

Fair value assessments

February 2025

This document has been prepared to provide an assessment of the value provided by our insurance products.

Life cover – Real Life

Fair value assessment 2025		PROD rules
What is the intended value of the insurance product?	<p>Our Real Life product is designed to provide fair value to our customers through the provision of quality life cover, which pays a lump sum benefit on death or diagnosis of a terminal illness.</p> <p>The premium that our customers pay is made up of many different factors, including:</p> <ul style="list-style-type: none"> • Their individual risk profile, taking into account age, medical and family history, occupation and hazardous pursuits • The overall cost of offering the product, including underwriting and commission payments • Expected future investment returns • Expected future lapses • Expected claims experience • Reinsurance costs. 	4.2.14e
Does the design of the product enable suitable use by the target market?	<p>Real Life is suitable for a broad range of customers, from those with no pre-existing health conditions to those with serious or multiple health conditions.</p> <p>Real Life has only 2 possible claim events, death or terminal illness, with few policy exclusions for when a benefit will not be paid. It is therefore deemed to enable suitable use by the target market. See Target Market Assessment for more information. Target Market Assessment</p>	4.2.15 4.2.18
Are there any limitations of the product that prevent the target customers from fully using the product?	<p>Claims for terminal illness are only valid if a diagnosis confirms that the member has a life expectancy of 12 months or less. If a medical consultant and our Chief Medical Officer cannot determine this, and expect survival to exceed 12 months, the claim will not be accepted.</p> <p>Within the first 12 months of the policy, if a member is diagnosed with a terminal illness as a result of intentional self-inflicted injury, or if they die as a result of a suicide or intentional self-inflicted injury, the claim will not be accepted.</p> <p>The mortgage free cover benefit, increasing cover and guaranteed insurability option features are not available if your premium loading exceeds 100% or £2 per mille.</p>	4.2.19

Does the product allow for comparison to other products in the market?	<p>Real Life is available for external comparison via services that compare the breadth and quality of product features and benefits.</p> <p>Real Life can be compared to other similar products across the market via all of the main comparison portals.</p>	<p>4.2.14a</p> <p>4.2.25</p>
Does the product allow for easy switching to another provider or product?	There are no fees or exit penalties for customers moving to another provider. Real Life has no cash-in value so members will not receive any benefit or refund of premiums when their policy ends.	4.2.14m
Will the product have a finite lifespan?	Real Life covers customers for their selected policy term. This can be any number of years between 5 and 50 and must end before they reach their 90th birthday. In the case of a joint policy, this applies to the eldest member. The total cost of the policy to the customer is detailed alongside their quote and at the start of the contract.	4.2.14g
Does the product in its current form offer fair value to target customers, including those in vulnerable circumstances?	<p>Based on our product review completed in March 2024, Real Life is considered to offer fair value to our members. The review considered the relationship between the overall price paid by Real Life members and the quality of the product and service provided to them. A commentary of key metrics is shown below:</p> <ul style="list-style-type: none"> • Service levels were deemed to meet the expectations of our members in the majority of cases • High member satisfaction was recorded through the use of external review providers and a member survey, which highlighted that a large majority of Real Life members thought the product and services met their needs. • Full claim payments were made in the vast majority of cases • A low number of complaints were recorded • No risk reports were recorded • Distribution channels and arrangements were considered suitable for the target market • The relationship between the price paid by customers and the overall claims, expenses, operational and distribution costs to The Exeter to offer the product was considered reasonable. Costs were therefore deemed to be justifiable and compatible with the needs of target customers. <p>We continue to review the suitability of our products and services for customers that find themselves in vulnerable circumstances. Our approach is detailed in our Vulnerable Customers Charter, available at https://www.the-exeter.com/vulnerable-customers-charter/. Our teams receive training to spot and deal with vulnerability and ensure we act to deliver good outcomes to all our members.</p>	<p>4.2.14d</p> <p>4.2.15</p> <p>4.2.21a</p>

