



MetLife Group Income Protection (full version) Fair Value Assessment

This document sets out the outcome of MetLife's Fair Value Assessment of MetLife Group Income Protection (full version). It is designed to provide financial 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 MetLife Group Income Protection, and any identified groups of customers for whom the product may not provide fair value.

Target market

MetLife Group Income Protection (full version) is designed for employers who are looking to provide income protection cover for their employees and give them access to additional health and wellbeing services. The income protection cover would be used to cover a proportion of the regular income due to an employee under a contract of employment or partner, in the event they are incapacitated and suffering loss of earnings because of illness or injury. The YuLife services promote healthy living by rewarding, incentivising and motivating employees to take small steps to transform their lifestyle for the better.

Subject to scheme underwriting, the income protection can be taken out by an employer who:

- has at least 10 employees (or at least 20 for the lump sum product); and
- is based in the UK.

Non-target market

As well as understanding who MetLife Group Income Protection (in partnership with YuLife) 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:

- Employers with fewer than 10 employees or 20 employees if lump sum is chosen.
- Employers needing to cover their major non-UK subsidiaries and their employees.

We expect the financial intermediary to be in the best position to identify the employer's needs and requirements, and whether our product (in conjunction with the YuLife services) is appropriate for the employer's individual circumstances.

Fair Value Assessment

This section sets out the benefits provided under MetLife Group Income Protection (full version) and the premiums payable, limitations to the cover, and an assessment of the remuneration paid under the distribution arrangement. We then summarise the outcome of our fair value assessment.

What benefits are provided

The income protection is designed to cover a proportion of the regular income due to an employee under a contract of employment or partner in the event they are incapacitated and suffering loss of earnings because of illness or injury. Offering a range of choices of how soon and for how long income benefit will be paid and if the benefit payments remain at a fixed amount or increase annually following an insured member being incapacitated and option to cover a lump sum amount at the end of a fixed payment period duration.

It also offers additional optional benefits of pension scheme contributions benefit payable towards the maintenance of the employer's and / or employee's contributions and National Insurance contributions benefit payable towards the maintenance of the employer's National Insurance contributions.

Alternatively, benefit can be payable for a limited benefit payment period, which can be a fixed period of 1 to 5 years.

A comprehensive and complementary Employee Assistance Programme, health and wellbeing services, and early intervention services, providing:

- Confidential 24/7 telephone support
- Up to 10 structured counselling sessions per issue*

- Online Cognitive Behavioural Therapy*
- Access to trained Legal advisers
- Financial and debt management information
- Speak to a qualified nurse, or nurse call back and medical information
- Health risk assessment and mini health checks
- 'Challenge yourself' 4-week plans
- Webinars and additional health and wellbeing support
- Access to the 'My Healthy Advantage' app

** where deemed appropriate by the telephone counsellor*

Any uninsured person can access the Employee Assistance Programme if they are employed by the company we insure.

Dependants also have access to the service and the definition of this is:

- a) Members of your family in your household means the spouse or partner and any brother, sister, parent, legal dependents (except children under the age of 16) who are living in the same household as the employee;
- b) and any children or legal dependents of an employee who do not live in the employee's household and are aged 16 to 21, living in the UK and are in full-time education up to the age of 21.

In addition, all MetLife Group Income Protection (full version) policies have access to:

- MetLife's Employee Assistance Programme¹ (EAP) which provides employees with support for financial, mental and physical aspects of their well-being. This also includes access for an employee's immediate family. Any uninsured person can access the EAP if they are employed by the company we insure.
- MetLife Group Income Protection policies with up to 1,000 employees, have access to MetLife's Virtual GP Service¹. This gives employees and their families 24/7 access to private GP consultations, with prescriptions delivered² straight to local pharmacies, specialist private referrals available, second medical opinions, plus a digital symptom checker;
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- Additionally:
 - Access to a dedicated claims assessor who would be happy to carry out monthly pro-active absence calls/contact; and
 - All insured employees have access to our return-to-work support service delivered by industry experts at Health Claims Bureau¹.
 - Clinical pathways to help employees get the right support for their illness, with appropriate access to treatments, counsellors, and consultants. Covering Long COVID, Mental Health and Musculoskeletal (MSK) illness
- YuLife's Wellbeing App and premium complementary services (as shown below).

