

# CONVEX INSURANCE UK LIMITED

## Product Oversight and Governance

### Information to Distributors – Product Passport



## 1. Aim of this document

As a manufacturer of insurance products, we are required to provide you with information to enable the compliant sale of our products. The information contained in this document should enable you to:

- Understand the Convex product being distributed;
- Identify the appropriate target market;
- Observe requirements relating to the insurance Distribution Directive; and
- Safeguard the best interests of the target market.

We further outline the requirements of product oversight & governance (POG) rules and the respective roles and responsibilities of manufacturers and distributors below.

## 2. Introduction to Product Oversight and Governance

Product Oversight and Governance (“POG”) refers to the systems and controls firms have in place to design, approve, market and manage products throughout the products’ lifecycle to ensure they meet legal/regulatory requirements and deliver fair value to customers.

POG is principally governed by the Insurance Distribution Directive (EU) 2017/2358. The Directive applies to all firms that manufacture and distribute insurance products in the UK/EU, however, care should be taken to identify any additional local rules that may apply on a state level. The information in this guide is limited to the requirements of the IDD and UK FCA product governance rules (PROD 4).

## 3. POG Roles and Responsibilities

Maintaining effective oversight and governance arrangements is the responsibility of both ‘Manufacturers’ and ‘Distributors’. A Manufacturer is “a firm which creates, develops, designs and/or underwrites a contract of insurance”, whereas a Distributor is anyone engaged in advising on or proposing contracts of insurance.

As a carrier, Convex is deemed a manufacturer, however, in some instances, there will be co-manufacture between Convex and another insurer or distributor. Co-manufacturing occurs when two or more parties have a “decision-making role in determining the essential features and main elements of a product, including coverage, price, costs, risks, target market and compensation/guarantee rights”.

### 3.1 Manufacturer's Responsibilities

It is the responsibility of (co)manufacturers to furnish distributors with appropriate information to guide the distribution of products. In addition, manufacturers must maintain a product approval process to:

- Identify suitable/non suitable target markets for products
- Conduct product testing
- Select appropriate distribution channels
- Periodically monitor and review products
- Develop insurance product documents (IPIDs)

The allocation of POG responsibilities between co-manufacturers will be reflected in the IDD endorsement of the Binding Authority Agreement or Slip.

Manufacturers must also ensure that staff engaged in the development and distribution of products complete a minimum of 15 hours relevant CPD training per annum.

### 3.2 Distributor's Responsibilities

It is the responsibility of all distributors to maintain up to date knowledge of the product being sold, its intended target market, the needs of that market, and the distribution strategy. As per IDD requirements, regulated distributors must complete a minimum of 15 hours CPD training covering:

- The terms and conditions of product(s) being sold
- Relevant knowledge of claims handling
- Relevant knowledge of complaints handling
- Relevant knowledge of applicable laws/regulations governing distribution of the product
- Assessment of customer needs
- Business ethics standards
- Minimum necessary financial competency

Distributors must obtain from the manufacturer all the information required to distribute products in accordance with IDD requirements. Should further information be needed to enable the compliant distribution of a Convex product, please notify your Convex contact.

Distributors must make this product passport available to all approved sub agents/ intermediaries in the distribution chain.

Distributors must also regularly report to Convex the sales, claims, and complaints information it accumulates in relation to a Convex products. In addition, an annual questionnaire will be sent to distribution partners to monitor the ongoing fair value of products.

Lastly, distributors must be alert to and promptly notify Convex of any product related circumstances that may adversely affect the interests of customers.

# PRODUCT PASSPORT

## COMMERCIAL COMBINED LIABILITY POLICY (UK)

Product Details	
<b>Manufacturer(s)</b>	Convex Insurance (UK) Limited
<b>Class of business</b>	Casualty and Property
<b>Product reference</b>	CONX-CAS-009-0322
<b>Product risk rating</b>	Medium
<b>Binding Authority Ref</b>	N/A
<b>Effective date</b>	17/10/2023
<b>Date of last review</b>	17/10/2023

Product Description
<p>This product provides standard liability and property insurance to commercial customers operating business located in the UK. The product has two types of cover (casualty and property), plus a number of separate sections and extensions within each of these parts to cover a broad range of risks to business, with some of these sections and extensions being optional and priced individually.</p>

