
JUST.

PROTECTION – CLOSED BOOK

Fair Value Assessment Overview

April 2024

Just Group

| Product | Delivering Value |
|------------|---|
| Protection | Delivering value but potential action/monitoring required |

INTRODUCTION/PURPOSE

- This document provides a summary of the fair value assessment for the following Protection policies:
 - Level Term Assurance: c1,069 Customers
 - Decreasing Term Assurance: c909 Customers
 - Family Income Benefit: c135 Customers
 - Whole of Life: c 132 Customers
 - Gift Inter Vivos: 0 Customers
- For the purpose of this assessment when we refer to Protection policies, we are referencing all policies above. Any specific detail relating to the individual policies will be called out within this document.
- A fair value assessment “FVA” is a process of evaluating whether the price of a product or service is reasonable in relation to the benefits. The FCA requires firms to consider the nature, quality and limitations of the product or service, as well as the costs and charges involved.
- This assessment covers products which are categorised as closed in line with ‘The Duty’ and are no longer on sale to new customers or available for renewal by existing customers. As there will be no further sales, there are no requirements to have a target market or distribution strategy but we have provided details of what was applied at the time the product was open to new business to add context to this assessment.
- This assessment will be completed annually and approved by RCCRC.
- The Fair Value Monitoring section details the KPI monitoring that will take place between assessments to ensure that any we have identified triggers which might indicate a risk to the impairment of fair value. Thresholds used in monitoring represent our risk appetite statements with respect to fair value.

EXECUTIVE SUMMARY

This FVA covers the obligations of Just as a manufacturer of the Protection policies. It is the role of manufacturers to ensure that the product/ service manufactured provides fair value to consumers. This includes an assessment of all costs incurred by the consumer, ensuring these are not unfair relative to either the benefits provided, nor relative to profits made by the manufacturer.

Outcome of the Fair Value Assessment:

- Our assessment confirms that the Protection products reviewed represent fair value to consumers having been assessed against the four consumer duty outcomes.
- The table provided in section ‘Fair Value Monitoring’ provides a summary of the review criteria we have used in this assessment, evidence used and the governance applied from the product governance framework.
- Note that we intend to continually improve our fair value assessment monitoring data and continue to review and refine criteria over time.

Assessment date:

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| Date of annual assessment | April 2024 |
| Date of next scheduled assessment | April 2025 |

GOVERNANCE

- This FVA must be approved by the Retail Customer and Conduct Risk Committee (RCCRC) and reviewed at least annually.
- Any changes to this framework or individual assessments MUST be approved by RCCRC and communicated to relevant internal and external parties if appropriate.
- The Product Governance Framework is in place to ensure all products, open to new business or not remain appropriate to the needs of the target market for the whole term of their existence, offer fair value, provide clear terms, have all risks clearly identified and understood by customers and are promoted responsibly.
- The procedure is designed to offer a broad and consistent framework without being overly prescriptive – recognising that different products will have different risk characteristics and these will be reflected in the degree of detail that each aspect of product governance will consider
- Related documents include the:
 - Product Governance Framework
 - Retail Propositions & Product Design and Maintenance Policy

FAIR VALUE MONITORING

- Fair value assessments are monitored over time to ensure products and services perform as expected and remain fair value over the lifetime of the product.
- We have an agreed set of KPIs that we monitor at agreed frequencies with agreed thresholds (risk appetites) where appropriate such that an “outside appetite” rating would be seen to have a risk of a negative material impact on customer fair value.
- At any point if a KPI goes outside of appetite an investigation will be triggered to ascertain if updates to the fair value assessment (or propositions or pricing or service) need to be made and an action plan agreed to bring the product to fair value.
- The table below shows our areas, frequency and relative committees for all of the component parts of our monitoring:

