

# Target Market Statement and Value for Money Assessment Outcome - Critical Illness+

## 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 that adhere to regulatory requirements set by the General Insurance and Pure Protection Pricing Practices Market Study (PS21-05) and Consumer Duty (PS22-09). We regularly review our products to ensure that they remain suitable for the target market and that they continue to operate in line with customer expectations. This includes an assessment of the value received by customers through our products; which is referred to as the 'Value for Money Assessment'.

### 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.

### 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.

## 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 which includes the policyholder, insured members and policy stakeholders. These measures include:
- Target Market and Distribution Strategy - Ensuring that the target market is defined at a sufficiently granular level and distribution approaches are appropriate. This is done by assessing customer demographics, product persistency and oversight of distributors selling the product.
- Customer claims - assessing the claims experience of the product, including a review of whether the customer benefit ratio - value of claims paid out compared to the value of premiums received - is within tolerance, an assessment of whether claims accepted vs. claims declined is within a set tolerance and analysis of declined claims.
- Commission and margin levels - to ensure these are appropriate for the service received by the customer. This includes reviews of the commission ratio - the proportion of a customer premium that goes towards paying commission, profit ratio - the proportion of a customer's premium that goes towards profit, and a breakdown of a customer's total premium to indicate how much goes towards customer, distributor, and manufacturer costs.
- Complaints - analysis of customer complaints to identify and resolve root causes in particular where the product fails to deliver as expected. The percentage of customer complaints received will be assessed against the total number of active customers and will be judged against a set tolerance.
- Service delivery - to ensure service levels are in line with those we have led customers to expect. Several metrics will be assessed across operations (customer feedback surveys, percentage of calls answered, quality assurance), claims (claims customer feedback surveys, percentage of claims settled within 30 days, percentage of calls answered), and underwriting (straight through processing rates).
- Communications - to ensure customers receive communications which are clear, accurate, timely and appropriate. Customer communications will be assessed against the Aviva standard which was brought in following Consumer Duty.

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.

## Value for Money Assessment outcome

The below table outlines when the last assessment took place, when the next assessment is due to take place and the outcome of that assessment.

Product Name:	Critical Illness+
Date Value for Money Assessment Completed	August 2024
Expected Date of Next Assessment	August 2025
Outcome	Providing Fair Value

## Critical Illness+ - Target Market statement:

### What customer need does this product meet?

This product is designed to provide customers with cover should they be diagnosed with a specified Critical Illness or Terminal Illness. The cover can be provided on either a level or decreasing basis which would provide a lump sum pay out, or on a family income cover basis that would provide a monthly payment.

The product provides cover for a number of specified conditions that are likely to impact a customer's lifestyle and their ability to work. This product would suit those who have no other provisions in place should they become severely ill.

This cover provides several optional benefits available including total permanent disability, extra care cover, fracture cover, global treatment, upgraded critical illness cover, upgraded children's benefit, waiver of premium and increasing cover.

The product is suitable for customers wanting cover for themselves, or to provide family protection if they have financial dependants. The policy could protect a decreasing liability such as a mortgage or loan.

This product does not pay out in the event of death.

### Who is Critical Illness+ designed for?

This product is designed for customers aged between 18 and 64 who wish to have some financial security in the event that they suffer from a critical illness. This could be financial protection for them and/or for their loved ones. The money payable following a successful claim could be used to help with ongoing financial costs or to perhaps pay off a debt such as a mortgage or loan.

This product is available to customers who at the time they complete the application, they and the life covered must:

- be in the UK, the Channel Islands, the Isle of Man or Gibraltar, with a legal right to live in that jurisdiction, and
- consider their main home as being in the UK, the Channel Islands, the Isle of Man or Gibraltar and have no current intention of moving anywhere else permanently.

Customers need to tell us if they move outside the UK, Channel Islands, the Isle of Man or Gibraltar and their main residence is in another territory.

Critical Illness+ is suitable for customers who	Critical Illness+ is not suitable for customers who
<ul style="list-style-type: none"> <li>✓ are aged between 18 and 64.</li> <li>✓ require either a lump sum payment or payment instalments following the diagnosis of a specified critical illness or terminal illness.</li> <li>✓ require access to additional options such as waiver or premium, total permanent disability, extra care cover, fracture cover, global treatment and upgraded children's benefit.</li> <li>✓ require either a level, decreasing or increasing cover amount.</li> <li>✓ will pay the premiums from a UK based bank or building society account and understand that any benefits they receive from us will also be paid into UK based accounts.</li> <li>✓ require a policy on either a single life or joint life basis.</li> <li>✓ understand that this policy is fully underwritten based on health and lifestyle of the person insured, which can lead to increases in premiums, specific exclusions and even declined cover.</li> <li>✓ understand that this policy requires a claimant to survive for 10 days after diagnosis of a specified critical illness.</li> </ul>	<ul style="list-style-type: none"> <li>✗ require a whole of life product.</li> <li>✗ require cover for death.</li> <li>✗ require a guaranteed premium policy beyond the age of 75, as this is the maximum expiry age.</li> <li>✗ want cover beyond their 90th birthday, as this is the maximum age covered.</li> <li>✗ want cover for more than 50 years, as this is the maximum term provided.</li> </ul>

### Can I sell Critical Illness+ without advice?

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

### Vulnerable Customers

This product may be purchased by customers who currently have characteristics of vulnerability, or may develop characteristics of vulnerability throughout the life of the policy. These vulnerable characteristics include but are not limited to: hearing and visual impairments, ill health or recovering from ill health, physical disability, poor mental health, severe or long term illness, bereavement, job loss, caring responsibility, domestic abuse, relationship breakdown. There is support available to help customers in some of these situations.

## How can I sell Critical Illness+

You can sell Critical Illness+ face to face or by telephone.

### Feedback

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.

**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 Target Market Statement (**AL08010**) in large print, braille, audio or in a different colour.