¹ The value-added services are not part of the MetLife Group Income Protection terms and conditions and may change in the future.

²Fees may apply.

EAP & Virtual GP Services may be available from YuLife on a bespoke basis.

YuLife Wellbeing App and Services

Reward Living

Inspiring employees to establish healthy living habits via the YuLife App where employees progress through levels, complete streaks and earn "YuCoin" (YuLife's currency of wellbeing) by completing activities such as walking, mindfulness and workouts. YuCoin can be redeemed with reward partners which include retailers (including Amazon, John Lewis and M&S), lifestyle providers (including Thriva, Farewill and Moneyhub) and environmental projects (including Earthly).

Inspire Life

YuLife's approach to risk management uses behavioural science, artificial intelligence, and game mechanics to create an engaging experience for the employee. YuLife has over 200 levels to engage and inspire people with daily quests and challenges to maintain and reward engagement. In addition, employees can complete challenge streaks to

receive bonus YuCoin, unlock bonus YuCoin chests and partake in campaigns and surges which are targeted at key events throughout the year (such as World Health Day).

At employer level, customers derive significant additional value from YuLife's HR insights and actionable metrics which can be modified according to customer needs. Typically, these include:

- Quarterly management information pack: Insights on how employees use the YuLife app including activities, challenges and reward behaviour.
- Mental health reports: Anonymised company metrics that flag any broad mental health concerns including anxiety, workplace stress, hopelessness, and workplace performance issues.
- Wellbeing trends reports: Behaviour metric to show frequency of physical activity and meditation times to predict stress or burnout.
- Easy-to-read data and reports: Using the user-friendly dashboard to view the latest trends and see how people are engaging.
- Ongoing 1-2-1 support: From dedicated account managers.

What the employer pays

MetLife group income protection premium

The premium is based on several factors, including but not limited to location, occupation, age and gender mix of the membership, type of cover selected, and level of benefits. Each Group Income Protection scheme is underwritten on its own merits to calculate the total premium payable. Medical loadings can also be applied to the premium in respect of individual members whose benefits need to be medically underwritten in part or in full.

There are also additional loadings depending on the frequency and method of premium payment.

Frequency	Cheque	Direct credit	Direct Debit
Monthly	Not available	4%	2%
Quarterly	3%	3%	2%
Half yearly	2%	2%	1%

The unit rate is guaranteed for the rate guarantee period, usually 2 years, but can be 1 year. On expiry of the rate guarantee period, we reserve the right to re-rate and / or re-underwrite the policy. We may determine a new unit rate of premium for the policy, amend the levels of policy benefit and any of the other policy terms and conditions, and amend any of the definitions.

We also have the right to re-rate and / or re-underwrite the policy at any time:

- if there is a change in the nature of the risk underwritten;
- if any new regulation or change in legislation or HMRC practice comes into force that affects the way that premiums and / or policy benefits are treated for tax purposes for the employer, insurer, insured member, or any recipient of policy benefit;
- if we agree to a change in the definition of eligible employee or eligible partner, or to the terms for policy benefits or other policy terms and conditions; and / or
- if there has been a 30% or more change in the total number of members and / or policy benefit since the later of the policy commencement date and the last review date.

YuLife Premium

The premium charged by YuLife for the provisions of their services, is not normally included in the MetLife group income protection premium and is invoiced by YuLife to the employer separately. However, in exceptions, the employer may explicitly ask YuLife for their premium to be included in the MetLife product and paid to YuLife as a commission.

The YuLife fair value assessment states that the provision of the YuLife Wellbeing App and services has been priced with fair value in mind and will be regularly reviewed in-line with market practice and regulatory requirements. The payment made by the employer covers the YuLife benefits including (but not limited to):

- The cost of providing and developing the product and the app.

- The cost of anticipated YuCoin earnings based on projected usage (the level of commission charged would vary depending on the earn rate selected by the customer).
- The cost of providing EAP and Virtual GP Services (if applicable).
- The cost of distributing and administering the product, including the provision of HR insights.

Temporary and permanent limitations

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 customers without need for medical underwriting for everyone, and to keep premiums at an affordable level.