Were there any adverse findings in this assessment?	No adverse findings.	4.2.25
Were any risks identified in this assessment?	No risks identified.	4.2.14n
Is differential pricing used on this product?	No differential pricing is used on Real Life.	4.2.14m
Is there another product offered which offers similar benefits for a lower cost?	No – Real Life is our only life cover product available to new customers.	4.2.14a
What is the impact of distribution arrangements on the value of the product?	A commission payment is made by The Exeter to the intermediary. This can be paid on an indemnity or non-indemnity basis or may be sacrificed by the adviser. Commission payments are taken into account when deriving premiums and are paid at a market-competitive rate. The distribution channels and arrangements for Real Life were considered suitable for the target market and were not deemed to damage intended product value.	4.2.14n 4.2.14e
How are distribution arrangements assessed to ensure ongoing value of the product?	We have a designated framework for monitoring distribution arrangements. The framework aims to ensure the best possible customer outcome by analysing and discussing the quality of business written by advisers, broken down into multiple areas including lapses, claims, take-up rates and commission exposure. Complaints information also feeds into this meetings to monitor the suitability of advice. To support advisers in their recommendations, we provide ongoing product training via our distribution team.	4.2.15 4.2.14n 4.2.14j

Income protection - Income First

Fair value assessment 2025		PROD rules
What is the intended value of the insurance product?	<p>Our Income First product is designed to provide fair value to our customers through the provision of quality income protection cover, which pays a regular benefit if customers are totally unable to work as a result of being ill or injured.</p> <p>The premium that our customers pay is made up of many different factors, including:</p> <ul style="list-style-type: none"> • Their individual risk profile, taking into account age, medical and family history, occupation and hazardous pursuits • The overall cost of offering the product, including underwriting and commission payments • Expected future investment returns • Expected future lapses • Expected claims experience • Reinsurance costs. 	4.2.14e
Does the design of the product enable suitable use by the target market?	<p>Income First has a broad target market, catering for customers in all occupation classes with only a small number of occupations we are not able to accept. Providing customers meet our eligibility criteria and are either employed, self-employed or a company director, the design of the product enables suitable use by the target market. See Target Market Assessment for more information.</p>	4.2.15 4.2.18
Are there any limitations of the product that prevent the target customers from fully using the product?	<p>Certain product features, such as Guaranteed Insurability Options, policy breaks and the Employer Change Promise require members to have held an Income First policy for a certain length of time before they can be used. The core monthly benefit, however, can be paid to members making a valid claim as soon as their selected waiting period has finished.</p>	4.2.19
Does the product allow for comparison to other products in the market?	<p>Income First is available for external comparison via services that compare the breadth and quality of product features and benefits.</p> <p>Income First quotes can be compared to other similar products across the market via all of the main comparison portals.</p>	4.2.14a 4.2.25
Does the product allow for easy switching to another provider or product?	<p>There are no fees or exit penalties for customers moving to another provider. Income First has no cash-in value so members will not receive any benefit or refund of premiums when their policy ends.</p>	4.2.14m

