



MetLife Legacy Individual Protection Products Fair Value Assessments

This document sets out the outcomes of MetLife's Fair Value Assessments of MetLife's Legacy products i.e. those that are no longer available for new customers to take out a policy. It is designed to provide intermediaries with the information they need to understand the outcome of our fair value assessment. We have carried out these Fair Value Assessments 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 intermediaries understand the intended target market for the legacy products when they were open to new customers, and any identified groups of customers for whom the product may not provide fair value.

Accident Protection and EverydayProtect / MultiProtect* to 30 June 2024 (Legacy AP Products)

Characteristics of the target market

Legacy AP Products were designed for individuals who were 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).

Legacy AP Products could 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).
- **Optional Child Cover:** 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.
- **Optional Active Lifestyle Cover (Feb 2018 onwards):** Those with active lifestyles, including rugby, football, running and most sports including martial arts. Professional sports are excluded.
- **Optional Healthcare Cover:** Healthcare workers that are at particular risk of contracting certain illnesses.

**MultiProtect sold from March 2016 to October 2021*

Customers for whom the products would not provide the intended value

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:

- 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.

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- 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.

Life Protection

Characteristics of the target market

Life Protection was for individuals who were looking to protect their home or family in the event they die or are diagnosed with a terminal illness or are diagnosed with a critical illness. The policy pays a lump sum benefit, and can be used to provide for financial dependants, pay the mortgage, or to make adjustments following diagnosis of a life-changing illnesses. Life Protection could be taken out by an individual who was:

- At least of age 18 and before their 60th birthday; and
- Resident in the UK.

Cover was fully underwritten and so also subject to medical acceptance.

The proposition particularly appealed to the following target segments:

- Individuals who have a mortgage and want the mortgage to be paid in the event they died.
- Individuals with financial dependants such as a spouse or children.
- Self-employed individuals whose death would leave a significant income gap if they died.

Customers for whom the product would not provide the intended value

As well as understanding who Life Protection was suitable for, it's just as important to understand who they may not be suitable for. The following were not our expected target market:

- Individuals with no financial dependants or commitments.
- Customers who already have term life / critical illness arrangements in place, either with another insurer or through their employer.

Income Protection

Characteristics of the target market

Income Protection was for individuals who were looking to protect their income in the event they are unable to work due to accident or illness. The policy pays a regular tax-free income as a proportion of their pre-unable-to-work income, and can be used to pay the household bills, and mortgage or rent. Income Protection could be taken out by an individual who was:

- At least of age 18 and before their 60th birthday; and
- Resident in the UK.

The proposition particularly appealed to the following target segments:

- Individuals who were highly dependent on a monthly income – typically 18- to 59-year-olds with low levels of savings compared to their outgoings.
- Self-employed or employed individuals who don't get sick pay, where protection against income shortfalls is critical.

Customers for whom the product would not provide the intended value

As well as understanding who the Income Protection product may be suitable for, it's just as important to understand who it may not be suitable for. The following segments were not our expected target market:

- Unemployed customers.
- Customers who already had income protection arrangements in place, either with another insurer or through their employer.

National Australia Group (NAG) Life Insurance

Characteristics of the target market

In 2005 the UK Government developed a Financial Inclusion task force to work alongside Financial Services providers to develop a range of financial products and services designed for the financially excluded, to bring this group into the mainstream.

Home contents and life insurance were seen as key to this proposition to enable people to break the 'cycle'. At the time of launch there were over 5 million people in the UK classed as financially excluded, typically living in social housing, with an annual household income of less than £10,000.

This life insurance is now provided by MetLife and provides a fixed level of £5,000 life assurance for customers that may otherwise be excluded from this type of cover.

Customers for whom the product would not provide the intended value

The product was designed for the financially excluded and not for customers that had "normal" access to financial products and were able to afford higher levels of cover, to meet their personal requirements.

Future165 Personal Accident

Characteristics of the target market

- Individuals needed to be at least 18 years of age, and no older than 60.
- Noting that the product was closed to new business in 1999, before the Part VII transfer to MetLife in 2005, it is reasonable to assume the policy was aimed at individuals looking to protect themselves and / or their spouse / partner in the event of a serious accidental injury, via payment of a one-off premium.

Customers for whom the product would not provide the intended value

- Customers that required all risk life insurance, critical illness insurance or income protection.

Fair Value Assessment

This section sets out what benefits are provided under the legacy products and the premiums payable and any limitations to the cover provided. We then summarise the outcome of our fair value assessment.

Legacy AP Products

What benefits are provided

Legacy AP Products are designed to help an individual cope financially by providing a lump sum if they suffer an injury, die, or must spend time in a UK hospital as a result 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 as a result of sickness. 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.

Benefits available range from £50 per day for hospitalisation, to £250,000 for accidental total permanent disablement. 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.

All Accident Protection and EverydayProtect customers have access to MetLife's virtual GP24 service, provided by HealthHero, which allows a customer 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 HealthHero 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.

Customers who took out a policy from February 2018 also have access to MetLife's Wellbeing Support Centre provided by Health Assured. They provide 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's 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.

