, Wellington Row, York, YO90 1WR. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Firm Reference Number 185896.
aviva.co.uk

AL18045 03/2023

