

Statement of facts - Critical Illness+

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.

Critical Illness+ – target market statement:

What customer need does this product meet?

This product provides critical illness cover on a level or decreasing basis (pays out a lump sum) or family income cover basis (monthly payments).

Critical illness means cover for a list of specified conditions such as some cancers, heart attacks and strokes.

The 'critical illnesses' that are covered are likely to impact a customer's lifestyle and their ability to work, therefore financial protection in the event of this happening could be essential if there are no other provisions or savings in place.

There are 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, increasing cover and product renewal.

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, CI, IOM or Gibraltar and their main residence is in another territory.

Who is Critical Illness+ not designed to support?

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

For customers who wish to have cover beyond age 75 (maximum age 90), the premiums will be on a reviewable basis meaning premiums will go up over the term of the policy.

If decreasing cover is selected the amount of cover will decrease each month in line with an interest rate which is fixed when you apply. You should consider whether this rate is suitable and will ensure that your customer has the cover they need in the future.

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

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.

How can I sell Critical Illness+?

You can sell Critical Illness+ 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 (**AL08010**) in large print, braille or as audio.