

Target Market Assessment

September 2021



This target market assessment has been prepared by The Exeter to provide an overview of our products. It is designed to help customers decide whether our products are suitable for meeting their demands and needs and for advisers to provide the most appropriate advice for their clients.

Why choose The Exeter?

When you're not the biggest you need to be the best. That means we pay more attention to the things that matter most to you and your family.

1. We put people before profit

We're a mutual society – we re-invest profits in better customer service, more affordable premiums and quicker, fairer payment of claims.

2. We're on your side

Like you, our reputation means everything to us. Knowing we pay out means everything to our customers.

3. We're always right on the money

We regularly benchmark all our products against the market, checking our benefits and our price. So you are guaranteed to get quality cover at a fair price

4. We do more to cover more people

We consider every application on its merits – so we'll often say yes, when others say no.

5. We give you more control and more flexibility

We give you the freedom to create a policy that fits your needs and pocket - without compromising the quality of your cover.

6. No excessive penalties for claims

We offer an optional, scalable approach to No Claims Discounts. It means any increase in premium after a claim is always proportionate to the value of the claim – that's fair on everyone.

7. We take care of you

We have real people on-hand to answer calls when you need to talk to us.

Target market assessment – health insurance

Health+

- Product overview and customer demographics

| Target market | Description | Additional comments (if applicable) |
|---------------------|---|---|
| Retail customers | Health+ is designed to give customers quick access to private healthcare in the UK, for acute conditions that are likely to respond to treatment. | |
| Customer type | | |
| Personal | Yes | |
| Business | No | Health+ is available on an individual-paid basis only. |
| Demographic factors | | |
| Age | 18 – 79 inclusive | Children under 21, or under 25 and still in full time education, may be included on the policy. |
| Sex | All | |
| Family | Health+ is suitable for individuals, couples and families. | |
| Residency | All applicants must live in England, Scotland, Wales and Northern Ireland and be registered with a GP in the UK. | |

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| Health+ is not designed to cover: | | |
| Emergency treatment | Emergency treatment in an Accident & Emergency unit or other urgent care centre. | |
| Treatment of chronic conditions | This includes diseases, illnesses or injuries such as diabetes, asthma or multiple sclerosis, but this does not apply to cancer. | |
| Cosmetic and plastic surgery | Regardless of whether the treatment is needed for medical or psychological reasons. | |
| Pregnancy and fertility | We do not consider pregnancy or childbirth to be illnesses. | |
| Product complexity | | |
| Low | | |
| Low-medium | | |
| Medium | Health+ is considered as medium complexity, as it uses some unfamiliar medical terms and concepts. | |
| Medium-high | | |
| High | | |
| Distribution strategy | | |
| Execution only | No | |
| Non-advised sale | Yes | Health+ is available for customers to buy directly. |
| Fully-advised sale | Yes | Health+ is available for sale through intermediaries. |

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| Costs (where to quote) | Health+ is available to quote on The Exeter's website, www.the-exeter.com , as well as a range of third-party quote portals. | |
| Conflicts of interest | None | |

- Product features and suitability

| Product feature | Benefit options | What is covered? | Who is the option suitable for? |
|-----------------|----------------------|--|---|
| Core cover | Included as standard | <ul style="list-style-type: none"> • In-patient and day-patient benefits, including consultant and specialist fees, diagnostic tests and hospital charges • Some out-patient benefits, including CT, MRI and PET scans, out-patient surgery and up to three sessions of post-operative physiotherapy • Cover for all stages of cancer once diagnosed, including palliative and terminal treatment, with no time or financial limit. <p>Plus:</p> <ul style="list-style-type: none"> • Private ambulance • Home nursing • Parental accommodation • Hospice donation • NHS cash benefit • Access to membership benefits that offer additional care and support. | Customers who choose core cover only will want fast access to the best possible in-patient or day-patient treatment but are prepared to fund out-patient treatment themselves. They would also be prepared to either fund the cost of their own therapies or mental health treatment or have such treatment on the NHS. |

