



For financial advisers only

# Product governance and fair value – Business 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 Business 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 make sure their business can continue, by replacing loss of income, profits or resource, if a key person is unable to work due to illness, accident or death.</li> <li>• Want to make sure the business owners can maintain control by having the funds available to buyout a shareholder or their estate if they become critically ill or die.</li> <li>• Want to make sure their dependants receive a fair value for their share of the business if they become critically ill or die.</li> <li>• Want to protect a business loan.</li> <li>• Want to be able to adjust the level of cover as the needs of their business change.</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 their policy.</li> <li>• Want protection with no end date.</li> <li>• Want to be able to cash in their policy at any time.</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 protection</li> <li>– Life with critical illness protection</li> <li>– Key person income protection</li> <li>– Executive income protection with a choice of benefit payment periods (either two years or full term to the benefit end date)</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> <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 capital and interest loan 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>• Our immediate cover facility is available<sup>2</sup>, providing cover for the first 180 days for life protection and the first 90 days for policies containing any critical illness cover or total permanent disability benefit.</li> <li>• Accidental death benefit is automatically included<sup>2</sup> with all main benefits except key person income protection and executive income protection, providing up to £300,000 life insurance for up to 90 days.</li> <li>• Many benefits are available with a choice of guaranteed or reviewable premiums.</li> </ul> <p><sup>1</sup> Available for life protection and life with critical illness protection only.</p> <p><sup>2</sup> Terms and conditions apply.</p> |

| Product information   | Detail  |
|---|---|
| <p><b>How can your clients manage their policy?</b></p>               | <p>We've designed our Business 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 about the insured person.</li> <li>• Our executive income protection is portable, letting the insured person take it with them if they move to a new employer, as your client can transfer the ownership of the policy to the new employer.</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> |
| <p><b>What additional services are available to your clients?</b></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 key person replacement 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><b>What are the risks?</b></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 loan 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 loan.</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 executive income protection and the insured person's taxable earned income goes down or doesn't go up as quickly as the 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> </ul>  |

| Product information   | Detail  |
|---|---|
| <p>What are the risks?<br/>continued</p>  | <ul style="list-style-type: none"> <li>• If your clients choose executive income protection, the amount we pay out if they make a claim may affect: <ul style="list-style-type: none"> <li>– The insured person’s entitlement to some means-tested state benefits.</li> <li>– Any claim to benefits under other income protection policies the insured person may have.</li> </ul> </li> <li>• The tax treatment of key person income protection or executive income protection may change.</li> <li>• Some exclusions apply, as detailed in our <a href="#">Business Protection policy conditions</a>.</li> </ul>  |
| <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.