

Fair Value For Customers

Product Assessment - Group Income Protection

Carrier name: Assicurazioni Generali S.p.A UK Branch
Product name: Group Income Protection
Date: 14/12/2023

Product Information

This product has been subject to Generali's Product Oversight Governance (POG) process and has been reviewed and signed off by the Product and Underwriting Committee as representing fair value to customers. This is in light of a review of the following MI:

- Claims volumes, claims upheld rate and declinature trends
- Ex gratia payments
- Complaints received including upheld rate and complaints trends
- Loss ratios

Group Income Protection is a commercial policy that pays a monthly income if an insured employee cannot work because of a long-term illness or injury that meets the policy's incapacity definition.

Group Income Protection can be set up in two different ways:

- As a standard arrangement, with a fixed benefit level chosen by the employer for each group of eligible employees.
- As a flexible arrangement, where the employer funds a minimum benefit level and allows employees a regular opportunity to top this up by choosing from a range of benefit levels.

Claims and complaints are managed in-house except where benefit payment is made directly to the claimant, which may also involve a third party provider where applicable. Generali maintains oversight where this activity is completed by a third party provider. This is a long-term product with rate reviews usually undertaken every two years.

Target Market

The target market is any UK multinational employer who wants to protect their employees' income and wellbeing as well as reduce the costs and risks associated with long term absence. Employers may have the following needs, objectives, interests and characteristics:

- **Needs:** Employers who want to insure their employees' income in case they are unable to work for a prolonged period of time, as well as access rehabilitation and wellbeing services to help employees recover and return to work or prevent them from being ill and off sick.
- **Objectives:** Employers who want to attract and retain talent, enhance their reputation and corporate social responsibility, improve employee engagement and productivity, and comply with legal and contractual obligations. They will want to give employees peace of mind, financial security, and support for their physical and mental health.

- **Interests and characteristics:** UK based Employers who have a workforce of 20 employees or more, who operate in sectors or industries that may have a significant risk of long-term absence, have a diverse or ageing demographic profile, have a strong culture of employee wellbeing, and have a budget and willingness to invest in employee benefits. Employers will be interested in the features and benefits of group income protection policies, such as the level and duration of cover, the deferred period, the escalation options, the rehabilitation and wellbeing services, the tax implications, and the cost and value of the policy. Employers may also be concerned about the social and environmental impact of their business activities, and seek to align their corporate values with their social responsibility.

Group Income Protection will not provide fair value to customers outside its target market.

Types of customer for whom the product would be unsuitable

- Employers based outside the UK.
- Employers looking to protect against the cost of short-term absence.
- Employers looking to solely protect their business against the cost of absence, and who do not wish to continue income for absent employees beyond the statutory minimum.
- Employers looking to individually select and include employees for cover.
- Employees that will, can, or are prepared to, rely on Employment Support Allowance and similar state benefits, or are on the lower level of the earnings scale and for whom reliance on state benefits may be more appropriate, as the availability and level of some state benefits could be affected by a person's income, the source of that income, savings, or household income. However, employers should carefully consider discrimination issues if they wish to exclude certain groups of employees from cover.
- Employers without an administration system that helps them record employee benefits choices and provides us monthly membership details for flexible benefits.

Any notable exclusions or circumstances where the product will not respond

There are no general exclusions under the policy. Specific exclusions and/or restrictions may apply to members who have been medically underwritten.

In addition to the Sanctions clause, the following are potential limitations, which will be determined by the specifics of the policy:

- The benefit amount is usually capped as a percentage of the employee's salary, up to a maximum of 80%, it will also have a maximum basic benefit limit of £350,000 per year and an additional pension scheme contribution maximum of £75,000 per annum.
- The benefit payment period is limited to a certain duration, such as until the employee reaches a specified age or term, or for a fixed number of years, such as 2, 3, 4 or 5 years.
- The benefit payment may be reduced or offset by other sources of income, such as state benefits or other insurance policies.
- The benefit payment may be subject to escalation options, such as no escalation, a fixed rate, or inflation-linked, which may affect the value of the benefit over time.
- The benefit payment will typically be made to the Employer for them to deduct tax from benefits via PAYE.
 - Where evidence of health is required, the benefit may be restricted, declined, have special conditions applied or may only be available subject to the employer's acceptance of an additional cost.
 - During the accidental cover only period, pre-existing conditions will not be covered.
 - The benefit payment may not start until a deferment period has passed, which is usually set at around 6 months, but can vary from 4 weeks to 12 months.

- The benefit payment may not be payable if the employee does not meet the definition of incapacity, which can vary depending on the policy, such as own occupation, suited occupation, or switching occupation daily living.
- The benefit payment may not be payable if the employee does not comply with the policy requirements, such as providing medical evidence, undergoing rehabilitation, or following treatment advice.
- The benefit payment may not be payable if the employer does not comply with the policy requirements, such as disclosing all information which is relevant to the liabilities being insured or in respect of any claims, informing us of a change in a claimant's medical condition or health, any change in a claimant's residence, address, or employment status.

Date Fair Value assessment completed

14/12/2023 (signed off by Product and Underwriting Committee)

Expected date of next assessment

06/12/2024

Total cost - commissions and any additional fees charged

20% - this is the maximum cost considered as part of the fair value review. If an intermediary's total cost (commission + any additional fees) in relation to the product is above this level, they must inform Generali of the total maximum amount with an outline of the services provided so a fair value assessment can be undertaken at this level.

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