

Product Governance and Fair Value Outcomes

We are committed to providing products that meet customer needs, offer fair value, and perform as expected throughout their lifetime.

We have designed this document to inform our Distributors about the governance processes we use to oversee the design, approval, and review of our products. This includes how we monitor and assess fair value, and the outcome of our assessments. The information provided is intended to assist our Distributors in their own fair value assessments.

We continuously review our products, assessing customer outcomes on a monthly, quarterly and annual basis. Product reviews take place considering each of the four Consumer Duty Outcomes to assess whether we are delivering good customer outcomes through the product lifetime. Metrics are reviewed each month at Senior Management Forums and are flagged for discussion and action taken to correct the issue if they move close to (or outside of) tolerance.

Our 2025 assessments conclude that our Protection products continue to deliver fair value over the relevant product term.

The products assessed are:

Personal Protection	Business Protection
- Life and Critical Illness Cover - Life and Enhanced Critical Illness cover - Life Protection and Family Income Benefit - Income Protection and Personal Sick Pay - Gift Inter Vivos - Waiver of Premium	- Life Protection - Life and Critical Illness cover - Relevant Life cover - Executive Income Protection - Waiver of Premium

LV= Product Oversight and Governance

Our Product Oversight and Governance and Fair Value processes are well established and ensure that product delivery is governed appropriately and meets regulatory and legislative requirements. This covers new product development, enhancements, and management of all products (open and closed to new business). These processes include (but are not limited to) ensuring:

- a clear target market is defined for each product – who the product is and is not suitable for over its lifetime.
- a clear distribution strategy is defined for each product, with appropriate distribution channels in line with the needs and characteristics of the target market.
- appropriate regard in product design and supporting processes of the potential needs of vulnerable customers throughout the product lifecycle.
- costs and charges are appropriate and represent fair value for customers in terms of the amount paid and the benefits that they can expect to receive.
- customer communications are timely and are clear and easy to understand.
- we monitor ongoing performance to ensure products and services perform as expected.

We regularly review our approach to product governance and oversight arrangements which our Board Risk Committee review and approve annually.

Product Development and Management

- All new product developments and enhancements** must go through several approval stages and are assessed against the requirements of the Product Oversight and Governance Policy and Fair Value Framework at each stage. Proposals are substantiated with appropriate customer and market insight or research during these stages. Further concept, product, and literature testing then takes place throughout the process to validate customer need and understanding of the documentation.
- At each stage a senior level Proposition Forum undertakes a review.** The forum includes members from our second line oversight function to consider and review proposals. Our Chief Commercial Officer and Chief Risk Officer provide the final approval.
- All Protection products have a regular product review,** even when closed to new business. In light of the publication of PS25/21, we have carefully evaluated the appropriate frequency for our product reviews, taking into account both target market and product complexity.



How we approach Fair Value Assessments and monitoring customer outcomes

LV= defines Fair Value as the relationship between the amount paid by the customer over the lifecycle of a product and the overall benefits they can realistically expect to get from the product.

Evidencing Fair Value requires LV= to demonstrate that our proposition:

- has reached the target market we designed it for.
- is being used as expected, to meet the needs and objectives of customers across different cohorts, including customers with characteristics of vulnerability.
- is delivering benefits as intended in terms of performance, claims and adaptability as customer needs change.
- provides value over the lifetime of the relationship.

To assess and evidence that our products are providing fair value and delivering good customer outcomes, we monitor a range of indicators and metrics against each customer outcome.

Product and Service Outcome

This outcome focuses on indicators and metrics to assess and evidence whether our products are designed to meet the needs of the target market, whether the product benefits or features are being used across customer groups as we expect and is being distributed appropriately. This includes monitoring:

- the use of product options
- our claims experience
- the length of time customers hold a product
- outcomes experienced across different customer cohorts, including customers with characteristics of vulnerability.

Our assessment finds our products and services are fit for purpose, and provide features, flexibility, and support to meet the protection needs of the target market.

We defined clear target markets and support our distributors in assessing the suitability of the product for their client by providing a full library and support for client conversations and online tools here [Protection resources: LV= Adviser](#)

Analysis of feature and benefit use has shown a low use of guaranteed insurability options (GIOs). We have helped to raise awareness of GIOs through providing our customers with regular statements.

We monitor and review the amount of claims we pay to ensure it is a fair reflection of the premiums we receive from customers. We are satisfied that our claims ratios are fair and have been during the assessment period. We publish our payout ratios for claims by product annually, and our latest Claims report is available on [LVAdviser.com](#)

In 2025 we paid out nearly £151 million in claims to over 8,000 individuals and families. We paid 95% of overall claims. However, we were unable to pay 5% of claims because of non-disclosure or not meeting the claim criteria or definition. We continue to review and enhance our literature, questions asked at application and adviser information to improve customer understanding of when they can claim and what to disclose during the application process.

