



Fair Value Assessment

Protection

Product name: Pegasus Whole of Life Plan (Reviewable Premiums)
Assessment Date: April 2026

Summary of Fair Value Assessment

Royal London's updated Fair Value Assessments across its Protection product portfolio for 2026 have been completed and shared.

This demonstrates that the products and services provided by Royal London continue to represent fair value for customers and are designed to deliver good outcomes across the full customer journey. At Royal London, we actively oversee both the products we offer and the wider proposition that sits around them to make sure they continue to meet the needs of clearly defined target markets.

This year, we've further strengthened our Fair Value Assessment approach by enhancing the depth and consistency of monitoring across all four Consumer Duty outcomes. This monitoring shows that customers are consistently achieving good outcomes, including those who may be in vulnerable circumstances. There are many positive aspects to highlight.

- **Our comprehensive cover** provides a broad range of protection solutions with flexible features and options, enabling customers and their families to rely on us when it matters most. In 2025 we paid out a total of £821m in Protection claims, representing over 62,000 claims overall.
- **Our additional support services**, including the Helping Hand wellbeing and recovery services, form a key part of the overall value delivered, supporting customers through significant life events and helping to build resilience.
- **Our communications and engagement** continue to evolve, with increased use of the My Royal London portal alongside targeted prompts and reminders that encourage customers to actively understand and review their cover.

We'll continue to strengthen our approach in a small number of targeted areas, particularly in simplifying how we explain more complex features and further enhancing how we identify, support and measure outcomes for customers in vulnerable circumstances.

As always, we'll robustly monitor outcomes and respond to feedback, ensuring customers and advisers can remain confident in the value delivered.

Carrie Johnson
Customer Life Stage Director

Target Market Statement: Pegasus Whole of Life Plan (Reviewable)

Product description

This is a pure protection plan which pays out a lump sum in the event of the death of the person covered or diagnosis of a terminal illness that meets our definition.

The product can be taken out on a single or joint life basis:

- The product runs until the end of the person covered's life (or the end of life of both people covered for joint life second event basis) and is paid for monthly or annually.
- It's possible to choose the cover on a level or increasing basis (increasing by either Retail Prices Index or a fixed rate between 2-5%).
- Optional Waiver of Premium cover is available. This pays the monthly or annual plan premiums if the person covered meets our definition of incapacitated or terminal illness up to age 90.
- Single life basis pays out when the person covered dies or meets our definition of a terminal illness.
- Joint life first event basis is typically for those who are jointly tied to a financial commitment. It pays out when the first of either of the people covered dies or meets our definition of a terminal illness.
- Joint life second event basis is typically for spouses and civil partners who wish to cover potential inheritance tax liabilities. It pays out once when both people covered die or meet our definition of a terminal illness.
- The premiums are reviewable on the 10 year anniversary and every 5 years thereafter. The premiums will increase significantly at each review because the new premium is based on customer age on the review date and our future outlook on claims, investment returns, expenses, tax and regulatory environment, and reinsurance premiums.

Who the product is designed for

- Individuals and couples who want to:
 - Make sure funding is available to meet an inheritance tax liability upon their death.
 - Have lower initial premiums and are willing to accept significant premium increases should the cover be kept beyond their review period.
 - Work with financial advisers to reduce inheritance tax liability through estate planning.
- People who want:
 - Level cover for a fixed amount (known as their 'sum assured') where their protection needs are unlikely to change. The premiums will increase at reviews but the cover is fixed if those premiums are accepted.
 - Increasing cover to protect against the impact of inflation on the sum assured. The premiums will go up annually for the increasing cover option and also when the reviews take place.
- The people covered must be resident in the UK, Jersey, Guernsey, or Isle of Man.
- Individuals with vulnerabilities most frequently attributed to physical and/or mental health issues, lower levels of financial understanding and reduced financial resilience. Individuals from these groups will be present in the target market and supported by this product.
- Customers between age 18 and 89 years old but we would typically expect most customers to be between the ages of 45-69.

Who the product is not designed for

- Customers who are looking for premiums that remain unchanged and whose financial situation may not support long-term premium payments increasing over time.
- Customers seeking an investment return or cash value.
- Customers who purchase without professional financial advice or understanding of its long-term implications.
- Customers looking for a lump sum or regular income if diagnosed with a critical illness.
- Customers who are looking for a monthly income if they can't work because of an illness or injury or become unemployed/made redundant.
- Customers younger than age 18 or aged over 89.

Distribution strategy

This product should be sold face-to-face, over the telephone or via digital channels and distributed

on a fully advised basis. It should not be sold on an execution-only or non-advised basis.

How to use this Fair Value Assessment

The Consumer Duty ('Duty') sets the standard of care that firms should give to customers. Royal London is the manufacturer of this product. We've designed this Fair Value Assessment so Distributors can easily assess the product's fair value against the four Duty outcomes. This information also helps Distributors demonstrate that they're meeting their own Duty obligations.

Products and services outcome

- We've assessed our products and services as fit for purpose, providing features, flexibility, and support to meet customers' protection needs.
- Clear target markets have been defined, and we can evidence that our product is being distributed to the right customers. 97% of Reviewable Whole of Life customers are in suitable target markets, using products and features as expected (at October 2025). Where customers fall outside the defined target market, this is monitored closely and appropriate actions are taken to ensure ongoing fair value and customer understanding.
- We've continued to make enhancements to our digital trust processes to encourage access and take up. This together with our beneficiary nomination feature continues to result in more customers planning ahead and ensuring their chosen beneficiaries receive the benefits. We'll continue to focus on this area to make sure we're delivering quicker claims payments and better outcomes at "moments of truth".
- We undertake specific monitoring of plans with reviewable premiums to provide assurance that customers understand the likely extent of future increases in their premiums and behaviour reflects the different implications over time compared to plans with non-reviewable premiums.
- Vulnerability continues to be a key focus within the products and services we provide. We're committed to incorporating inclusive design principles during our product and service design. This, combined with insight and feedback to guide future changes and enhancements, ensures we can best meet the needs of customers in vulnerable circumstances. We're also working hard to provide more data to evidence the outcomes for vulnerable customers. This data helps us continuously improve our services and make sure that all customers receive consistently good outcomes.