| Care Annuity | Review point | Frequency of monitoring | Place where monitored | Evidence/Report/Meeting | Attest | Commentary |
|--------------------|-------------------------|---|----------------------------------|---|--------|--|
| Product & Features | Product features | Quarterly (comparison and benchmarking) Annual (feature usage) | RCCRC | Protection 2022 APR – completed and approved in 2023 RCCRC Proposition Forum report Q1 -Q3 2023 review Product and Services Oversight Committee reports Q4 2023 review | ✓ | Product feature usage is monitored through the Annual Product Review (APR) and quarterly Product and Services Oversight Committee (PSOC). |
| Distribution | Customer communications | Annual (or if triggered through Product Governance Procedure) | ARC (RCCRC for # assets expired) | Customer communications are “Plain English” stamped and reviewed through ARC prior to publishing. | ✓ | Literature reviewed on ARC against BAU cycle with no assets being available passed expiry date. All literature has gone through an additional review to ensure all requirements under Consumer Duty are being met. Consumer testing has also been completed with any feedback being applied to the literature as appropriate. Further development needed on future consumer testing. |
| Service | Vulnerable Customer | Quarterly | RCCRC | | ✓ | Vulnerable customer training provided to all staff. Online support tools provided to staff. Current system doesn’t allow for the extraction of VC MI. Work ongoing with CX team to develop MI capabilities. |
| | Quality of Service | Monthly | RCCRC | Service SLAs reviewed at RCCRC Proposition Forum report Q1 -Q3 2023 review Product and Services Oversight Committee reports Q4 2023 review | ✓ ✓ | URIS Group service SLAs monitored through monthly reporting. Also reviewed quarterly through monthly Retail SMT reporting and ad hoc as required. |
| | Customer Satisfaction | Monthly | Retail SMT | Complaints Monitoring reviewed at RCCRC Proposition Forum report Q1 -Q3 2023 review Product and Services Oversight Committee reports Q4 2023 review Quarterly Root cause analysis | ✓ | Customer satisfaction measured through complaints which are monitored monthly through retail SMT and root cause analysis conducted quarterly and presented to RCCRC. |
| Cost & Price | Customer Satisfaction | Monthly/Quarterly | Retail SMT/RCCRC | Complaints relating to cost and price monitored monthly and reviewed quarterly at Proposition Forum/PSOC. | ✓ | Customer satisfaction relating to cost and price measured through complaints which are monitored monthly through Retail SMT and root cause analysis conducted quarterly and presented to RCCRC. |
| | Claims | Monthly/Quarterly | RCCRC | Claims monitoring reviewed at Proposition Forum/PSOC | ✓ | Claims upheld/declined monitored and discussed. Work ongoing for 2024 to review claims process |

1. FCA OUTCOME: PRODUCTS AND SERVICES

A) PURPOSE OF THE PROPOSITION/ BENEFITS/ FEATURES

Level Term Assurance

Level Term Assurance was purchased when a customer wanted the assurance that should they die during the term of the policy, a benefit will be paid to their estate/named beneficiaries

The benefit paid may have been needed for personal reasons:

- paying outstanding debts (e.g. mortgages or loans)
- ensuring that loved ones were able to maintain a reasonable standard of living (e.g. assisting a non-working spouse, especially if they had young children)
- paying funeral costs
- paying outstanding medical expenses
- providing gifts to loved ones

The benefit paid may also have been needed for business purposes:

- the financial loss incurred by the company (i.e. losing a key man within the company) both from death or terminal illness
- shareholder protection to protect against financial loss in the event of death or terminal illness of business partners/ directors to ensure the business continued in the event of a non-interested spouse inheriting shares.
- to meet company financial liabilities for a specific period (i.e. corporate loan) following death or terminal illness
- life cover for employees of employers who could not offer death in service cover as there was no group pension scheme.

Eligibility Criteria

- Minimum age of 21
- Maximum age of 85
- Minimum sum assured £25,000
- Minimum term two years
- Maximum term 50 years
- UK residents only

Decreasing Term Assurance

Decreasing Term Assurance or Mortgage Term Assurance was purchased when the customer wanted the assurance that should they die during the term of the policy, the benefit paid would cover or part cover any financial liabilities linked to the policy.

The benefit paid may be needed for personal or business reasons but was normally to cover outstanding balances on loans or mortgages.

Customers could set the term of the policy and level of benefit to coincide with the associated loan. Where the Decreasing Term Assurance was used to support a capital repayment mortgage, the policy would pay out a sum assured greater or equal to the outstanding mortgage debt provided the average interest rate through the term did not exceed 10%.

