



MetLife EverydayProtect Fair Value Assessment

This document sets out the outcomes of MetLife's Fair Value Assessment of MetLife EverydayProtect. It is designed to provide intermediaries with the information they need to understand the outcome of our fair value assessment. We have carried out this Fair Value Assessment in accordance with the Financial Conduct Authority 'FCA' Product Oversight & Governance 'PROD' rules, effective 1st October 2021 and to fulfil our Principles for Business responsibilities (PRIN 2A.4.15 R) under Consumer Duty.

This document also helps financial intermediaries understand the target market for EverydayProtect, and any identified groups of customers for whom the product may not provide fair value.

Target market

EverydayProtect is designed for individuals who are looking to protect themselves or their dependants in the case of accidental injury or hospitalisation. It provides lump sum benefits which can be used to supplement a reduced or lost income, and in the case of life-changing injuries could help cover additional costs (for travel, home improvements or help with domestic activities for example).

EverydayProtect can be taken out by any individual who is:

- at least of age 18 and before their 65th birthday; and
- resident in the UK.

However, from experience we know that the proposition particularly appeals to the following key target segments:

- Individuals who are highly dependent on a monthly income – typically 18- to 59-year-olds with low levels of savings compared to their outgoings.
- Self-employed individuals who don't get sick pay or holiday pay where protection against income shortfalls is critical.
- Individuals who may have an increased risk of accident/illness through work (e.g., healthcare workers, manual/blue collar workers).

Child Cover (optional)

Families that want additional protection in case they need to take time off work to look after a child that has had an accident or has an illness.

Active Lifestyle Cover (optional)

Those with active lifestyles, including rugby, football, running and most sports including martial arts. Professional sports are excluded.

Specialist Healthcare Cover (optional)

Healthcare workers that are at particular risk of contracting certain infectious illnesses.

Non-target market

As well as understanding who EverydayProtect may be suitable for, it's just as important to understand who it may not be suitable for. The following segments are not our usual target market, and we do not expect sales to be made to these demographics:

- Those with enough resources to protect them should they (or their children) have an accident.
- Those who are unemployed and / or receiving state benefits as they will have limited income and other priorities.
- Those who have been declined for life cover and are seeking a like-for-like alternative. EverydayProtect is not a life cover replacement.

Financial intermediaries should not automatically assume that the product is appropriate just because the customer falls within the expected target market. In addition, there may be exceptions where a customer could benefit from buying the product, even if they are not part of the expected target market, for example customers who are currently not working but will be entering the employment market shortly.

We expect the financial intermediary to be in the best position to identify the customer's needs and requirements, and whether the product is appropriate for their individual circumstances.

Fair Value Assessment

This section sets out what benefits are provided under MetLife EverydayProtect and the premiums payable, limitations to the cover, and an assessment of the remuneration paid under the distribution arrangements. We then summarise the outcome of our fair value assessment.

What benefits are provided

EverydayProtect is designed to help an individual cope financially by providing a lump sum if they suffer an injury, die, or must spend time in a hospital because of an accident. An accident is a sudden event which happens by chance and couldn't be expected.

Once they have held the policy for at least 12 months they will also be covered for UK hospital stays because of sickness for up to 90 days per condition or event for the life of the policy. There is also benefit should they die from non-accidental causes. Any lump sum paid out could be used to help with living costs if income is restricted or additional expenses incurred, for example travelling to medical appointments or making changes to their home.

Individuals can also choose to protect their children, their active lifestyle, or themselves from infectious illness (if in a healthcare occupation).

Benefits available range from £50 per day for hospitalisation, to £250,000 for accidental total permanent disablement (*customer unable to look after themselves ever again*). Multiple claims are permitted, and in the event of a single accident resulting in a claim for a combination of multiple benefits, this is capped at the benefit payable for total permanent disablement (*customer unable to look after themselves ever again*).