<p>Will the product have a finite lifespan?</p>	<p>Income First covers customers up to their selected finishing age. This can be any year between the ages of 50 and 70 and should reflect how long they intend to work and receive a regular income. The total cost of the policy to the customer is detailed alongside their quote and at the start of the contract. Customers have a choice of three premium options when they apply which determine how premiums will change over the course of their policy. For customers selecting age-costed premiums, which increase with age, a schedule of future premiums is supplied at the start of the contract.</p>	<p>4.2.14g</p>
<p>Does the product in its current form offer fair value to target customers, including those in vulnerable circumstances?</p>	<p>Based on our product review completed in September 2024, Income First is considered to offer fair value to our members. The review considered the relationship between the overall price paid by Income First members and the quality of the product and service provided to them. A commentary of key metrics is shown below:</p> <ul style="list-style-type: none"> • Service levels were deemed to meet the expectations of our members in the majority of cases • High member satisfaction was recorded through the use of external review providers and a member survey, which highlighted that a large majority of Income First members felt the product and services met their needs. • Expected cost of claims • A low number of complaints were recorded • Distribution channels and arrangements were considered suitable for the target market • The relationship between the price paid by customers and the overall claims, expenses, operational and distribution costs to The Exeter to offer the product was considered reasonable. Costs were therefore deemed to be justifiable and compatible with the needs of target customers. <p>We continue to review the suitability of our products and services for customers that find themselves in vulnerable circumstances. Our approach is detailed in our Vulnerable Customers Charter, available at https://www.the-exeter.com/vulnerable-customers-charter/. Our teams receive training to spot and deal with vulnerability and ensure we act to deliver good outcomes to all our members.</p>	<p>4.2.14d 4.2.15 4.2.21a</p>
<p>Were there any adverse findings in this assessment?</p>	<p>No adverse findings.</p>	<p>4.2.25</p>
<p>Were any risks identified in this assessment?</p>	<p>No risks identified.</p>	<p>4.2.14n</p>

Is differential pricing used on this product?	Customers may pay a higher price for Income First based on the risk profile of their occupation. Customers in low-risk, office-based occupations can expect to pay a lower premium than those in more manual, labour-intensive occupations.	4.2.14m
Is there another product offered which offers similar benefits for a lower cost?	No – Income First is our only income protection product available to new customers.	4.2.14a
What is the impact of distribution arrangements on the value of the product?	A commission payment is made by The Exeter to the intermediary. This can be paid on an indemnity or non-indemnity basis or may be sacrificed by the adviser. Commission payments are taken into account when deriving premiums and are paid at a market-competitive rate. The distribution channels and arrangements for Income First were considered suitable for the target market and were not deemed to damage intended product value.	4.2.14n 4.2.14e
How are distribution arrangements assessed to ensure ongoing value of the product?	<p>We have a designated framework for monitoring distribution arrangements. The framework aims to ensure the best possible customer outcome by analysing and discussing the quality of business written by advisers, broken down into multiple areas including lapses, claims, take-up rates and commission exposure. Complaints information also feeds into this meetings to monitor the suitability of advice.</p> <p>To support advisers in their recommendations, we provide ongoing product training via our distribution team.</p>	4.2.15 4.2.14n 4.2.14j

Health insurance - Health+

Fair value assessment 2025		PROD rules
What is the intended value of the insurance product?	<p>Health+ is a health insurance policy designed to help customers get the fastest possible diagnosis and the best possible private treatment.</p> <p>The premium that our customers pay is made up of many different factors, including:</p> <ul style="list-style-type: none"> • Their individual risk profile, taking into account age, medical history and family history • The overall cost of offering the product, including underwriting and commission payments • Expected future investment returns • Expected future lapses • Expected claims experience, depending on whether a customer has a No Claims Discount or Community Rated premium structure • Medical inflation • The rate of Insurance Premium Tax. 	4.2.14e
Does the design of the product enable suitable use by the target market?	<p>Health+ has a broad target market, catering for individuals aged between 18-79 as well as their families. Health+ includes comprehensive core cover with additional benefit add-ons and policy choices that allow the product to be tailored to different customer needs. Customers can change policy cover at renewal to meet changes in their demands and needs.</p> <p>Providing customers meet our eligibility criteria, the design of the product enables suitable use by the target market. See Target Market Assessment for more information. Target Market Assessment</p>	4.2.15 4.2.18
Are there any limitations of the product that prevent the target customers from fully using the product?	<p>Members can only choose from specific hospitals or specialists depending on the treatment option they select. Additionally, we publish a fee schedule that defines the maximum fees we will pay to specialists for the treatments they provide.</p> <p>Some cover options may also be excluded or limited based on the choices a member makes.</p>	4.2.19
Does the product allow for comparison to other products in the market?	<p>Health+ is available for external comparison via services that the breadth and quality of product features and benefits.</p> <p>Health+ quotes can be compared to other similar products across the market via all of the main comparison portals.</p>	4.2.14a 4.2.25