| Product feature | Benefit options | What is covered? | Who is the option suitable for? |
|-----------------------------------|---|---|---|
| Out-patient benefit | Unlimited Up to £1,000 per policy year Up to £500 per policy year No cover | Specialist consultation fees. Diagnostic tests such as X-rays, ECGs and pathology tests. | Customers adding this option will want to ensure they have some cover for out-patient consultations and diagnostic tests. |
| Unlimited out-patient diagnostics | Unlimited | Out-patient diagnostic tests are covered in full, and only specialist consultation fees are deducted from the chosen out-patient limit. | Can be selected if customers choose an out-patient benefit amount of £500 or £1,000 per year. |
| Therapies | Unlimited Up to £1,000 per policy year Up to £500 per policy year No cover | GP or specialist referred treatment by a: <ul style="list-style-type: none"> • Physiotherapist • Chiropractor • Osteopath • Acupuncturist • Podiatrist • Speech therapist • Pain clinic • Dietician (maximum of two consultations for each member per policy year). | Customers adding this option will want the choice of seeing different types of therapist on an out-patient basis. |

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| Mental health | <p>Unlimited (28 days in/day-patient cover)</p> <p>No cover</p> | <p>In-patient and day-patient</p> <p>Specialist fees and diagnostic tests as an in-patient or day-patient. Treatment and hospital charges as an in-patient or day-patient limited to 28 days for each member each policy year.</p> <p>Out-patient</p> <p>Specialist consultation fees for psychiatric treatment. This includes psychiatric treatment by psychiatrists, psychologists and cognitive behavioural therapists.</p> | <p>Customers adding this option will want to ensure they have some cover for treatment undertaken privately for mental illnesses such as depression or anxiety.</p> |
| Excess | <p>Nil</p> <p>£100</p> <p>£250</p> <p>£500</p> <p>£1,000</p> <p>£3,000</p> <p>£5,000</p> | <p>Excesses apply individually to each member in each policy year. If there are multiple claims or conditions for one member within one policy year, then the excess is only deducted once.</p> <p>If an excess is paid towards eligible treatment costs that are subject to a benefit limit, we will not reduce the benefit available by the excess amount.</p> | <p>Customers choosing an excess will be looking to reduce their premium by paying for the first part of their treatment themselves.</p> |
| No Claims Discount (NCD) | <p>Customers who apply through Full Medical Underwriting or Standard Moratorium have the choice between an NCD and a Community Rated premium structure.</p> | <p>A premium structure where future premiums reflect the claims made by individual members. The NCD scale has 15 levels and the maximum discount customers can receive is 75%.</p> | <p>Customers with an NCD will want their future premiums to change based on their own claims. They will earn discounts on their premiums if they stay healthy and don't claim. Their premiums may increase if they claim. Any increase will be fair and relative to the size of the claim.</p> |
| Community Rated premium structure | <p>Customers who apply through Full Medical Underwriting or Standard Moratorium have the choice between an NCD and a Community Rated premium structure.</p> | <p>A premium structure where future premiums reflect the claims made by a wider pool of customers, not individual claims made only by members under this policy.</p> | <p>Customers with a Community Rated premium structure will want their future premiums to reflect the claims made by a wider pool of customers.</p> |

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| Hospital list | Essential Standard Extended | The list of hospitals and clinics in the United Kingdom available for cover under Health+. Customers are only eligible for treatment at hospitals on their chosen list. | Customers who choose a reduced hospital list will pay less but will have access to fewer hospitals and may have to travel further for treatment. Customers who choose the Extended list will want access to a greater number of London hospitals. |
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Other health insurance products by The Exeter (closed to new business)

Our UK health insurance plans are designed to provide access to private healthcare in the UK, for acute conditions that are likely to respond to treatment.

Our European and Worldwide plans are designed to provide access to private healthcare in Europe or the customer's usual country of residence.

The type of policy the customer chose will have been dependent on:

- How much cover they wanted for in-patient and day-patient treatment and whether they were comfortable with this having an annual limit
- Whether they wanted cover for cancer
- How much cover they wanted for out-patient consultations and diagnostic tests, if any
- How much cover they wanted for therapies or manipulative treatment, if any
- Whether they wanted cover for additional benefits, including:
 - Private ambulance
 - Home nursing
 - Parental accommodation
 - Hospice donation
 - NHS cash benefit.