Price and value outcome

- We're satisfied customers are receiving fair pricing for the benefits they receive, with robust governance and oversight in place to make sure our pricing remains at a fair level and delivers customer value.
- A suite of Helping Hand services is available to all customers. We continue to promote this through the My Royal London portal which will further increase awareness and usage.

Consumer understanding outcome



- We're satisfied there's sufficient evidence to establish that customers are receiving timely, accurate and accessible communications at onboarding and at key times to support their financial decisions. Our communications have been tested, providing evidence that customers understand the information they are given, and they can make timely and informed decisions.
- Our communications are available in a range of alternative formats to support the information needs of customers, including vulnerable customers. Testing has confirmed that content is generally well understood and jargon free.
- We continue to enhance how we communicate with customers throughout the lifecycle of their products. Currently our communications encourage customers to engage using tools such as the My Royal London portal. We've developed an annual email to invite customers to register and log into the portal to review their cover. Reminders and nudges are helping to encourage further engagement, prompting customers to take advantage of the features and options of their products.
- We'll continue to seek customer feedback to make sure they understand the cover they have and reflect this in reviews of our communications. This is particularly important for customers with Reviewable Whole of Life cover, where understanding when their premium will increase and by how much, as well as regularly reviewing their ongoing need for cover, is essential.

Consumer support outcome



- Customers and advisers can engage with Royal London in line with their preferences, with a mix of digital, email and telephony being used. We're confident that our service continues to deliver positive outcomes.
- Although we've met the service levels for claims, we've not met ambitious service levels we set ourselves for all customer support, particularly for servicing and new business through the underwriting journey. We have an agreed plan to bring these in line with our targets.
- We support our customers in vulnerable circumstances through multiple channels and are continuously enhancing our digital support offerings. Additionally, we're building greater capability to test and measure vulnerable customer outcomes, ensuring they consistently receive good outcomes.

Green indicates the outcome has some individual non-material measures outside of acceptable tolerance. There is a low likelihood that this will have a detrimental impact on customer outcomes in the next 12 months.



Amber indicates the outcome has some non-material measures or individual material measures outside of acceptable tolerance. There is a possible likelihood that these will have a detrimental impact on customer outcomes in the next 12 months.



Red indicates the outcome has some material measures outside of acceptable tolerance. There is a probable likelihood that these will have a detrimental impact on customer outcomes in the next 12 months.



Our approach to Fair Value Assessment

We regularly monitor and review our products using our customer outcomes frameworks to make sure they continue to meet the needs of their target market and deliver good customer outcomes. This is an overview of how we've assessed this product against the four Duty outcomes.

Products and services outcome

Products and services are fit for purpose, designed to meet the needs of customers in the target market and are distributed appropriately.

We've checked that:

- The distribution channel and customer base are in line with the product's target market
- Customers use the product in the way it's intended, receive the necessary support and avoid foreseeable harm throughout the lifetime of the product
- Vulnerable customers are identified and protected from key risks.

Consumer understanding outcome

Customers receive the information they need, at the right time and presented in a way they can understand.

We've checked that:

- Communications have a clear purpose, provide customers with the information they need to achieve their financial objectives, and are easily understood and timely
- Communications are available in alternative formats, including those which support vulnerable customers.

We also regularly analyse customer complaints to identify the root cause of any issues and act to address each in a timely manner.

Price and value outcome

The amount customers pay for a product or service represent fair value for the benefits they receive from it.

We've checked that:

- The total amount paid by customers includes all agreed costs and charges over the lifetime of the product
- Customers receive benefits they can reasonably expect for the total amount paid over the lifetime of the product
- Services included within the product are appropriate for customers in the target market.

Consumer support outcome

Customers should be able to realise the benefits of the products and services they buy and are supported in pursuing their financial objectives.

We've checked that:

- Customer requests are carried out promptly and accurately
- Powers of Attorney receive the same level of service as customers
- There are different channels of support available, including those which support vulnerable customers.

Distributors have a responsibility to make sure that fees or charges paid directly to them by customers don't adversely impact the overall value to that customer. Our assessment is only based on commission paid or charges we've been asked to pay to our distribution partners as part of the sale or servicing of our products. We periodically review Distributor remuneration and charging structures to understand the overall cost to customers. This helps assess whether our products continue to offer fair value to customers.

Product Development Process

We aim to develop products that deliver good outcomes for customers in the identified target market. Our product development process is designed to make sure we act in good faith, avoid causing foreseeable harm to customers, and enable and support customers to pursue their financial objectives. This process includes, but isn't limited to:

- Identifying the target market – who the product is suitable for and who it's not
- Designing the product to meet the identified needs of the target market over the lifetime of the product, including the needs of customers who may be vulnerable
- Identifying a distribution strategy that aligns with the needs of the target market, including for customers who may be vulnerable
- Establishing costs and charges that are appropriate and represent fair value for customers in terms of the amount paid and the benefits that they can reasonably expect to receive
- Developing customer communications that are clear, easy to understand and timely
- Ensuring customers don't face unreasonable barriers when using the product or progressing their financial objectives.

For further information visit
adviser.royallondon.com



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