Flexible Life Annuity Fair Value Assessment

Assessment Date: July 2025

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 Flexible Life Annuity, issued by London & Colonial Assurance PCC Plc ('LCA'), provides 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 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.

Flexible Life Annuity Fair Value Assessment Summary

Our assessment confirms:

- The Flexible Life Annuity meets the needs of our target markets.
- The Flexible Life Annuity provides fair value to our target markets when considering features, services, pricing, and distribution.
- The distribution channel for the Flexible Life Annuity is 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 customer's personal circumstances.

Product Description

The Flexible Life Annuity is a unit-linked purchased life annuity written on a single life basis. It is designed to provide annuity payments to the customer ('Annuitant') for the Annuitant's life or until the assets within the fund have been exhausted.

As this is a unit-linked annuity where the value of units can go up as well as down, we want to ensure the level of annuity payments can continue to be supported for the Annuitant's life. Therefore, every three years we will recalculate the level of annuity payments that could be purchased with the then value of the annuity using the Annuitant's new life expectancy and inform you and your customer. This is to help you have a conversation with your customer as to their future annuity payment needs.

Product features

- To provide flexible annuity payments at different amounts and frequency intervals based upon your customer's needs.
- To allow your customer to invest additional amounts in the future.
- To provide a tax-exempt sum each year in line with current legislation which can be carried forward to future years, if not taken.
- To give you or the investment adviser (including discretionary fund managers) the opportunity to invest in a wide range of investments for your customer.
- To provide an estate planning solution, if purchased in conjunction with a LCA preference share, which results in any value left in the Flexible Life Annuity being available for your customer's beneficiaries on their death.

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Target Markets

- UK tax residents aged 18 and over who have £100,000 or more to invest to generate income for life.
- Customers at any life stage that need flexible access to their investment depending on their individual circumstances. For example, allowing annuity payments to be increased or decreased depending on their individual income needs in a particular tax year.
- Customers that want an estate planning solution but require access to their investment.
- Customers who have used their ISA or pension allowances and could benefit from other ways to invest tax-efficiently.
- Customers who wish to retain control of their investment during their lifetime (and on death, have the remaining value of the Flexible Life Annuity available to provide benefits for dependants and other beneficiaries).

Not suitable for

- Non-UK tax residents, individuals aged 17 and under and/or individuals with less than £100,000 to invest.
- Customers not prepared to accept the risk of potential investment losses.
- Customers requiring immediate access to all their investment or guaranteed annuity payments for the rest of their lives.
- Customers who are solely dependent on the annuity payments provided.
- Customers who do not wish to take any annuity payments to enhance the amount, which would be available to their beneficiaries, on death.

Product Distribution

This product is designed to be distributed through financial advisers on an advised basis only. With the investments being managed by an appointed investment adviser, which maybe you, a discretionary fund manager or someone else.

All firms distributing the Flexible Life Annuity must have a current Terms of Business with LCA.

Products and services

- We have assessed the Flexible Life Annuity and services we offer to our target markets and are satisfied that it helps your customers to achieve their financial objectives while mitigating foreseeable harm.
- We have clearly defined our target markets and are satisfied that the Flexible Life Annuity is being distributed to the right customers.
- We are satisfied that customers are using the products and features in line with expected behaviour.
- Our target markets include customers who may exhibit characteristics of vulnerability initially or at a future date. For example, physical, mental health, and/or financial vulnerabilities.

Price and Value

- We have assessed the Flexible Life Annuity's charges and are satisfied that they are competitive in the markets.
- We regularly review our pricing approach to ensure it remains appropriate for our target markets (for example, in line with the costs we incur).
- We have reviewed the flexibility and features of the Flexible Life Annuity and are satisfied that these are fair, reasonable and offer good value.
- Whilst some competitors price match to win new business, our approach is to offer our best rate first time. We have priced the Flexible Life Annuity ensuring fair value for all the features offered. However, distributors will need to decide if their fee levels maintain fair value.

Customer Understanding

- We have assessed our range of communication channels and are satisfied that we cater for the needs of our target markets. 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. Areas for improvement are considered and incorporated depending on the needs of the target markets.
- We strive to always learn; by developing customer service surveys intended to support the continuous improvement of our products and services.

Customer support

- We have assessed our ability to provide a consistent and high-quality service to our target markets and are satisfied that our support delivers good outcomes to the customer within our target markets.
- 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 signpost customers to various external resources to help them with their wider financial objectives.
- 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:

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