Temporary limitations

Temporary cover – temporary cover is provided for benefits that are being medically underwritten. Where temporary cover is provided, cover is subject to a 5-year pre-existing condition exclusion. This means temporary cover benefits may be restricted if the cause of incapacity is linked to a pre-existing condition.

Permanent limitations

Free cover limit - MetLife sets a free cover limit, also called the 'automatic acceptance limit' for policies. This is the amount of cover each individual member can have without medical underwriting. Benefits greater than the free cover limit require medical underwriting before this cover can be provided. The underwriting of the cover above the free cover limit does not affect the cover provided up to the free cover limit.

Exclusions - For some policies, MetLife may exclude incapacity because of specific causes.

Catastrophic event limit - If a catastrophic event occurs, an overall limit may apply on the total claim amount paid. If MetLife has already paid benefits to the catastrophic event limit for one catastrophic event, then no further benefits will be paid out for that event.

Distribution arrangements

This MetLife Group Income Protection product is sold in partnership with YuLife, which is authorised and regulated by the Financial Conduct Authority.

MetLife has agreed terms of business with YuLife, and YuLife in turn has agreed terms of business with the financial intermediary responsible for the sale of the insurance policy to which YuLife's additional services are made available.

Financial intermediary responsible for the sale

MetLife Group Income Protection (full version) is sold by:

- financial intermediaries that are authorised and regulated by the Financial Conduct Authority and have a commercial agency relationship in place with YuLife; or
- direct through the YuLife distribution team.

For financial intermediary sales where a commission is taken, this assessment of fair value considers the levels of commission MetLife pay distributors in respect of this product. There may be an impact on the value assessment if additional remuneration, paid directly to the distributor by the client, is substantially more than the value of MetLife commission the distributor chooses to sacrifice.

Outcome of fair value assessment

Based on the following factors, the review found that the overall proposition comprising the MetLife Group Income Protection risk policy and the YuLife additional services, will offer fair value to customers over the long term.

- Pricing assumptions (including remuneration paid, expenses and profit) for the income protection (risk) premium, will provide customers with a competitive premium for income protection benefits. The risk premium and benefits payable, will be identical to an equivalent standalone MetLife Group Income Protection policy.
- In-line with our standalone group income protection, claim ratios are within our expected range which we believe provides value to customers and their employees.
- Our group income protection claims outcomes show that only a small percentage of claims are declined and that claim payments are made within our expected targets. There is a continued focus to settle claims fairly

and quickly. We acknowledge that not all customers will experience those unfortunate events that give rise to a claim.

- Our partnership with Health Claims Bureau will provide strong outcomes helping people to either remain at or return to work.
- Our customer operational standards are maintained. MetLife Group Income Protection (full version) will receive the same operational standards.
- We have low numbers of complaints for our standalone group income protection which we believe reflects the levels of service provided and claim decisions made.
- Customers will have access to additional value-added services, including virtual GP, Employee Assistance and Wellbeing services. These provide good customer outcomes and due to the cost of obtaining these services privately, will increase the overall value provided.
- We remain comfortable that the commission paid to intermediaries is reflective of the work required by distributors to distribute the proposition and represents fair value relative to the services provided to the employers.
- We have processes in place to support vulnerable customers so that they are provided with good outcomes. We provide additional support for those with vulnerabilities, for example signposting them to our Value Added Services which can support with their needs so that, overall, they are provided with outcomes equal to those received by other customers.
- Management information showing customer outcomes are formally reviewed every three months at an Executive level, which includes reviewing servicing levels, claims information and complaints.

In conclusion, the fair value assessment concludes that the MetLife Group Income Protection (full version) will 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 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:

- ensures products are developed and kept which meet an identified customer need;
- ensures the target market and non-target market for each product is clearly defined;
- considers the needs of vulnerable customers;
- ensures products are adequately tested before they are made available;
- assesses whether products will deliver fair value to customers; and
- 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:

- product suitability and target market assessment;
- fair pricing, including commission and total remuneration received by distributors;

- claim ratios;
- complaints; and
- service assessment including the support provided to vulnerable customers.

From time to time, we may ask for information from our distribution partners to help support our fair value assessments.

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