Currently customers also have access to the following value-added services¹:

- **MetLife's Wellbeing Support Centre** provides useful services which give access to qualified counsellors, legal advisors, and registered nurses. Access is also available for household family members which includes a spouse or partner and any brother, sister, parent, and legal dependants who live in the same household. It is also available for children or legal dependants who do not live with the policyholder but live in the UK and are in full-time education.
- **MetLife's virtual GP24 service** provides customers with 24-hour unlimited access to GPs by video, phone, and message consultation, combining digital convenience with access to experienced healthcare experts. Key elements of the service include:
 - **Flexible Consultation**
From video or telephone consultations, to chat messaging for quick queries or routine appointments, customers can access an experienced GP - anytime, anywhere.
 - **Private Prescriptions and Fit Notes**
Customers can obtain private prescriptions for direct delivery or collection from a local pharmacy, alongside any consultation and fit note required for the workplace.
 - **Second Opinions and Open Referrals**
Customers can consult a specialist for a second opinion, or where onward care is needed, get an open referral from a clinician.
 - **Health Information**
Online symptom checker via a fast, easy access to the UK's most comprehensive medical database, equipping the customer with trusted, reliable health information.

¹ The value-added services are not part of EverydayProtect terms and conditions, and they may change in the future.

What the customer pays

The premium a customer pays is based on the number of units and type of cover selected. There is no other additional cost to the customer in respect of the policy regardless of the frequency and method of premium payment.

	1 Unit	2 Units	3 Units	4 Units	5 Units
Core Cover	£9 per month	£18 per month	£27 per month	£36 per month	£45 per month
Child Cover	+£1 per month	+£2 per month	+£3 per month	+£4 per month	+£5 per month
Active Lifestyle Cover	+£1 per month	+£2 per month	+£3 per month	+£4 per month	+£5 per month
Specialist Healthcare Cover	+£1 per month	+£2 per month	+£3 per month	+£4 per month	+£5 per month

We monitor the premium needed to provide the policy benefits. We may increase or decrease the premium no more than every 5 years. Any increase or decrease of the premium is assessed fairly, to reflect unexpected changes in our actual and expected experience of claims, expenses, policy lapses and new policies agreed, investment income we receive, or the law affecting the policy or us. We will not increase or decrease the premium for any other reason.

Temporary and permanent limitations

Beyond the eligibility requirements of age and UK residency, a policy does not require any underwriting before a customer is accepted for cover. Cover can be issued immediately. There are some limitations to the cover. During the period of temporary limitations, premiums must be paid in full. The limitations are necessary to ensure as broad an access as possible for suitable customers without need for medical underwriting, and to keep premiums at an affordable level.

Temporary limitations

- **12 month waiting period for hospitalisation due to sickness** (Core Cover and Optional Child Cover): once cover has been in place for at least 12 months, hospitalisation claims due to sickness are payable.
- **Increasing non-accidental death benefit** (Core Cover): if the policyholder dies because of non-accidental causes during the first 12 months of the policy, a refund of premiums is payable. Benefit then increases for each year cover is held, reaching its maximum benefit from year 5.
- **90 day waiting period for cancer – excluding less advanced cases diagnosis benefit** (Optional Child Cover): benefit is not payable if the eligible child is diagnosed with cancer – *excluding less advanced cases* during the first 90 days of cover.

Benefit is also not payable if the eligible child has any medical tests or investigations during the first 90 days of cover which subsequently lead to the diagnosis of cancer – *excluding less advanced cases*.

Permanent limitations

- **Hospitalisation in non-UK countries**: Any hospitalisation in non-UK hospitals is not covered.
- **Pre-existing cancer exclusion** (Optional Child Cover): benefit is not payable if the eligible child has previously been diagnosed as having any form of cancer – *excluding less advanced cases* prior to the start of cover.
Benefit is also not payable if the eligible child has had any medical tests or investigations prior to the start of cover which subsequently lead to the diagnosis of cancer – *excluding less advanced cases*.
- **Exclusions including travel, occupation-related and mental health** (Core Cover and all Optional Covers): the policy does not cover any claim caused directly or resulting directly in whole or in part by or from several reasons listed as exclusions. These include those relating to travel, occupation of the policyholder and / or eligible child, and mental health.
- **50% reduction in benefits from age 70** (Core Cover and Optional Active Lifestyle Cover): once a policyholder reaches their 70th birthday, the benefits payable under Core Cover and Optional Active Lifestyle Cover are reduced by 50% until the policyholder's 75th birthday, when the policy will terminate.