All customers will have been comfortable with the general exclusions of the policy, as well as any excess or co-payment that applied.

They would have also understood that benefits may have specific limits, as outlined in their Terms and Conditions.

These policies are no longer available for new customers.

Target market assessment – income protection

Income First

- Product overview and customer demographics

| Target market | Description | Additional comments (if applicable) |
|----------------------------|--|---|
| Retail customers | Income First is designed to provide a regular benefit if customers are totally unable to work as a result of being ill or injured. | |
| Customer type | | |
| Personal | Yes | |
| Business | No | Income First is available on an individual-paid basis only. |
| Demographic factors | | |
| Age | 18 – 59 inclusive | |
| Sex | All | |
| Family | Income First is suitable for individuals only. | |
| Residency | Customers must have been a resident in the UK for the last 3 years. | Customers must have been registered with a UK based NHS GP for the last 3 years. |
| Occupation | Income First is suitable for all occupation classes, excluding a small list of declined occupations. | Customers must be working at least 15 hours per week, either employed or self-employed, to apply. |

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| Income First is not designed to provide: | | |
| Unemployment cover | Income First provides cover against illness or injury only. | |
| A lump sum pay out | Income First provides a regular monthly income. | |
| Full replacement of income | Income First provides a maximum of 60% of a customer's personal taxable income. | |
| Product complexity | | |
| Low | | |
| Low-medium | | |
| Medium | Income First is considered as medium complexity, as it requires customers to review their level of cover regularly to ensure their chosen benefit does not exceed the maximum limits allowed. | |
| Medium-high | | |
| High | | |
| Distribution strategy | | |
| Execution only | No | |
| Non-advised sale | No | |
| Fully-advised sale | Yes | Income First is available for sale through intermediaries only. |

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| Costs (where to quote) | Income First is available to quote on The Exeter's website, www.the-exeter.com , as well the major third-party quote portals. | |
| Conflicts of interest | None | |

- Product features and suitability

| Product feature | Benefit options | What is covered? | Who is the option suitable for? |
|-------------------|--|--|--|
| Amount of benefit | £500 – £10,000 per month. | The maximum benefit customers can receive from Income First when claiming is 60% of the first £100,000 of their personal taxable income and then 40% above £100,000. | In selecting a benefit, customers should ensure it isn't greater than the maximum they could receive. This should take into account their personal taxable income and any continuing sources of income they would receive when they are ill or injured and unable to work. |
| Finishing age | Any year between the ages of 50 and 70. | The age a customer selects when they apply for their policy, when the policy and all benefits will end. | Customers should choose a finishing age that reflects how long they intend to work and receive a regular income. |
| Waiting period | Day 1 1 weeks 4 weeks 8 weeks 13 weeks 26 weeks 52 weeks | The continuous period of time from when customers are first totally unable to work due to illness or injury until when they are first eligible for benefit to be paid. | Employed customers will choose a waiting period that fits with their sick pay arrangements with their employer. Self-employed customers will choose a waiting period that satisfies their needs and budget. |

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| Flexible waiting periods for NHS medical professionals and Teachers | Included in policy as standard | <p>Our flexible waiting periods help customers in these occupations receive a benefit that fits alongside their sick pay arrangements.</p> <p>If customers are eligible and make a valid claim, we will start paying the benefit before their waiting period ends, once their sick pay reduces. Benefit payments will then increase once their sick pay stops.</p> | <p>Suitable for NHS medical professionals and Teachers.</p> <p>This option is only available where a waiting period of 52 weeks has been selected and if customers meet the eligibility criteria.</p> |
| Employer change promise | Included in policy as standard | <p>If customers change employment during the term of their policy, they may find that their sick pay is restricted in the early stages of their new employment, for example during probation periods. This could leave customers temporarily unprotected against the risk of illness or injury.</p> <p>Our employer change promise helps to cover the temporary gap in customers' sick pay if they need to claim in the first year of new employment, and means we may pay the benefit before their waiting period has finished.</p> | <p>Customers moving into new employment who have held their policy for at least three years.</p> <p>The promise does not apply if customers are moving into self-employment, are an employed director or part of a partnership, and customers must meet the eligibility criteria.</p> |
| Claim period | <p>2 year</p> <p>5 year</p> <p>Full term</p> | <p>The full term option would pay out benefits if customers are unable to work due to illness or injury until their chosen finishing age. Reduced claim periods will pay out for a maximum of 2 years or 5 years for each individual claim, although they can have multiple claims for different illnesses or injuries.</p> | <p>Customers who choose a full term claim period will want the reassurance of knowing that they could be covered until their finishing age if their illness or injury meant they could never work in their own occupation again. Limited claim periods offer a lower cost method of obtaining income protection.</p> |

