

## Fair Value Assessment – Closed Product – Annuities

Assessment Date: July 2024

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This information is, only, intended for professional advisers and intermediaries such as financial and investment advisers. It is not intended for customers' use.

The information provided is designed to help you understand the value that the closed annuity products, issued by London & Colonial Assurance PCC Plc ('LCA'), provide your customers in line with the Financial Conduct Authority's ('FCA') Consumer Duty Policy Statement PS22/9 and Finalised Guidance FG22/5.

### Overview

Our Product Governance Committee scrutinise the suitability of both open and closed products and ensures they continue to offer fair value to customers.

We aim to develop products that deliver good outcomes for customers in our identified target markets. Our product development process is designed to ensure we act in good faith, avoid causing foreseeable harm to customers, and enable & support customers to pursue their financial objectives.

### Fair Value Assessment Summary

Our assessment confirms:

- These products continue to meet the needs of our customers.
- These products continue to provide fair value to our customers when considering all the features, services, and on-going pricing.
- The distribution channel for these products was appropriate.

Our assessment is based on our understanding of the current legislation as at the assessment date. Tax regulations are subject to change and will depend on your client's personal circumstances.

Within your assessment you should consider any additional fees being charged to your clients for services not facilitated by us, including any fees for advice being received.

### Open Annuity and Managed Open Annuity Product Description

The Open Annuity and the Managed Open Annuity are unit-linked lifetime annuities which were designed to provide flexible annuity payments to suit our customers personal needs. They were purchased with funds from UK registered pension schemes.

Customers have the ability to vary the amount taken between minimum and maximum amounts determined by us. Customers also have the ability to take lump sum payments, in any one year, where the maximum amount hasn't been reached.

The Open Annuity was available through financial advisers on an advised basis only from 2002 to 5 April 2006.

The Managed Open Annuity, a low-cost version of the Open Annuity was available through financial advisers on an advised basis only from 2004 to 5 April 2006.

The financial advisers that sold these products needed the appropriate permissions from the Financial Conduct Authority and current Terms of Business with London & Colonial Assurance PCC Plc.

### Product Features

- To provide flexible annuity payments based on your customer's circumstances within minimum and maximum amounts determined by us.
- To enable you or the investment adviser (including discretionary fund managers) the control to invest in a wide range of permitted investments.
- To allow individuals, if they wish, on their death to provide annuity payments to their spouse or dependant.
- To allow individuals to convert to a conventional annuity if when the minimum and maximum amounts are reviewed the minimum amount is 35% or less of the minimum amount determined at commencement.

## New Open Annuity and Multi-Platform Open Annuity Product Description

The New Open Annuity and Multi-Platform Annuity are unit-linked lifetime annuities which provided flexible annuity payments, during lifetime and on death a choice of benefits (lump sum death benefit, guaranteed period, nominated second life annuity or charity lump sum death benefit). They were purchased with funds from UK registered pension schemes.

Customers have the ability to vary the amount taken between a minimum of 50% and a maximum of 120% of the average of the best three annuity rates available. Customers also have the ability to take lump sum payments, in any one year, where the maximum amount hasn't been reached.

The New Open Annuity was available through financial advisers on an advised basis only from 2007 to 2014.

The Multi-Platform Open Annuity was available through financial advisers on an advised basis only from 2013 to 5 April 2017.

The financial advisers that sold these products needed the appropriate permissions from the Financial Conduct Authority and current Terms of Business with London & Colonial Assurance PCC Plc.

### Product Features

- To provide flexible annuity payments at different amounts (within the minimum and maximum parameters) and frequency intervals based on individual circumstances.
- Regular reviews (no less than every five years) to ensure that the best available annuity rates are received.
- To enable you or the investment adviser (including discretionary fund managers) the control to invest in a wide range of permitted investments. Under the Multi-Platform Open Annuity investments are restricted to a wide range of investments across a carefully selected investment provider panel which includes investment managers, execution only stockbrokers, offshore bonds, and investment platforms.
- Ability to add and change a nominated second life at any time.
- On death any remaining fund can be paid either as a lump sum or it can be used to provide an income for dependants/beneficiaries.
- Automatically have a guaranteed period of up to 10 years (but can opt out). If selected, on death, the annuity payments will continue to be paid for the remainder of the guaranteed payment period.

## EU Open Annuity Product Description

The EU Open Annuity is a unit-linked annuity which is designed to provide flexible annuity payments to suit our customers personal needs. It was purchased with funds from non-UK pension schemes.