Distribution arrangements

EverydayProtect is sold by financial intermediaries that are authorised and regulated by the Financial Conduct Authority.

The premium includes an amount attributable to the commission paid to distributors for the work they do in distributing the product, ongoing advice (if applicable) and client service. This gives our distribution partners further options to improve the overall protection offering for customers and reduces the risk of duplication of cover with other protection policies.

Any change in remuneration does not impact the premium a customer pays for EverydayProtect. Remuneration levels are not linked to sales performance i.e. higher sales are not incentivised by higher commission, thereby removing conflicts of interest. Any increase in remuneration agreed is only done so with corresponding sales quality demonstrated.

The commission MetLife pays to its distributors is reflective of the work they undertake, and value added, which we expect to include client acquisition and / or lead generation, providing all relevant product information, addressing customer queries throughout the purchase process and meeting all relevant regulatory obligations. The amount of commission paid is appropriate and represents fair value to the customer for the services they receive.

Outcome of fair value assessment

Our fair value assessment identified the following factors for EverydayProtect:

- Pricing assumptions (including remuneration paid, expenses and profit) will provide customers with a fair premium which assuming our minimum/average premiums levels, will not overstretch affordability. Additionally, customers can select higher levels of cover if needed, with the flexibility to reduce for lower levels of cover during the policy term if needed. The 5-year contract boundary provides the customer with price certainty and peace of mind over that period.
- Overall claim ratios for the core cover and optional add-on covers are meeting our expectations, which we believe demonstrates providing fair value to customers.
- Our claim outcomes show that most claims are settled within the expected turnaround times. There is a continued focus to settle claims fairly and quickly. We also acknowledge that not all customers will experience those unfortunate events that give rise to a claim.
- Claim payments rates are above our expected targets. Only a small percentage of claims are declined.
- Customer value is strengthened by the provision of a virtual 24-hour GP service and our Wellbeing Support Centre which gives access to qualified counsellors, legal advisors, and registered nurses.
- Customer service standards and service levels achieved are high and we are investing in new technology to further improve servicing outcomes.
- We have low numbers of complaints which we believe reflects the levels of service provided and claim decisions made.
- Based on our survey results we are comfortable that the commission paid is reflective of the work required by our distributors to distribute the proposition and represents fair value relative to the services provided. We do not normally expect that other remuneration will be paid by the customer for the distribution of EverydayProtect, nor do we expect the customer to pay any financial “penalty” to their financial intermediary, which we believe to be unfair, if they decide to stop paying premiums.
- Customer Outcomes are formally reviewed every three months at an Executive level.

In conclusion, we believe the individual elements and the overall package offer fair value to customers.

Product Oversight & Governance

This section is intended to provide distributors with information on our Product Oversight and Governance (POG) framework. It also outlines how we are meeting the FCA's new product governance rules under policy statement PS21/5, which came into effect 1 October 2021, following their General Insurance Pricing Practices Market Study. One of the key requirements under the new rules is the assessment of fair value, both during the product development process and in ongoing product monitoring.

Product development process

We have a well-established POG framework in place, which:

1. Ensures products are developed and kept which meet an identified customer need.
2. Ensures the target market and non-target market for each product is clearly defined.
3. Considers the needs of vulnerable customers.
4. Ensures products are adequately tested before they are made available.
5. Assesses whether products will deliver fair value to customers, and
6. Identifies risks and issues which are evaluated, prioritised, and acted upon.

New products and significant product changes are subject to our oversight framework and will receive approval from our Europe Product Management Committee before they are made available. Minor product enhancements or changes will follow a simplified internal process but will continue to ensure that the steps shown above are explicitly considered.

Ongoing monitoring and annual product reviews

We regularly review all our products, both open and closed. This ensures they continue to meet the needs of the identified target market, our customers' expectations and deliver fair value. Actual Customer Outcomes form part of a quarterly review at an Executive level.

Whilst delivering fair value has always been at the core of our oversight framework, we have updated our process to include a specific annual assessment of the value customers receive through our products. The core measures that contribute to our value assessment include:

1. Product suitability and target market assessment.
2. Fair pricing, including commission and total remuneration received by distributors.
3. Claim ratios.
4. Complaints.
5. Service assessment.

We may ask for information from our distribution partners to help support our fair value assessments.

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