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| Fixed benefit option | Optional add-on at no extra cost. | Fixes up to 75% of the initial benefit customers select by providing financial evidence within 12 months of their policy start date. | Customers choosing the fixed benefit option will want reassurance that if their income fluctuates, they are guaranteed a payment of 75% of the benefit on valid claims. |
| Minimum benefit guarantee | Optional add-on (on policies with a 2 year claim period only) for an additional charge. | Fixes up to £1,000 of benefit, without providing any financial evidence when customers apply. | Customers choosing the minimum benefit guarantee will want reassurance that if their income fluctuates, they are guaranteed a payment of up to £1,000 on valid claims. |
| Indexation option | Optional add-on for an additional charge. | Adjusts customers benefit each year in line with inflation. Their monthly premium will be adjusted in line with the change in benefit. | Customers choosing the indexation option will anticipate the need for gradual increases in benefit, which may reflect similar increases in salary. |
| Premium option | <p>Level guaranteed</p> <p>Age-costed guaranteed</p> <p>Age-costed reviewable</p> | <p>Level guaranteed premiums remain level throughout customers' policy.</p> <p>Age costed guaranteed premiums increase with age, but at a rate guaranteed in advance.</p> <p>Age costed reviewable premiums increase with age and are based on rates which can change. They may be increased or decreased by us once a customer's policy is more than 3 years old.</p> | <p>Customers choosing level premiums will want the certainty of knowing that their premiums will remain the same for the life of the policy unless they select the indexation option, while those choosing age-costed premiums will prefer cheaper premiums in the early years.</p> <p>Customers choosing age costed guaranteed premiums will pay slightly more than those choosing age costed reviewable premiums, for the reassurance of knowing what they will be required to pay for their policy each year until it finishes.</p> |

Target market assessment – life cover

Real Life

- Product overview and customer demographics

| Target market | Description | Additional comments (if applicable) |
|----------------------------|--|---|
| Retail customers | Real Life is a life insurance policy that pays a lump sum benefit when customers die, or are diagnosed with a terminal illness – where life expectancy is less than 12 months. | |
| Customer type | | |
| Personal | Yes | |
| Business | No | Real Life is available on an individual-paid basis only. |
| Demographic factors | | |
| Age | 18 – 80 inclusive | |
| Sex | All | |
| Family | Real Life covers one person only. | |
| Residency | Real Life can be sold to UK residents only. | We will not usually accept applicants who have not been resident in the UK for the last three years or who have an immediate intention to work or reside outside of the UK. |

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| Health | Real Life is most likely to be suitable for customers who would be paying extra in insurance premiums or who find it difficult to obtain insurance due to their health. | |
| Real Life is not designed to provide: | | |
| A regular income for those unable to work for a long period | Real Life provides a lump sum payment following a successful claim. | |
| Product complexity | | |
| Low | | |
| Low-medium | Real Life is considered as low-medium complexity. It has only 2 possible claim events – death or terminal illness. | |
| Medium | | |
| Medium-high | | |
| High | | |
| Tax implications | Under current legislation and HMRC practice, benefit payable under this cover is normally free from personal liability to income and capital gains tax, for UK residents, unless they assign their policy to someone else. However, the benefit may be subject to inheritance tax unless they put their policy in a suitable trust. | We recommend that customers seek professional guidance because their individual circumstances can affect their tax position. |
| Distribution strategy | | |
| Execution only | No | |
| Non-advised sale | No | |
| Fully-advised sale | Yes | Real Life is available for sale through intermediaries only. |

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| Costs (where to quote) | Real Life is available to quote on The Exeter's website, www.the-exeter.com . | |
| Conflicts of interest | None | |

