



For financial advisers only

# Product governance and fair value – Personal Protection

At Aegon we have a policy governing product approval, lifecycle review and fair value assessment. Here we provide the information you need about our Personal Protection policy.

## Product governance

We have a detailed proposition development policy for creating and designing new products. We also have a rolling programme of product lifecycle management where we regularly review our products. These product governance arrangements make sure our products meet the identified needs and objectives of the target market over the lifetime of the product and the distribution strategy remains appropriate.

We have enhanced our policies and product oversight to capture the rules and outcome areas under Consumer Duty. Our regular product reviews and value assessments test the proposition design to deliver fair customer outcomes, and to check for potential foreseeable harm, taking into account the complexity of the product and the identified target market.

## Fair value assessment

Fair value assessment	Detail
When was the last fair value assessment?	We carried out our last fair value assessment in September 2023.
What did the fair value assessment consider?	<ul style="list-style-type: none"> <li>• <b>Customer insight</b> – target market, Net Promoter Score (customer and adviser), complaints, gone aways, vulnerable customers.</li> <li>• <b>Proposition design and features</b> – design, any barriers to exit, current and future events impacting, current risks and issues.</li> <li>• <b>Customer communications</b> – review of key communications material.</li> <li>• <b>Proposition performance, customer outcomes and value for money</b> – pricing and charging levels.</li> <li>• <b>Processes and platforms</b> – service level agreement performance, assessment of operational processes, audits, incidents, complaints, fraud prevention.</li> <li>• <b>Distribution</b> – our distribution strategy, the role of intermediaries and the total cost paid by the customer across the distribution chain.</li> </ul>
What was the outcome of the fair value assessment?	<ul style="list-style-type: none"> <li>• The fair value assessment concluded that the product and associated service at this time offers fair value and that the price paid is reasonable compared to the benefits.</li> <li>• No specific actions were raised as an outcome of the fair value assessment.</li> </ul>

## Product information

Product information	Detail
Who is the target market?	<p><b>Designed for your clients who:</b></p> <ul style="list-style-type: none"> <li>• Want to protect themselves or their families against the financial consequences of: <ul style="list-style-type: none"> <li>– Death or terminal illness</li> <li>– Diagnosis of a critical illness covered by the policy</li> <li>– Loss of income due to accident or sickness</li> </ul> </li> <li>• Want to be able to pay off a mortgage/meet mortgage payments if any of the above happen.</li> <li>• Are looking for cover over a specific length of time.</li> <li>• Want to be able to adjust their cover as their needs change.</li> <li>• Want to mitigate an expected inheritance tax (IHT) liability.</li> </ul>
Who isn't the product suitable for?	<p><b>Not designed for your clients who:</b></p> <ul style="list-style-type: none"> <li>• Want an investment-linked element within the policy.</li> <li>• Want protection with no end date.</li> <li>• Want to be able to cash in the policy at any time.</li> <li>• Want to protect their business.</li> </ul>
What's the suggested distribution strategy?	<p>This product was distributed on an FCA regulated advised or non-advised basis. It was closed to new business on 4 April 2023 and is no longer distributed.</p>
What are the main features and characteristics?	<ul style="list-style-type: none"> <li>• It's a menu-based product, which allows you to tailor cover to meet your individual clients' needs from a choice of: <ul style="list-style-type: none"> <li>– life protection</li> <li>– critical illness (CI) protection</li> <li>– life with critical illness (LICI) protection</li> <li>– family income benefit (FIB)</li> <li>– CI FIB</li> <li>– LICI FIB</li> <li>– income protection with a choice of benefit payment periods (either two years or full term to the benefit end date)</li> <li>– gift inter vivos</li> </ul> </li> <li>• You can also choose from a range of additional benefits, including waiver of premium, which complements the main benefits listed above.</li> </ul>