Customers have the ability to vary the amount taken between a minimum of 50% and a maximum of 120%. Customers also have the ability to take lump sum payments, in any one year, where the maximum amount hasn't been reached.

The EU Open Annuity was available through financial advisers on an advised basis only from 2011 to 2012.

The financial advisers that sold these products needed the appropriate permissions from the Financial Conduct Authority and current Terms of Business with London & Colonial Assurance PCC Plc.

### Product Features

- To provide flexible annuity payments based on your client's individual circumstances within minimum and maximum amounts determined by us.
- To enable you or the investment adviser (including discretionary fund managers) the control to invest in a wide range of permitted investments.
- To allow individuals, if they wish, on their death to provide annuity payments to their spouse or dependant.
- To allow individuals to convert to a conventional annuity.

### ✓ Products and services

- We have assessed these products and are satisfied that the features and services continue to help our customers achieve their financial objectives while mitigating foreseeable harm.
- We are satisfied that our customers are using the products' features in line with expected behaviour.
- Closure of the products were based on changes in legislation.

### ✓ Customer Understanding

- We have assessed that some of our customers may exhibit characteristics of vulnerability.
- We are satisfied that our range of communication channels cater for the needs of our customers. Overall, customers, are receiving timely, accurate and accessible communications.
- To us communication is key. That is why we regularly test our customer and adviser understanding of our communications. Action is taken if there are areas for improvement.
- We strive to always learn; by developing customer service surveys intended to support the continuous improvement of our products and services.

### ✓ Price and Value

- We have assessed that the ongoing charges associated with the products offer value for money.
- We have reviewed the flexibility and features of the products and are satisfied that these are fair, reasonable and offer good value.

### ✓ Customer Support

- We have assessed our ability to provide a consistent and high-quality service to our customers and are satisfied that our support delivers good outcomes.
- We are satisfied that these services are being delivered in line with our internal levels of service. Feedback received from both customers and advisers has been positive.
- We are satisfied that complaint levels are within expected targets. We regularly analyse complaints to identify the root cause of any issues and act to address each in a timely manner.
- We are continuing to improve our ability to identify customers who need additional support.

## About us

London & Colonial Assurance PCC Plc was established in 2001 as a public limited company and a life insurance provider. LCA is a Gibraltar based life insurance company operating out of Gibraltar.

LCA is part of STM Group Plc ('the Group'), a multi-jurisdictional financial services group listed on AIM, a market operated by the London Stock Exchange. Established in 1989, the Group specialises in the administration of client assets in relation to retirement, estate and succession planning and wealth structuring. Today, STM Group Plc has operations in Australia, Gibraltar, Malta, Spain, and the UK.

Gibraltar is a highly regulated jurisdiction, with significant depth and breadth of expertise in the financial services sector. Its strong regulatory framework has embedded stringent anti money laundering and compliance standards which underpin its ability to quickly adapt to new business trends. With its strong ties to the UK, Gibraltar is a trusted yet innovative jurisdiction.

Gibraltar observes high standards of supervision and financial regulation. The Gibraltar Financial Services Commission ('GFSC') is the regulatory authority for all financial services providers operating in and from Gibraltar. All financial services providers, both companies and individuals (including where the latter act as directors of client companies), are required to be licensed and subject to regular inspection by the GFSC.

### Further Information

If you would like further details on our products or services, please contact us on the details below:

☎ Telephone: 0044 (0)2036 406843

✉ Email: [LCA@stmgroup.online](mailto:LCA@stmgroup.online)

📍 Address: 3<sup>rd</sup> Floor, 55 Line Wall Road, Gibraltar GX11 1AA



Gibraltar Company Registration Number: 80650  
London & Colonial Assurance PCC Plc is a Gibraltar registered company, and is incorporated under the Gibraltar Insurance Companies Act as a Protected Cell Company. London & Colonial Assurance PCC Plc is regulated by The Gibraltar Financial Services Commission - Permission Number: 5191. Registered Office: 3<sup>rd</sup> Floor, 55 Line Wall Road Gibraltar, GX11 1AA

**Postal Address:**  
**London & Colonial Assurance PCC Plc**  
3<sup>rd</sup> Floor  
55 Line Wall Road  
Gibraltar, GX11 1AA  
T (UK): 0044 (0)2036 406843  
[www.londoncolonial.com](http://www.londoncolonial.com)  
[LCA@stmgroup.online](mailto:LCA@stmgroup.online)