Product Features	
<b>Covers</b>	<p>Main covers:</p> <ol style="list-style-type: none"> <li>Employers' Liability</li> <li>Public Liability</li> <li>Product Liability</li> <li>Pollution Liability</li> <li>Material Damage</li> <li>Business Interruption</li> <li>Money</li> <li>Trade All Risks</li> <li>Goods in Transit</li> <li>Deterioration of Refrigerated Stock</li> </ol>
<b>Key exclusions</b>	<p>This Endorsement excludes any loss, damage, liability, cost or expense directly or indirectly arising out of or caused by or contributed to by:</p> <p><u>Exclusions applicable to the Casualty sections</u></p> <ol style="list-style-type: none"> <li>Abuse</li> <li>Data Protection</li> <li>Deliberate failure to prevent Bodily Injury or Property Damage</li> <li>Liquidated Damages</li> <li>United states of America and Canada</li> </ol>

	<p><u>Exclusions applicable to the Property sections</u></p> <ol style="list-style-type: none"> <li>1. Mould</li> <li>2. Northern Ireland – civil commotion</li> </ol> <p><u>General exclusions</u> (applicable to the entire policy)</p> <ol style="list-style-type: none"> <li>1. Asbestos</li> <li>2. Cyber and Data Loss</li> <li>3. Nuclear</li> <li>4. Communicable Disease</li> <li>5. War</li> <li>6. Terrorism</li> <li>7. Sanctions</li> </ol> <p>Some of the above exclusions do not apply to some of the covers (for instance, Employers' Liability), as further specified in the wording.</p> <p>In addition, there are exclusions applicable to each of the sections, cover or extension provided, as further specified in the wording.</p>
<b>Main restrictions</b>	As limited in the Schedule
<b>Additional cover(s)</b>	As set out in the wordings
<b>Optional cover(s)</b>	As set out in the Schedule
<b>Claims settlement bases</b>	Indemnity against legally liable Damages and Defence costs
<b>Frequently challenged policy terms</b>	None
<b>Policy length</b>	Variable but usually annual ± odd time.
<b>Policy structure</b>	This product is to be sold to individual insureds.

### Target Market Analysis

<b>Product complexity</b>	The technicality of this product and the intended distribution strategy is suitable for the intended target market. The wording and operation of the product has been designed to meet the needs and sophistication of commercial clients.
<b>Who is the target market?</b>	This product is intended for SME and Large UK commercial entities for a wide range of industry sectors.
<b>Risks associated with the target market</b>	There are no material risks/vulnerabilities associated with the intended target market.
<b>Who is this product not suitable for?</b>	<p>The product is not suitable for consumers.</p> <p>Consumers are defined as a natural person acting for purposes outside their trade or profession.</p>

### Fair Value Assessment

<b>Fair value definition</b>	Fair value means the relationship between the overall price paid by the end customer and the quality of the product(s) and/or service(s) received. Convex's fair value assessment considers value measures such as claims
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	history, complaints, commission and fees, staff remuneration, barriers to complaints/claims/cancellation and premium finance arrangements.
<b>Claims, cancellation and complaints history</b>	Levels of claims, cancellations and complaints are in keeping with market standards.
<b>Commissions/fees</b>	Brokerage is variable up to 22.5% on lineslips, and up to the full binder commissions given on delegated authorities. Commission percentages are in keeping with market standards.
<b>Premium</b>	Suitable for a broad range of premium levels.
<b>Price setting</b>	The rates set by Convex have been assessed as part of our value assessment and are deemed to be of fair value to the customer. Intermediaries capable of adjusting the overall price paid by the customer by way of commission, fees and charges must ensure that the overall price paid by the customer represents value for money and is in keeping with the FCA duty to act in the best interests of the customer.
<b>Distribution chain value</b>	The distribution strategy represents value for money, commissions and fees reflect services rendered and there are no superfluous intermediaries in the chain. The overall method of distribution is cost effective (refer to commissions/fees and price setting above).
<b>Remuneration / sales incentives</b>	Volume dependent remuneration should be avoided by distributors and must not conflict with the best interests of the customer.
<b>Premium finance arrangements</b>	This product has not been assessed as suitable for premium finance. Any premium finance arrangements sold alongside this product must be approved by Convex.

### Distribution Strategy

<b>Approved distribution channels</b>	The distribution channel is via a select number of UK regulated intermediaries only.
<b>Special Distribution/Service arrangements</b>	N/A
<b>Delegated authority</b>	This product is suitable for distribution via delegated authority subject to approval by Convex and the terms of a Binding Authority Agreement.
<b>Advised/non-advised sales</b>	This product is to be sold on an advised basis only.
<b>Online sales &amp; marketing</b>	This product may not be distributed via online sales.  All marketing materials must be formally reviewed for regulatory compliance by the distributor prior to publication.

### Conflicts & Risks

No conflicts or risks identified. Where a conflict is identified by the distributor it must be mitigated appropriately, recorded, and communicated to Convex.



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