

# Statement of facts – Fracture Cover

## 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.

## Fracture Cover – target market statement:

### What customer need does this benefit meet?

This benefit is designed to provide a lump sum payment of between £1,500 and £6,000 if your customer suffers one of 18 specified fractures. This could provide additional financial support if they are unable to work and help tide your customer over whilst they recover. One claim can be made in each policy year for the first fracture that happens in that year. The 12 months will run from the policy start date to the day before the policy anniversary date. If multiple fractures happen at the same time the customer can choose which one they claim for.

### Who is Fracture Cover designed for?

This benefit is designed for customers aged 18-70 who would like to receive a lump sum payment should they suffer a fractured bone. Some sporting activities are not covered under this benefit. This benefit does not cover fractures classed as fatigue, stress, hairline, avulsions/chips or microfractures. Your customer will not receive a lump sum payment if the fracture happens within the first 7 days after the policy start date. Full details of the 18 fractures covered, sports exclusions and benefit limits can be found in the policy conditions.

The benefit is only available as an added benefit, for an additional premium, for customers who are purchasing either Aviva's Life Insurance+, Critical Illness+, Income Protection+ or Living Costs Protection policies. It is not available as a stand alone product.

This benefit is available to customers who are 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.

### Who is Fracture Cover not designed to support, or are there any features that you should be aware of when considering this benefit for your customer?

Fracture cover is not designed for customers wishing to receive a lump sum for fractures that happen when taking part in: mountain biking or BMX; boxing, cage fighting or martial arts; rugby or Gaelic football; horse riding; or any form of motor cycle sport or event including practice, competing or track days, or motor cycling off-road, trail riding, or green-lane riding.

### How can I sell Fracture Cover?

Fracture Cover cannot be purchased as a standalone product. This benefit is available for an additional premium if the customer is purchasing Aviva's Life Insurance+, Critical Illness+, Income Protection+ or Living Costs Protection. You should refer to the 'Statement of Facts' document for the relevant protection product for guidance on selling without advice.

You can sell Fracture Cover 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 (**PT151266**) in large print, braille or as audio.