Eligibility Criteria

- Minimum age of 21
- Maximum age of 85
- Minimum sum assured £25,000
- Minimum term two years
- Maximum term 50 years
- UK residents only

Family Income Benefit

The Family Income Benefit was purchased when a customer wanted the assurance that should they die during the term of the policy, that either a tax-free lump sum or tax-free regular benefits would be paid to their family. The benefit paid was designed to:

- ensure that the surviving partner receives an income
- protect against any financial loss whilst any children are young

Eligibility Criteria

- Minimum age of 21
- Maximum age of 60
- Minimum income £2,5000
- Minimum term 10 years
- Maximum term 50 years
- UK residents only

Whole of Life (including Teachers and Bolton Over 50s Life Cover Plans)

Partnership offered a Whole of Life product to customers primarily for IHT planning purposes and to cover the cost of an expected IHT bill.

However, it could also be used for general family protection, for example to help with:

- ensuring that loved ones are able to maintain a reasonable standard of living
- paying any outstanding debts
- paying any funeral costs
- paying any outstanding medical expenses

Eligibility Criteria

- Minimum age of 50
- Maximum age of 85
- Minimum sum assured £25,000 (or min/max premium of £8-£30 for Teachers and Bolton Over 50s Life Plans).
- UK residents only

Gift Inter Vivos

The Gift Inter Vivos was purchased when the client wanted the assurance that should they die within seven years of making a gift, which was subject to inheritance tax, that the policy helped to cover the cost of any inheritance tax due on the gift.

The main benefits of the Gift Inter Vivos were: -

- Provisions to ensure that should the client die during the policy term, that a lump sum would be paid tax free to help cover any inheritance tax due on the gift.
- The sum assured would decrease in line with the Government's Inheritance Tax regulations

Eligibility Criteria

- Minimum age of 40
- Maximum age of 83
- Maximum sum assured £15 million
- Min/Max term 7 years
- UK residents only

B) LIMITATIONS

Limitations of the Protection products were:

- Customers could not change the terms of their policy once it had been set up.
- If a term was included, the customer could not make a claim once the term had expired.
- The sums assured were not guaranteed to meet all of the customers' financial requirements.
- If the customer stopped paying premiums at any time the policy would cease and no benefit would be payable.
- There is no cash in or surrender value at any time.

As the Protection product is closed to new business, customers may find it more difficult or expensive to replace cover currently provided by Just if:

- A customer wishes to continue cover at the end of the policy term.
- A policy lapses due to non-payment of premiums.

C) CUSTOMERS WITH CHARACTERISTICS OF VULNERABILITY

Our Protection products were mainly aimed at those in ill health and may have been declined cover elsewhere. Due to the age of the Protection book, customer age profile and nature of our Protection products, customers are more likely to experience characteristics of vulnerability, particularly age and ill health.

Our staff are trained in recognising the types of customer vulnerability that may exist in our target market and ensuring that limitations of the product as they relate to individual customers (vulnerable or otherwise) are understood and that these consumer groups have access to the full value offering.

D) DISTRIBUTION STRATEGY

The majority of Protection business was sold on an intermediated basis only through appropriately authorised FIs. For the Teachers and Bolton Over 50s Life Cover Plans, these were sold by a Financial Intermediary but by way of a direct offer financial promotion without financial advice.

Opinion/Evidence

- Just has robust product governance which reviews whether our products are operating as intended and that customers are using the features/benefits of the product with appropriate levels of support. As these products are closed book, a more focused approach is given to the risks post sale for this assessment, the oversight of which is largely applied in the quarterly Product Oversight Committees. Whilst we have for context included Target Market and Distribution information this did not form part of the overall assessment due to the products being closed book.
- We do not believe there are any unsuitable features that can lead to foreseeable harm or frustrate the customer's use of the product.
- We recognise that further improvement is needed to the reporting capabilities for vulnerable customer MI and the appropriate review processes. A separate paper will be created and presented to the RCCRC detailing our position on vulnerable customers and what approach is needed to progress the work.
- Actions in progress from the Customer Experience team and Retail relating to customers with characteristics of vulnerability are to:
 - Develop modular training for 'foundation level' knowledge for frontline teams.
 - Agreeing with the business areas how to deploy the training effectively.
 - Continuing to develop resources and material support and inform front line colleagues in the delivery of service.
 - Continue to identify opportunities to promote the benefits of disclosure and our support.
 - Continuing to work with the business areas to make better use of the VC MI we have today.