<p>Is it likely the customer will renew at the end of the contract period?</p>	<p>Yes, the product is designed for renewal over many years. Renewal documentations are clear in communicating the reasons why premiums have increased and what additional benefits are available to members outside of the policy benefits. Members are encouraged to review their cover with a financial adviser (if they have one) and are reminded of the details of their policy.</p> <p>We aim for predictable premium increases and use a generational pricing method to ensure renewing customers benefit from the same pricing as new customers.</p>	<p>4.2.14g</p>
<p>Does the product allow for easy switching to another provider or product?</p>	<p>Yes, there are no fees or exit penalties for customers moving to another provider. Renewal communications encourage members to review their cover and to shop around.</p>	<p>4.2.14m</p>
<p>Will the product have a finite lifespan?</p>	<p>Health+ is an annually renewable contract. Members can retain cover thereafter by renewing their policy.</p>	<p>4.2.14g</p>
<p>Does the product in its current form offer fair value to target customers, including those in vulnerable circumstances?</p>	<p>Based on our product review completed in August 2024, Health+ is considered to offer fair value to our members. The review considered the relationship between the overall price paid by Health+ members and the quality of the product and service provided to them. A commentary of key metrics is shown below:</p> <ul style="list-style-type: none"> • Service levels were deemed to meet the expectations of our members in the majority of cases • High member satisfaction was recorded through the use of external review providers and a member survey, which highlighted that a large majority of Health+ members felt the product and services met their needs • Full claim payments were made in the vast majority of cases • A low number of complaints were recorded • Distribution channels and arrangements were considered suitable for the target market • The relationship between the price paid by customers and the overall claims, expenses, operational and distribution costs to The Exeter to offer the product was considered reasonable. Costs were therefore deemed to be justifiable and compatible with the needs of target customers. <p>We continue to review the suitability of our products and services for customers that find themselves in vulnerable circumstances. Our approach is detailed in our Vulnerable Customers Charter, available at https://www.the-exeter.com/vulnerable-customers-charter/. Our teams receive training to spot and deal with vulnerability and ensure we act to deliver good outcomes to all our members.</p>	<p>4.2.14d 4.2.15 4.2.21a</p>

Were there any adverse findings in this assessment?	No adverse findings.	4.2.25
Were any risks identified in this assessment?	No risks identified.	4.2.14n
Is differential pricing used on this product?	Health+ is a regionally priced product, meaning that customers living in closer proximity to more expensive hospital groups, such as those in Central London, will pay more in premiums.	4.2.14m
Is there another product offered which offers similar benefits for a lower cost?	No - Health+ is our only health insurance product available to new customers.	4.2.14a
What is the impact of distribution arrangements on the value of the product?	A commission payment is made by The Exeter to the distributor where a sale is made by an intermediary. This is generally made at both point of sale and renewal. Commission payments are taken into account when deriving premiums and are paid at a market-competitive rate. Health+ is also available to purchase directly from our website, which we have deemed suitable for the target market. The distribution channels and arrangements for Health+ were considered suitable for the target market and were not deemed to damage intended product value.	4.2.14n 4.2.14e
How are distribution arrangements assessed to ensure ongoing value of the product?	We have a designated framework for monitoring distribution arrangements. The framework aims to ensure the best possible customer outcome by analysing and discussing the quality of business written by advisers, broken down into multiple areas including lapses, claims, take-up rates and commission exposure. Complaints information also feeds into this meetings to monitor the suitability of advice. To support advisers in their recommendations, we provide ongoing product training via our distribution team.	4.2.15 4.2.14n 4.2.14j

The legal blurb

The Exeter is a trading name of Exeter Friendly Society Limited, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority (Register number 205309) and is incorporated under the Friendly Societies Act 1992 Register No. 91F with its registered office at Lakeside House, Emperor Way, Exeter, England EX1 3FD.

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