- Product features and suitability

| Product feature | Benefit options | What is covered? | Who is the option suitable for? |
|--------------------------|-------------------------------------|--|---|
| Sum assured (benefit) | £20,000 – £3,000,000 | The amount we pay following a successful claim. | Customers will select an adequate sum assured to support their family following death. The benefit is subject to individual consideration |
| Policy term | 5 – 50 years | Determines how long the policy lasts. The policy must end before customers reach their 90th birthday. | Customers will select an adequate policy term to support their family following death or to reflect the length of their mortgage or loan. |
| Cover type | Level benefit Decreasing benefit | With a level benefit, customers' chosen benefit will remain the same through the term of their policy. With a decreasing benefit, their chosen benefit will reduce each month in the same way as the outstanding amount on a repayment mortgage with an interest rate of 8% per year. | Customers choosing level cover will buy Real Life to pay off a loan or mortgage and to allow surviving family to continue making payments following death. Customers choosing decreasing cover will buy Real Life to pay off a loan or mortgage following death. |
| Accidental Death Benefit | Included as standard | A temporary benefit that pays a maximum of £250,000 if a customer dies before the policy starts. | This option protects customers while they are waiting for their policy to start. |

Target market assessment – cash plans

One Fund (Company paid and Employee Paid)

- Product overview and customer demographics

| Target market | Description | Additional comments (if applicable) |
|-----------------------------|---|--|
| Retail customers | One Fund is designed to provide a range of health benefits that customers pay for and claim back from us, up to the annual benefits that apply. | |
| Customer type | | |
| Personal – retail customers | No | |
| Business – retail customers | Yes | One Fund is a corporate health cash plan for businesses. |
| Demographic factors | | |
| Age | Employees must be aged 16 or over. | Children aged 16 or under can be covered at no extra cost. |
| Sex | All | |
| Family | One Fund is suitable for individuals, couples and families. | |
| Residency | Customers must be a UK resident and remain a UK resident throughout the duration of the plan. | |

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| One Fund is not designed to cover: | | |
| A wide scope of health treatments | One Fund contributes towards the cost of everyday health costs including dental, optical and complementary therapies. | |
| Pre-existing conditions | Pre-existing conditions are excluded from cover | |
| Product complexity | | |
| Low | | |
| Low-medium | One Fund is considered as low-medium complexity as it provides cover for a limited set of benefits. | |
| Medium | | |
| Medium-high | | |
| High | | |
| Distribution strategy | | |
| Execution only | No | |
| Non-advised sale | No | |
| Fully-advised sale | Yes | One Fund is available for sale through intermediaries only. |
| Costs (where to quote) | One Fund is available to quote via an application form on The Exeter's website, www.the-exeter.com , or by calling 0300 123 3203. | |
| Conflicts of interest | None | |

- Product features and suitability

| Product feature | | |
|---|---|--|
| <ul style="list-style-type: none"> • Counselling & diagnostics • Counselling & advice helpline • Complementary therapies (Physiotherapy, Osteopathy, Chiropractic, Acupuncture, Homeopathy) • PMI excess cover • Dental • Optical • Health screening | <ul style="list-style-type: none"> Level 1 Level 2 Level 3 Level 4 Level 5 Level 6 Level 7 | <p>Customers will choose the level of cover that meets their individual needs. The benefit option determines the annual limit we will pay up to for each product feature as well as the monthly premium. Partners can be added at the same level and will have their own set of benefits. Dependant children can be added at no additional cost.</p> |

Other Health Cash Plan products by The Exeter (closed to new business)

The products are designed to reimburse members towards the cost of everyday healthcare expenses such as dental, optical or therapy treatments. The product and policy type the customer chose will have been dependent on:

The type of policy the customer chose will have been dependent on:

- The product available at the time of taking the policy out
- How much cover they wanted for each of the benefits
- Whether they wanted cover for their children
- Whether they wanted cover for additional benefits, including:
 - Health screenings
 - Personal accident
 - Day case surgery
 - Emergency European Community Cover.

All customers will have been aware of the healthcare expenses that they could claim for and the specific benefit limits, as outlined in their Terms and Conditions.

These policies are no longer available for new customers.

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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.