



MetLife MultiProtect from 1 July 2024 Fair Value Assessment

This document sets out the outcomes of MetLife's Fair Value Assessment of MetLife MultiProtect. 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 MultiProtect, and any identified groups of customers for whom the product may not provide fair value.

Characteristics of the target market

MultiProtect is designed for individual customers 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 example for travel, home improvements or help with domestic activities.

MultiProtect 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:

- Customers who are highly dependent on a monthly income – typically 18- to 64-year-olds with low levels of savings compared to their outgoings.
- Self-employed customers or employed customers who don't get paid when unable to work, where protection against income shortfalls is critical.
- Customers who may have an increased risk of accident through work (e.g., manual or blue-collar workers).

We also expect the proposition to appeal to:

- Customers who spend extended time abroad so increasing their risk of needing to spend time in hospital in select European countries.
- Customers who may need to be repatriated either back to the UK or wish to be repatriated overseas in the event of their non-accidental death.

Child Cover (optional)

In respect of the optional Child Cover benefit, families that want additional protection in case they need to take time off work to look after a child that has broken a bone, been hospitalised or been diagnosed with cancer – *excluding less advanced cases*.

Active Lifestyle Cover (optional)

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

Customers for whom the product may not provide the intended value

As well as understanding who MultiProtect 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:

- Customers with enough resources to protect them should they (or their children) have an accident.
- Customers who require cover for injuries sustained through participation in a contest of speed, mountaineering, outdoor cliff/rock climbing, potholing, or professional sports.
- Customers that have low levels of income and are unable to demonstrate affordability; have limited savings or have other priorities. For example, those who are not working or rely on receiving state benefits.
- Those who have been declined for life cover and are seeking a like-for-like alternative. MultiProtect is not a life cover replacement.

Financial intermediaries should not automatically assume that MultiProtect 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 MultiProtect, 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 customer needs and requirements, and whether MultiProtect is appropriate for their individual circumstances.

Fair Value Assessment

This section sets out what benefits are provided under MetLife MultiProtect 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

MultiProtect 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 due to sickness (a maximum limit of £50,000 for any single insured event applies). 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 or their active lifestyle.

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, 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 workplace².
 - **Second Opinions and Private 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 MultiProtect terms and conditions, and they may change in the future.

² Fees may apply.

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	£10	£20	£30	£40	£50
Child Cover	+£2	+£4	+£6	+£8	+£10
Active Lifestyle Cover	+£1	+£2	+£3	+£4	+£5

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. Otherwise, the benefit 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 select European countries**: Hospitalisation in a country not listed as a select European country 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 that subsequently leads 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

MultiProtect 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 MultiProtect. Remuneration levels are not linked to sales volumes i.e. higher sales are not directly incentivised by a higher rate of commission. Any increase in remuneration agreed is only done so with corresponding sales quality demonstrated.

Based on our survey results and our own internal review 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 MultiProtect, nor do we normally expect the customer to pay any financial “penalty” to their financial intermediary if they decide to stop payments. Should there be any other charges to the customer by the intermediary these must be reasonable, clearly explained to the customer and applied fairly.

Outcome of fair value assessment

Our fair value assessment identified the following factors for MultiProtect (based on historic data for the previous versions of MultiProtect and the expected frequency of future claim events):

- Pricing assumptions (including commission paid, expenses and profit) will charge 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.
- Analysis shows that future overall claim ratios for the core cover and optional add-on covers will meet 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.
- Historical claim payments rates are above our expected targets, and we do not expect this to change.
- 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, advisors, and registered nurses.
- Current customer service levels are high and MultiProtect will be utilising a new platform to further improve outcomes and provide customers with more choice when communicating with us.
- Product literature has been developed in consideration of ABI & Fairer Finance guidelines which will improve customer understanding.
- We have low numbers of servicing complaints which we believe reflects the levels of service provided and claim decisions made.
- We consider that sales via our chosen distribution channel are reaching our target market, and that the remuneration paid to distributors is fair relative to the value of advice (if provided), and the services we expect them to provide.
- We are satisfied that we are implementing the required processes to achieve our objective that Vulnerable Customers receive outcomes equally as good as other customers.
- The review did not identify any significant communication concerns that have resulted in customer detriment.
- 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 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. These are in line with Consumer Duty Outcomes 1 and 2.

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 fair value assessments

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.

The core measures that contribute to our fair 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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