Product information	Detail
<p><b>What are the main features and characteristics?</b> – continued</p>	<ul style="list-style-type: none"> <li>• You and your clients can choose cover that:               <ul style="list-style-type: none"> <li>– Stays level throughout the term of the policy.</li> <li>– Increases in line with the retail price index.</li> <li>– Reduces<sup>1</sup> in the same way that a repayment mortgage would reduce if it was repayable over the benefit term at the yearly interest rate shown on your clients' policy schedule.</li> </ul> </li> <li>• House purchase cover is available for cover that's linked to a new mortgage, to provide cover while your clients wait for their property purchase to complete.</li> <li>• Accidental death benefit is automatically included<sup>2</sup> with all benefits except gift inter vivos, providing up to £300,000 life insurance for up to 90 days.</li> <li>• We offer a lump sum death payment of £5,000 to your client's family if they die while we're paying their income protection benefit - to help ease any financial strain.</li> <li>• Some benefits are available with a choice of guaranteed or reviewable premiums.</li> </ul> <p><sup>1</sup> Available for life protection, CI protection and LIC protection only. <sup>2</sup> Terms and conditions apply.</p>
<p><b>How can your clients manage their policy?</b></p>	<p>We've designed our Personal Protection policy to be flexible, so it can meet your clients' changing needs.</p> <ul style="list-style-type: none"> <li>• We offer a range of guaranteed insurability options that may be available to your clients to extend their cover, without needing to provide further medical information.</li> <li>• Our joint-life separation option lets your clients split a joint-life first death policy into two separate single-life policies.</li> <li>• Our life replacement option is available for joint-life first death policies, allowing the surviving insured person to continue their life protection by taking out a new single-life policy, without needing to provide further medical information.</li> </ul> <p>If your clients have chosen reviewable premiums or our renewal option applies to their benefit, we'll write to them before their review date to let them know their options.</p> <p>If your clients have chosen our indexation option, we'll write to them every year before their anniversary to let them know what their new benefit amount and premium will be.</p> <p>Your clients can get in touch with us by phone, email or using our secure online form. Full contact details are available at <a href="https://aegon.co.uk/support">aegon.co.uk/support</a> by selecting <b>Protection (Insurance)</b>.</p>

Product information	Detail
<p>What additional services are available to your clients?</p>	<p>We provide more than just financial support. At no additional cost, your clients have access to <b>Policy Plus</b> - our range of support and guidance services. These are available for your clients to use throughout the life of their policy - they don't need to claim to start using them.</p> <ul style="list-style-type: none"> <li>• A 24/7 health and wellbeing service</li> <li>• A second medical opinion service</li> <li>• A funeral payment pledge</li> </ul> <p>The FCA doesn't regulate the third party organisations that provide our Policy Plus services. They aren't part of our terms and conditions and can be withdrawn at any time.</p>
<p>What are the risks?</p>	<ul style="list-style-type: none"> <li>• If your clients stop paying their premiums, their protection cover will stop immediately and they'll no longer be protected.</li> <li>• If your clients choose reducing benefits and the interest rate on their repayment mortgage is consistently above the interest rate shown on their policy schedule, the amount we'll be able to pay if they make a claim may not be enough to pay off their outstanding repayment mortgage.</li> <li>• If your clients choose benefits with reviewable premiums, their regular premium could go up or down at each review, but any increase will be fair and reasonable.</li> <li>• If your clients choose income protection and their taxable earned income goes down or doesn't go up as quickly as their benefit amount, if they make a claim we may not pay the full benefit amount. We won't refund any premiums if this happens.</li> <li>• If your clients choose income protection, the amount we pay out if they make a claim may affect: <ul style="list-style-type: none"> <li>– Their entitlement to some means-tested state benefits.</li> <li>– Any claim to benefits under other income protection policies they may have.</li> </ul> </li> <li>• The tax treatment of income protection benefits may change.</li> <li>• Some exclusions apply, as detailed in our <b>Personal Protection policy conditions</b>.</li> </ul>

Product information	Detail
<p>What are the associated costs?</p>	<p>Your clients' personal illustration will detail the cost of each benefit chosen and the overall cost over the life of the policy.</p> <p>We take the following into account when deciding how much your clients' policy premiums will be for their chosen benefits:</p> <ul style="list-style-type: none"> <li>• The number of claims we expect to pay</li> <li>• The number of benefits we expect to stop before the end of their benefit term</li> <li>• The level of inflation</li> <li>• The amount of tax we expect to pay and how HM Revenue &amp; Customs would ask us to calculate this</li> <li>• The level of interest rates</li> <li>• The amount of investment income we expect to receive on premiums we receive</li> <li>• The amount of money we have to set aside to meet claims as they fall due</li> <li>• The cost of setting up and servicing their chosen benefits</li> </ul> <p>Your clients' policy premiums will also include the cost of commission we pay.</p>
<p>Are there any circumstances which may cause a conflict of interest to the detriment of your clients?</p>	<p>There are no expected conflicts of interest.</p>

The policy doesn't have any cash-in value at any time. Your clients' protection will stop if they stop paying their premiums.

For more information, speak to your usual Aegon representative.