What the customer pays

The premium a customer pays is based on the product version, number of units and type of cover selected. There is no other additional cost to the customer. Premiums are payable monthly by Direct Debit with no retail premium finance payable for premium payments.

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 could 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 in order 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

- Non-UK Hospitalisation 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.

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- Benefit is also not payable if the eligible child has had any medical tests or investigations prior to the start of cover which subsequently led to the diagnosis of cancer – excluding less advanced cases.
- If a single accident causes multiple injuries to the same insured person, such that a valid claim is for a combination of multiple benefits, the maximum MetLife shall pay per insured person in total is the equivalent of the relevant Total Permanent Disablement amount.
- A child may be covered by Child Cover as a rider on a combination of multiple policies held by their parents, but the maximum pay out for a valid claim will be based on 10 x Units.
- 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, certain sports, occupation of the policyholder and / or eligible child, and mental health.

Life Protection

What benefits are provided

Life Protection is a contract between MetLife and the policyholder. The policy pays a lump sum benefit, depending on the cover selected.

- Life Cover only – lump sum benefit payable if the policyholder dies or is diagnosed with a terminal illness.
- Critical Illness Cover only – lump sum benefit payable if the policyholder is diagnosed with a specified critical illness or suffers total permanent disablement, including cancer, heart attack or stroke.
- Life or Accelerated Critical illness cover – lump sum benefit payable if the policyholder dies or is diagnosed with a terminal illness; or if they are diagnosed with a specified critical illness or suffers total permanent disablement – whichever event occurs first.

Cover was sold in number of units with each unit providing £1,000 of sum assured. The maximum amount of cover that could be selected was £850,000 for life cover, and £300,000 for critical illness cover.

Policyholders could select level or decreasing term cover. For level cover, the policy benefit remains the same throughout the term of the policy. For decreasing term cover, the policy benefit reduces each month. Policyholders could also select the number of years of the term of the policy.

Key benefits are:

- Life Only Cover up to £850,000.
- Critical Illness Only Cover up to £300,000.
- Life or Accelerated Critical Illness Cover up to £300,000.

What the customer pays

Premiums are based on sum assured, smoker status, age, type of cover, term of cover, and medical history. Premiums are payable monthly by Direct Debit with no retail premium finance payable for premium payments.

We monitor the premium needed to provide the policy benefits. We may increase or reduce the monthly premium by any amount at any time during the policy and we will give 30 days' notice of any changes by writing to the customer at their last known address. 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, investment income or the law affecting the policy or us. We will not increase or decrease the premium for any other reason.

Temporary and permanent limitations

In addition to eligibility, cover was subject to medical acceptance. There were some limitations to the cover to keep premiums at an affordable level.

Definitions applied for the critical illness cover were based on the Association of British Insurers 'ABI' best practice at the time the policies were written but have been subsequently updated based on the April 2023 definitions.

Temporary limitations

- There are no temporary limitations still in force.

Permanent limitations

- Acceptable countries: Claim in the event of terminal illness, diagnosis of a critical illness or in the event of total permanent disablement must be supported by a diagnosis confirmed by a registered medical practitioner in an acceptable country.
- Change of occupation: policyholder must notify us immediately if they become a member of the armed forces during the term of the policy. Policy terminates from the effective date immediately upon the new occupation becoming effective.
- Residence: Policy benefits are only available whilst the policyholder remains a resident in a country that is not a sanctioned country (as defined in the terms and conditions). If the policyholder becomes a resident in a sanctioned country the policy terminates immediately without any value.
- Life exclusions:
 - Infection by any human immunodeficiency virus (HIV) or antibodies to such a virus;
 - Active participation in an actual or attempted illegal act;
 - War, invasion, act of foreign enemy, hostility (whether war has been declared or not), civil war, rebellion, revolution, insurrection, or coup.
- Critical illness exclusions:
 - Infection by any human immunodeficiency virus (HIV) or antibodies to such a virus;
 - Failure to seek or follow medical advice;
 - Attempted suicide or other intentional self-inflicted injury;
 - Active participation in an actual or attempted illegal act;
 - War, invasion, act of foreign enemy, hostility (whether war has been declared or not), civil war, rebellion, revolution, insurrection, or coup; or
 - Alcohol or solvent abuse, or drug taking (unless taken as prescribed by a registered medical practitioner and not for the treatment of drug addiction).

Income Protection

What benefits are provided

Income Protection is a contract between MetLife and the policyholder. The policy pays a regular tax-free income if they are unable to work due to accident or illness, depending on the cover selected and the policyholder's gross monthly earnings.

Cover was sold in number of units with each unit providing £100 of cover per month. The maximum number of units that can be selected is 50 units i.e. £5,000 per month, or 50% of the policyholder's gross monthly earnings, whichever is less. The maximum benefit level of £5,000 and the 50% of gross monthly earnings applies to all income benefit policies the policyholder may hold with MetLife.

Cover can be paid for up to a maximum of 1 or 2 years if they can't work, depending on what they selected when they took out the cover.

They could also select a deferred period, which is the length of time the policyholder must be unable to work for benefit to be payable.

When the product was launched (2011), the policyholder could select Day One cover or an 8-week deferred period.