In 2025, we have continued to strengthen our customer insight activity focused on "Money Out," including maintaining a regular survey to better understand why customers cancel their cover. This shows that 76% of cancellations are initiated directly by customers, with only 24% engaging their adviser beforehand. We have also introduced proactive outbound contact for customers who miss a premium, ensuring they are fully informed of product features and the range of support available to them, particularly where financial assistance may be required.

Alongside this, we continue to support customers through options such as payment breaks and product flexibility where appropriate.

Price and Value Outcome

This outcome focuses on indicators and metrics to assess and evidence that our products and services provide fair value relative to the benefits received, including distribution costs. We do this by monitoring:

- expected value of policy benefits against the expected value of future premiums.
- fees and commission, ensuring the commission we pay is reasonable in relation to the service provided by the adviser, and complexity of the product.
- costs to provide the product.

We are satisfied our customers are receiving fair pricing for the benefits they receive and that our governance processes ensure pricing delivers fair customer value.

We have improved our governance around new distribution commission requests and operating parameters for commission payments, which are assessed depending on the nature of the arrangement and consider the value the distributor brings to the customer. We continue to actively engage with distribution partners to ensure we are confident customers receive fair value when taking distribution costs into account.

We use public, third party, and external information and insight to benchmark product cover, features, underwriting and additional benefits to determine price relative to market.

We do not charge customers any additional fees throughout the life of their products for cancelling or amending their policy and provide free phone numbers for contacting us.

LV= offers everyday support to protection customers, whether they have claimed on their cover or not. This includes LV= Doctor Services, which provides access to expert medical services offering support for any health issues including access to remote GP.

Customer Understanding

This outcome focuses on indicators and metrics to assess and evidence that customers receive timely, accurate and accessible communications that give them the information needed to make timely and informed decisions about financial products and services. These include outcome testing and customer surveys on communication effectiveness.

- We are satisfied our customers are receiving timely, accurate and accessible communications at outset and at key points during the lifecycle of their product, to support them in financial decisions.
- We introduced regular statements for in force protection customers to remind them about the cover they have, the main product features (including member benefits), and encouraging them to review their policy to ensure it still meets their needs.
- We have a robust communications toolkit, which we have developed with a third party behavioural science agency, to ensure consistent use of straightforward language and clear presentation of information. This helps customers understand what they need to do and what we are doing for them.
- We will continue to work on how we can better communicate with and support customers through the lifecycle of their product and explore digital options as we invest in our technology and modernising our propositions.

- We will continue to seek feedback through our customer testing and membership community, to ensure that our customers understand their cover. We used the feedback we receive as part of our regular review of communications and outcome testing. Please contact us if you would like more information.

Consumer Support Outcome

This outcome focuses on indicators and metrics to assess and evidence that the type, level, and quality of service provided to customers across all cohorts (including vulnerable customers) is sufficiently supporting them during the lifecycle of the product. This includes monitoring:

- Service Processes, Metrics and Thresholds
- Customer Complaints
- Customer Feedback.

Based on this, we are satisfied that customers are able to access support without unreasonable barriers, and that the level of support provided remains appropriate to their needs.

During the review period there were no issues identified with complaints, or any root causes which undermine the fair value delivered by our protection products. We take complaints seriously and the FCA publish high-level complaints data on their website allowing you to compare LV= against other firms.

We have continued to enhance service delivery, including reducing call wait times and maintaining a call-back capability, improving accessibility and reducing friction in customer journeys. Our virtual assistant "Liv" enhances accessibility by providing immediate support and improving journey efficiency for simpler queries. We monitor performance to ensure good outcomes, including customer feedback, journey completion and appropriate escalation to human support—particularly for vulnerable or complex cases – ensuring digital support complements, rather than replaces, human interaction.

We maintain a strong focus on customer vulnerability, ensuring that customers in vulnerable circumstances receive support tailored to their needs. This includes:

- Ongoing collaboration with specialist charities to inform our support approach.
- Continued investment in colleague capability through enhanced vulnerable customer training.
- A dedicated team to support complex and escalated cases.

We have recently partnered with Experian Support Hub. This tool helps customers disclose any support needs they want to share, not only with us but with other firms using Support Hub. Further improvements are planned in 2026 to strengthen identification, data capture and application of vulnerability insights, ensuring more consistent delivery of good outcomes.

Distributor Information and Support

To undertake your own distribution assessment of Fair Value, you will need to be aware of the total cost of the product at outset and across its lifetime. This should include any additional fees or charges paid directly to you by the customer.

We have experience in supporting distributors with information and tools to support positive customer outcomes. Our key distributor measures include persistency, disclosure and claims rates. We meet with distributors regularly to discuss performance and customer outcomes.

Please contact us if you would like more information.

To find out more about our products and services, please contact your LV= Account Manager.



[LVadviser.com](https://www.lvadviser.com)

If you'd like us to send you this document or any future correspondence in another format, such as Braille or large print, please just let us know.

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