- Collaborating with Group Architecture and Group Change to agree how we improve data capture.
- Developing a Retail wide VC plan to continually improve how we interact with customers with characteristics of vulnerability.
- Whilst we're aware that the reporting of vulnerable customers is underserved, we do not have evidence to suggest that any poor outcomes are being delivered.
- At the point of writing all closed book product reviews with supporting MI have been completed with no material concerns raised.

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| Conclusion | <p>Although the statements above shows we as an organisation are actively ensuring that our vulnerable customers are identified and not treated unfairly, there is still some way to go in terms of MI reporting and review including data capture.</p> <p>URIS (outsourced supplier) have the ability to flag VCs on their systems and confirm in their monthly reporting whether any VCs have been identified. No VCs were identified during 2023 or up to the point of writing this assessment. The work being undertaken both at a Group and Retail level to develop our approach to vulnerable customers needs to consider URIS to ensure standards continue to be aligned.</p> |
| Next steps | <p>Continue to ensure that our staff recognise vulnerability through training and ensure the appropriate decisions are made in terms of treating these customers fairly. With regards to MI reporting and capturing, the next steps are to address the ongoing issues as stated above.</p> <p>Continue to engage with the Customer Experience team on the further developments re approach to VCs ensuring URIS is being appropriately considered in both the Group and Retail plans and further probe the nil returns on VCs within URIS reporting to ensure this is in line with expectations.</p> |
| Actions | Timeline |
| <ul style="list-style-type: none"> ● Vulnerable customers - Create and present paper to RCCRC on systems, challenges, impacts and progress. ● Engage with the Customer Experience Team and Retail colleagues on development plans to ensure URIS is appropriately considered. | August 2024 |

2. FCA OUTCOME: PRICE AND VALUE

Total costs to customers (price) review

Total financial costs to the customer were made up of two elements: Just pricing and adviser commission. Controls were in place to review the internal pricing which ensured that the total cost to the customer would be fair relative to the benefits received – i.e., principally the benefit of a sum assured being available in the event of their death to help cover financial liabilities that fell to a loved one.

Just (manufacturer) pricing

- Just pricing reflects the cost to a given sum assured (for a specific term or life) for a given level of regular premium received from customers.
- Our pricing strategy was designed to properly recognise the individual risks of the customer (e.g., health and age), and so was individually priced based on our agreed underwriting criteria. Pricing also sought to ensure Just covered costs and produced an acceptable and reasonable level of profit relative to both its costs and the benefits received by a customer.
- Premiums for our Protection products are non-reviewable therefore do not change throughout the lifetime of the policy.

Adviser commission

- Commission levels were set at individual firm level but gave the FI the opportunity to take indemnified LAUTRO commission over 48 months. If the customer was to cancel or lapse their policy within the 48-month period, we would clawback a percentage of the commission paid.
- Level trail commission was also available to FIs based on ongoing premiums paid by the customer.

Claims

We monitor and review the amount of claims we pay out to determine whether the product is being utilised as expected. Over the course of 2023, all claims have been paid with the exception of one which didn't meet our criteria for terminal illness and all claims were actioned within agreed SLA's.

There have been no complaints relating to the premiums, costs, or benefits for the Protection products in 2023.

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| Conclusion | <ul style="list-style-type: none">• There are no ongoing costs to the customer past policy inception and the premiums are non-reviewable therefore do not change throughout the lifetime of the policy.• Whole of life cases are currently being reviewed as some customers have paid more in premiums than the sum assured is worth. This is a known risk of the product. A paper was presented and discussed at the April '24 SMT with further actions required.• Claims are monitored within the Underwriting team and through PSOC on a quarterly basis with no material issues identified. |
| Next steps | <ul style="list-style-type: none">• Complaints are continually monitored and updates are provided monthly to the care management meeting and quarterly via the RCCRC.• We are investigating scenarios where Whole of Life premiums exceed the benefits available under the policy and the potential impacts to customer outcomes as a result. Our review will include looking at the cost impacts and |

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| | potential actions needed to ensure customers are not receiving poor outcomes. Retail Actuarial and Re-insurance Director and Retail, MD are engaged. |
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3. CONSUMER UNDERSTANDING

Communications and customer documentation are regularly assessed and managed through our ARC review process. This review ensures our communications are written in Plain English, the tone of voice is in line with our brand and crystal marked where appropriate.