From 2013, the deferred period options were changed for new policies, and they could then select a deferred period of:

- 2 or 4 weeks of continuous absence; or
- 8, 13, or 26 weeks of either a single continuous absence or multiple (linked) periods of absence.

If the policyholder is receiving policy benefit, and they return to work in their own occupation on a part-time basis or in a different occupation with lower earnings, we pay a reduced benefit if their new earnings are lower than 75% of their previous earnings.

If the policyholder is unable to work and claiming policy benefit, the premiums paid during this time are refunded with the benefit payment until policy benefit payment ceases.

What the customer pays

Premiums are payable monthly by Direct Debit with no retail premium finance payable for premium payments.

Premiums may change on every 5th policy anniversary. If premiums change, we will write to you to inform you of your monthly premium. The premium payable will reflect the premiums we would charge for a new policy and your age at that time. The premium would also reflect the application of a loyalty discount, up to a maximum of 40%. The premium payable will not be less than the previous premium unless a premium reduction has been applied for all policyholders.

We also monitor the premium needed to provide the policy benefits. We may increase or reduce the monthly premium by any amount at any time during the policy and we will give 30 days' notice of any changes by writing to the customer at their last known address. 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, investment income or the law affecting the policy or us. We will not increase or decrease the premium for any other reason.

Temporary and permanent limitations

Temporary limitations

Pandemic - If the policyholder is unable to work as a result of sickness caused by a pandemic, they must have been admitted to hospital as an inpatient for at least 24 hours in order to make a claim.

Permanent limitations

Change of occupation – policyholder must notify us immediately if they change their occupation to a declined occupation during the term of the policy. Policy terminates from effective date of the new occupation.

*Declined Occupation means those **Occupations** for which **we** do not provide cover, and which are excluded from this Policy. These **Occupations** are namely agricultural worker; farm labourer or fruit picker; member of the armed forces; asbestos worker; coal miner; motorcycle courier; professional diver; demolition worker; any user of explosives; labourer; oil or gas driller, worker and rigger; quarry worker; pneumatic driller; professional sportsperson; tunneller.*

Exclusions: Benefits will not be payable in respect of claims arising directly or indirectly from any of the following:

- Intentional self-inflicted injury;
- War, invasion, act of foreign enemy, hostility (whether war has been declared or not), civil war, rebellion, revolution, insurrection, or coup;
- If it is the result of an excluded cause following medical underwriting; and / or
- A failure to seek or follow medical advice during the deferred cover period or during a claim which, in the opinion of a registered medical practitioner, causes or prolongs the claim.

Future165 Personal Accident

What benefits are provided

Future165 PA is a single premium personal accident policy. It provides personal accident benefits on a single or joint basis. Future165 PA is a contract between MetLife and the policyholder on a single or joint basis.

A lump sum payment of between £2,500 and £50,000 is payable depending on the benefits selected.

Full benefit	Half benefit
Loss of Life Loss of Both Hands / Feet / Sight in Both Eyes Loss One Hand and One Foot Loss of One Hand and One Eye Loss of One Foot and One Eye	Loss of One Hand Loss of One Foot Loss of Sight in One Eye

What the customer pays

Future 165 PA is a single premium policy, with no further premiums payable, and the premium the customer paid was based on their age and coverage, which expires on a customer's 65th birthday or upon payment of a claim. It is non-cancellable by MetLife.

Temporary and permanent limitations

Temporary limitations

There are no temporary limitations under the policy.

Permanent limitations

Exclusions: the policy does not cover any claims caused directly or resulting directly in whole or in part by from the following:

- Suicide or self-inflicted injury
- Infection (except pus-forming infection occurring through an accidental wound)
- Civil commotion, riot, insurrection, war or similar
- While operating, learning to operate, or performing duties as a member of crew on, any aircraft
- Unprescribed drugs or sedatives
- Bodily or mental illness or disease

National Australia Group (NAG) Life Insurance

What benefits are provided

The product was a linked home contents and life cover policy; the home contents was provided by RSA and the Life Cover by MetLife. RSA cancelled the home contents cover in 2021/2022 and alternative cover offered but the life cover was unaffected by this.

Life cover of £5,000 is provided on a single life basis to the account holder and runs until age 75.

What the customer pays

MetLife are no longer collecting monthly premiums.

Temporary and permanent limitations

Temporary or Permanent limitations

There are no temporary or permanent limitations still in force.

Outcome of fair value assessment

Our fair value assessment identified the following factors for all products.

- Pricing assumptions (including commission paid, expenses and profit) will continue to provide customers with a fair premium.
- Claim ratios 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.
- Customers receive the same high levels of customer service that is provided to our open book Individual Protection business.
- We have low numbers of servicing complaints which we believe reflects the levels of service provided and claim decisions made.
- We have processes in place to support vulnerable customers.
- Customer value is strengthened by the provision of a virtual 24-hour GP service, and for post February 2018 customers our Wellbeing Support Centre which gives access to qualified counsellors, advisors, and registered nurses.
- Customer Outcomes are formally reviewed every three months at an Executive level.

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. 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're 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
- service assessment

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

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