

Living Costs Protection Target Market Statement & Value for Money Assessment

Aviva Life & Pensions UK Limited is the manufacturer of this product.
Full details are contained within the policy documentation.

Aviva's product oversight and governance

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's 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.

Living Costs Protection 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	LIVING COSTS PROTECTION
Date Value for Money Assessment was completed	April 2026
Expected date of next Assessment	April 2027
Outcome	Continues to provide fair value for the target market

Living Costs Protection Target Market Statement

What customer needs does the product meet?

This product is designed for the customer to choose a fixed monthly benefit amount of between £500 and £1,500 per month. This amount will be paid for up to 12 months if your customer stops working because they are unable to perform the duties of their occupation due to illness or injury.

Who is Living Costs Protection designed for?

This product is designed for employed and self-employed customers who are working at least 16 hours per week and wish to protect themselves. The product is intended to help the customer continue to meet their essential financial commitments for up to 12 months if they are unable to work due to illness or injury, so they can focus on their recovery and return to work.

This product does not require proof of earnings so this could be more suitable for customers who are self-employed or have fluctuating income.

This product is available to customers who at the time they complete the application must:

- Between the ages of 18 and 59
- have been working for at least the last 12 months and have proof of earnings for that period
- be registered with a doctor in the UK, Channel Islands, the Isle of Man or Gibraltar for at least the last two years, or be able to provide 2 years medical records from a UK based doctor
- work a minimum of 16 hours per week
- 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, and
- be legally permitted to work in the UK, the Channel Islands, the Isle of Man or Gibraltar.

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

There may be restrictions to the maximum ceasing age of the policy, or the minimum deferred period depending on the customer's occupation. Please see the occupation guide for a list of acceptable occupations and any cover restrictions.

Living Costs Protection is suitable for customer who	Living Costs Protection isn't suitable for customers who
<ul style="list-style-type: none">✓ need a regular monthly benefit for up to 12 months to replace some of their lost income if they are unable to work because of a long-term illness or injury.✓ only require cover for £1,500 per month or £18,000 per annum.✓ don't require cover past the age of 70, as this is the maximum age at which the policy can end.✓ are self-employed or employed, but with limited sick pay provision in place.✓ need cover for at least five years, as this is the minimum term of this policy.	<ul style="list-style-type: none">X want an amount of cover exceeding £1,500 per month or £18,000 per annum.X are not working when they apply for their policy.X would be unable to manage financially for at least one month if they were unable to work due to illness or injury.X works less than 16 hours per week.X only have income that would not stop if they were unable to work, for example those who only have pension income because they're retired, or those who only have investment income, or income from savings, or other non-work related sources.

Living Costs Protection is suitable for customer who (continued)	Living Costs Protection isn't suitable for customers who (continued)
<ul style="list-style-type: none"> ✓ would not be able to rely on state benefits alone to maintain their standard of living if they lose their income because of being unable to work due to illness or injury. ✓ have an occupation covered by the policy when it starts. ✓ would find waiting period options of 4, 8, 13, or 26 weeks appropriate for their needs (4 and 8 week waiting periods are not available for some occupations). ✓ work more than 16 hours per week. ✓ wouldn't qualify for state benefits, or wouldn't want to rely on them for replacement income. ✓ 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. ✓ are comfortable and willing to accept a 12 month limited claim payment period. ✓ want to still be covered if they are on maternity or paternity leave for up to 12 months and suffer an injury or illness that would leave them unable to work (had they been working at the time). ✓ make a claim while in any of the places listed in their policy conditions. If they're anywhere else in the world, we'll pay the claim for up to 26 weeks, they will have to return to a listed place for the claims to continue. ✓ 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. 	<ul style="list-style-type: none"> X would be able to manage financially on state benefits if they were unable to work, or their income is already solely or significantly made up of state benefits. X need protection for a full benefit period. X need protection for the rest of their life. X require a cover that increases each year. X want a lump sum payment in the event of serious illness or death. X already have group income protection provided by their employer, that will continue to pay for as long as they remain unable to work, however long that lasts. X have Living Costs Protection cover in place with Aviva that is not being replaced by the product. X will have continuing income while off sick, in excess of the maximum benefit we would pay. X already have other forms of insurance in place that pay a sufficient monthly benefit if unable to work due to illness or injury. For example, mortgage protection, insurance or credit card protection that make additional protection against loss of income unnecessary. This is because we deduct amounts equal to the payments from other insurances that the client has when we pay their claim. X will continue to work following a claim, either paid or unpaid in any occupation or job. X want protection against unemployment, this policy only protects for loss of income if they're unable to work because of illness or injury. X are running a business and want to provide income protection for a key employee if they're unable to work due to illness or injury. There are other more suitable products in the market to protect a key person's income. X want to cover income from dividends but are not employed by the company or do not actively work in the company. X want to protect an income that is derived from monies via director's loans or trust or other tax efficient methods to change their income stream such that it is no subject to Income Tax.

Can I sell Living Costs Protection without advice?

No. If you want to sell this without advice please contact your Aviva representative.

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 Living Costs Protection?

You can sell Living Costs Protection face to face or by telephone. We are unable to accept paper applications.

When selling this product there is a need to ensure that the benefit selected reflects the income a customer would lose, and any other income protection policies they hold, if they were unable to work due to illness or injury. As part of your fact find with the customer you could obtain evidence of income and expenditure, confirmation of any existing income protection policies and provide guidance on the implications of over insurance. Some customers qualify for sick pay for a period if they are unable to work so they may not want to receive the benefit straight away. The customer has a choice as to how long they wait before benefit is paid.

It's also important that your customer understands that benefit will be paid for a maximum of 12 months for each eligible claim. This should be explained to the customer when recommending Living Costs Protection to ensure this meets their needs.

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 more information on Consumer Duty?

Visit our Consumer Duty Hub at connect.avivab2b.co.uk/adviser/consumer-duty

Feedback

If you have any feedback on these statements, please get in touch with your usual Aviva contact.

Need this in a different format?

Please get in touch with your usual Aviva contact if you'd prefer this document (**AL12011**) in large print, a different colour, braille or as audio.