Customers can lapse/cancel their policy at any time through non-payment of premiums. This will result in the policy ending and no claims can be made after this point. In the event of non-payment, communications are issued to the customer to make this clear and provide opportunity to reinstate the policy within a certain timeframe.

Opinion/Evidence

- All communications have been through an ARC review in the last 12 months, with no assets falling outside of their expiry date.
- Root cause analysis on complaints has been undertaken to determine whether the content of our communications has resulted in poor consumer understanding. None of the RCA outcomes for our Protection products related to the content of our communications.
- As part of the Retail Consumer Duty plan, all core/key literature and communications went through an internal focussed Consumer Duty review and some literature items were also sent for external consumer testing through Verve. Any areas for improvement have been acted on and addressed and sign-off is progressing through ARC.
- Although outside of the 2023 assessment period, work is underway to review our Whole of Life policies (as noted above), particularly those who have paid more in premiums than the sum assured. Whilst this is a known risk of Whole of Life policies, we have noted that our literature at the time of policy inception did not make this risk clear. As a set of our customers (Teachers and Bolton Over 50s Life Cover Plans) were sold policies on a non-advised basis we cannot be certain that customers understood this risk.

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| Conclusion | Our communications are in line with our brand, written in plain English, and crystal marked where appropriate. Consumer testing has been conducted on a number of key literature items, with feedback being adopted. No issues have arisen from the ARC or external reviews. We ensure communications are issued to explain outcomes following non-payment of premiums. Whole of Life policies where the premiums now exceed the sum assured and were sold on a non-advised basis are under review. |
| Next steps | <ul style="list-style-type: none"> • Our communications will continue to be reviewed going forward. • Actions and recommendations for the Whole of Life policies will be presented to SMT once further analysis has been completed (June SMT). |

4. CONSUMER SUPPORT

Benefits to the customer also includes a level of service provision. Our service SLAs are designed to provide a good level of service including:

- Processing bereavement cases within 5 working days of receipt of all required documentation
- Providing telephone support from 9:00am to 5:30pm Monday-Friday

We also look to ensure our systems and databases remain available, allowing us to serve customers and debit the necessary premiums on time and as per the agreed policy schedule.

Opinion/evidence

The overall operational performance of URIS Group is within SLA and has been throughout 2023. There have been no instances over the last 12 months where SLAs have consistently underperformed or any instances which would mean that the customer was not receiving the intended value. This has been monitored and discussed at the quarterly Product and Services Oversight Committee as well as on a more regular basis in general update meetings.

Additionally, there were no system outages that led to the delay in processing payments or responding to customer queries.

Two complaints were received in 2023 in respect of our Protection products, of which 1 was upheld (collection of direct debit) and resulted in a payment to the customer of £133.20 (£100 for trouble and upset and the remainder relating to refunding of a direct debit).

No reoccurring themes or trends were established. Whilst we see this as a positive reflection of the service and support we offer and we are not aware of any issues, a review of the claims process is underway in 2024 to highlight any areas where the customer journey could be improved.

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| Conclusion | The overall operational performance was within SLA. We are confident that the low number of complaints relating to service coupled with the positive trust pilot scores reflects good outcomes to the customer. |
| Next steps | <ul style="list-style-type: none">• SLAs will continue to be monitored on a monthly basis and discussed at the quarterly Product and Services Oversight Committee.• Complaints are continually monitored and updates are provided monthly to the care management meeting and quarterly via the RCCRC.• Underwriting to review the claims process and highlight any areas for improvement. |

2ND LINE OPINION

Responsibility

Morag Spence, Head of Compliance Retail and DB