

Target Market Statement

Secured Lifetime Care Plan

This document is intended to be used by distributors and not provided to a customer. Aviva Life & Pensions UK Limited is the product manufacturer for these products. Full details are contained within the policy documentation.

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 introductions 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 statement, which clarifies 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 measures include:

- **Target Market and Distribution Strategy** – Ensuring that the target market is defined at a sufficiently granular level and that the distribution approaches are appropriate
- **Costs and Charges** – Review of the costs incurred by retail customers to ensure that these are fair and appropriate taking into account the features and benefits offered through the product
- **Commission and Adviser Charging** – To ensure these are appropriate for the service received by the customer
- **Complaints** – Analysis of customer complaints to identify and resolve root causes, particularly 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 continue to receive communications which are clear, transparent and timely.

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 get in touch with your usual Aviva contact.

Secured Lifetime Care Plan – Target Market Statement

What customer need does this product meet?

The Secured Lifetime Care product is for individuals who have been medically declared to require assistance for day-to-day living and will require regular payments within the next 5 years to pay towards their care costs.

The product enables customers who can pay some of their care costs themselves, the ability to secure regular income payments now for the benefits they need in the future, for up to a deferred period of 5 years.

Who is the Secured Lifetime Care Plan designed for?

This product is designed for individuals who are age 60 or above and are a UK resident who require a deferred income for life to support care costs within the next 5 years.

Eligibility criteria:

- Minimum age of 60
- Must be self-funded
- Resident of the UK
- Minimum benefit – £200 a month
- Maximum benefit – £8k a month
- Can only be purchased by the person requiring care or their legal representative
- Must be in receipt of care when the policy starts
- Medical information needs to be supported by the care provider and/or GP

It is suitable for customers:

- Who want to have peace of mind that all or part of their care costs are covered for the rest of their life
- Who wish to secure regular income payments now for the benefits they need in the future
- Who are in receipt of care
- Who want to have their benefits paid tax free directly to a registered care provider
- Who want the benefit level, increase at a fixed rate, in line with RPI or 2% more than RPI
- Who want to have an element of capital protection

Who is the Secured Lifetime Care Plan not designed to support?

This product is not designed for:

- Customers who are not yet ready to enter long term care
- Do not have another means to pay for their care costs during the deferred period
- Who are unable to make up any shortfall in care costs over and above the monthly benefit
- Who requires a benefit greater than £8k a month from the policy
- Want to retain access to their capital
- May not be suitable for customers who have a short life expectancy of 12 months or less

Can I sell the Secured Lifetime Care Plan without advice?

This product must be sold with advice.

How can I sell the Secured Lifetime Care Plan?

This product can only be sold via an adviser who specialises in Lifetime Care and has a CF8 qualification.

Need this in a different format?

Please get in touch with your usual Aviva contact if you would prefer this document (**AR011352**) in large font, braille or as audio.

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