



Statement of Facts - Life Insurance

Insurance Distribution Directive (IDD)

Introduction and Context

The Insurance Distribution Directive (IDD) is an EU directive which introduces a minimum harmonisation standard for regulation of insurance from 1st October 2018. The IDD impacts are wide-ranging, affecting sales journeys conduct and product oversight and governance through to conflicts of interest, complaints, training and remuneration disclosure.

With regard to the Product Oversight and Governance part of IDD we would like to share with you an outline of the Product Approval Process which we use in Aviva and our product Target Market Statements which provide clarity on who the product is intended for (and who it is not).

Aviva's Product Oversight & Governance

Why are we telling you about this?

Under the FCA's rules we are required to inform you that we have governance processes in place to oversee the design, approval and review of our products.

What controls does Aviva have in place?

Aviva has well established governance processes which:

- Formalises approval of new product developments and changes to existing products
- Identifies target markets for each product
- Tests customer understanding
- Considers needs of vulnerable customers
- Monitors post-sales performance

Following introduction of our products to the market they are regularly reviewed to identify whether any changes are required.

The level of oversight is determined by the type of insurance product and if it is complex. Consideration is also given to the identified target markets and the level of financial understanding.

What does this mean for me?

As product manufacturer Aviva will continue to monitor the performance of our products to ensure that they meet the needs of customers in the identified target markets.

Should you ever consider that a product is failing to meet customer's needs or is potentially unclear then you can help us by providing feedback through your usual communication channels.

Target Market Statements

Why are we telling you about this?

The rules require the manufacturer (Aviva) to consider several points when designing their product range and these include:

- Specifying an identified target market for a typical group of potential customers
- Identifying relevant risks to the target market
- Ensuring that the intended distribution strategy is appropriate for the identified target market
- Requiring the manufacturer to take reasonable steps to ensure that the insurance product is distributed in accordance with the target market for specified distribution channels

What does this mean for me?

Aviva has therefore developed Target Market Statements to provide you, our distributor, with clarity on who the product is intended for (and who it is not) and how the product may be purchased by customers.

When using these Target Market Statements you ought to consider being able to evidence the following:

- Refine your distribution strategy to align with the Target Market statement
- Consider the demands and needs of the customer
- Consider whether any of the customers are on the margins and therefore may be outside of the Target Market due to eligibility or exclusions
- Consider what limitations, exclusions or alternative insurance cover in place might inhibit a customer from getting full value from the product
- Consider 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 general customer group and you should not assume that a product is appropriate simply because the customer is in scope. Equally a customer may benefit from purchasing 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.

Distribution channels for where the product can be sold (e.g. online or face to face) are set by us and we expect you to follow these. Should you believe that an additional distribution channel can be used then we would like to hear from you so that we can consider your proposal.

Anything else?

Please remember that if we have allowed you to use sub-agents then the Target Markets Statements apply to them also.

It is not intended that these statements are shared with customers.

Feedback

These statements are new so we would welcome feedback on how you are using them. Should you identify any amendments which may be required then this should be brought to the attention of your usual Aviva representative.

Life Insurance – target market statement:

What customer need is met by this product?

This product is designed to provide protection in conjunction with a residential mortgage.

This product provides life and terminal illness cover on a level or decreasing basis. There is the option of including critical illness cover.

The product is suitable for mortgage customers wanting life only or life and critical illness cover for a residential mortgage. The cover therefore can prove invaluable in the event of unexpected ill health or death to help avoid extreme financial hardship this could bring.

Who is Life Insurance designed for?

This product is designed for customers aged between 18 and 55 who wish to provide protection for their loved ones in the event of their death. The money payable following a successful claim could be used to pay off any outstanding mortgage debt.

In addition, the product is suitable for customers aged between 18 and 55 who would benefit from financial help if they were to suffer from a critical illness covered by the product. The money payable following a successful claim could be used to allow them to take time off work or to pay for private medical treatment, or pay off any outstanding mortgage debt.

This product is available to permanent residents of the UK, Channel Islands, Isle of Man or Gibraltar only.

Who is Life Insurance not designed to support, or are there any features that you should be aware of when considering this product for your customer?

This product is designed to last for a set period, selectable when you apply, which is not to exceed the mortgage term. It is not designed for customers who are wanting protection that is not in conjunction with a residential mortgage. This is not a whole of life product and the product has no cash in value.

If decreasing cover is selected the amount of cover will decrease each month in line with an interest rate which is fixed when you apply. You should consider whether this rate is suitable and will ensure that your customer has the cover they need in the future.

Can Life Insurance be sold without advice?

Yes. The product is suitable to be sold without advice. Therefore, Aviva regards this product as non-complex.

How can I sell Life Insurance?

We would suggest that Life Insurance can be sold face to face or via the telephone.

Please remember that Aviva accepts protection applications from you in accordance with our agreed terms. A copy of that agreement is available on request.