

Fair Value For Customers

Product Assessment - Group Death in Service

Carrier name: Assicurazioni Generali S.p.A UK Branch
Product name: Group Death in Service
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 death in service benefits are commercial policies covering a liability to pay benefit from an employer's pension or group life insurance scheme if an insured person dies.

Generali pay benefit - via a discretionary registered or excepted trust, which has been established by the employer - to the scheme trustees. The trustees pass the benefit on to the employee's dependants in line with the scheme rules.

Group Life Insurance can be set up in different ways:

- As a standard policy, with a fixed benefit level chosen by the employer for each group of eligible employees. An employer can choose to set this up:
 - to cover the benefits of a registered scheme; or
 - as one or more Excepted Group Life Policies.
- As a flexible policy, where the employer/ trustees fund a minimum benefit level, and allows employees a regular opportunity to top this up by choosing from a range of benefit levels. An employer can choose to set this up:
 - to cover the benefits of a Registered scheme; or
 - as one or more Excepted Group Life Policies.

Dependant's Pension covers the trustees' liability to pay a monthly income from a scheme to a dependant of an insured employee who dies. Employers can also choose to insure a monthly income that escalates each year to help protect it from the effect of inflation.

Claims and complaints are managed in-house with the exception of annuity payments and complaints regarding in-payment death in service annuities, which may also involve a third party provider where applicable. Generali maintains oversight where these services are completed by a third party provider. This is a long-term product with rate reviews usually undertaken every two years.

Some of the features and benefits of Group Death in Service benefits are:

- The dependants of an employee receive a tax free lump sum upon death of the employee.
- The product allows the employer to demonstrate that it cares for the welfare of its employees by providing peace of mind in the event of death of the employee.
- The product will often have a high Free Cover Limit providing the majority if not all of the eligible members with a high level of cover without the need for individual medical underwriting.
- The product can be tailored to meet the diverse needs of employees and employers eg flexible benefits and spouses death in service pensions.
- Provides a fully insured product which allows for greater certainty on Employer's balance sheet. In the case of Captive clients, the same still remains true for the local client even though the Captive ultimately bears the risk. In these scenarios the UK pricing team offers the Captive guidance on local pricing.
- Bereavement counselling and a probate helpline is offered to employees at no additional cost.

Target Market

The target market is any UK multinational employer who wants to insure some or all of its Death in Service Scheme liabilities in relation to UK contracted staff. Some of the needs, objectives, interests and characteristics of the target market are:

- **Needs:** Employers with a high demand for attracting and retaining skilled and talented employees, as well as ensuring their well-being and productivity . They will need to offer competitive and attractive benefits packages to all or some of their employees. Employers will be looking to insure a lump sum and potentially also a death in service pension for each insured person. They will wish to fully fund traditional benefits or fully or partially fund flex benefits.
- **Objectives:** Employers will be interested in finding flexible and cost-effective solutions that can adapt to their changing business needs and employee preferences. Employers may also be aiming to reduce the administrative and financial burden of managing multiple benefit plans across different jurisdictions and regulations and as such wish to use an Insurance Network such as GEB.
- **Interests and characteristics:** UK based Employers with at least 20 employees who have established a registered and/or a discretionary trust either themselves or by using a Master Trust arrangement via their Intermediary or other consulting firm. Employers may have a diverse workforce that varies in terms of age, gender, culture, education, and income levels. They value diversity and inclusion, as well as employee engagement and satisfaction. 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.

The Death in Service product 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 financially protect their business against the death of key directors or employees.
- Employers looking to individually select and include employees for cover.
 - It could affect the inclusive nature of the cover which allows us to provide a policy specific level of cover without the need for medical underwriting. Increasing the need for medical underwriting carries the risk of excluding employees from the cover they need.
 - It increases administration.
- Employees who have savings, investments or individual insurance which provide sufficient financial security for their family and dependants if the employee were to die.
- Employers without an administration system that helps them record employee benefit choices and provides us with monthly membership details for flexible arrangements.
- Employees with Enhanced or Fixed Protection from the Lifetime Allowance whose employer is looking to distribute benefits under a new registered scheme. Such employees will lose this protection if they join another registered scheme. Instead, employers could consider setting up an Excepted Group Life Policy for these employees.
- Employees with registered pension scheme savings above or approaching the Lifetime Allowance who are joining a registered scheme. A tax charge could apply to registered scheme benefits once a person has used their Lifetime Allowance. Instead, employers could consider setting up an Excepted Group Life Policy for these employees.
- Employers looking for an insurer to provide a master trust for death in service cover.
- Employers looking to insure employees without using a trust or scheme.

Any notable exclusions or circumstances where the product will not respond

There are no general exclusions however there is a sanctions clause limiting the cover available from us. Potential limitations, where the benefit will not be available, only partially available or available at an additional cost or subject to additional information are listed below:

- Where there is no registered or excepted scheme Trust – no policy will be available.
- Employers who wish to insure less than 20 employees – typically cover is available only as a concession for an existing client where the employee numbers have dropped below our minimum of 20.
- Employers who are not registered in the UK – no policy will be available.
- Cover for Employees who are not eligible for the benefit may be covered but subject to medical underwriting.
- Benefits in excess of the Free Cover limit for certain high risk activities or hobbies, such as sky diving, might only be available at an additional cost.
- Benefits in excess of the Free cover limit for individuals with existing health conditions or those at high risk of health conditions may be available but may attract an additional cost.

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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