

# CONVEX INSURANCE UK LIMITED

Product Oversight and Governance

## PRODUCT PASSPORT

Equine Restricted Perils Product (UK)

## 1. Summary

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 support you in:

- Understanding the Convex product being distributed
- Identifying the appropriate target market
- Observing requirements of the Insurance Distribution Directive
- Safeguarding 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.

## 2. 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 Distributors 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 product. 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 Details	
Product Name	Equine Restricted Perils Product (UK)
Product Reference	CONX-EQ-004-0522
Product Manufacturer	Convex Insurance (UK) LTD
Line of Business	Equine
Binding Authority Reference	NA
Effective Date	19-10-2023
Date of Last Review	19-10-2023

Product Description
<p>This product is based on Lloyd's market standard wordings for restricted cover if an insured horse dies by fire/lightning collision whilst in transit, sinking of vessel and windstorms. There is very little uptake of this product, however it is often required for large scale operations or as a cheaper alternative to full mortality cover.</p>

Product Features	
Covers	<p>Cover is for the death or humane destruction of a horse due to any of the following insured perils:</p> <ul style="list-style-type: none"> <li>▪ Fire, lightning, explosion, or smoke resulting from fire, lightning or explosion.</li> <li>▪ Rail Collision, derailment or overturning.</li> <li>▪ Sinking, burning or collision of vessels in which the horse is being conveyed (inland only).</li> <li>▪ Collision or overturning of road vehicles in which the horse is being conveyed other than vehicles owned or operated by the insured.</li> <li>▪ Accident to an aircraft in which the horse is being conveyed.</li> <li>▪ Windstorm, hail, earthquake, flood, objects falling from aircraft.</li> </ul>
Key Exclusions	<p>Across the whole policy:</p> <ul style="list-style-type: none"> <li>▪ Avian Influenza.</li> <li>▪ Coronavirus disease.</li> <li>▪ Confiscation or nationalisation.</li> <li>▪ Cyber.</li> </ul>

	<ul style="list-style-type: none"> <li>▪ Intentional Slaughter.</li> <li>▪ Malicious or wilful acts.</li> <li>▪ Nuclear risks.</li> <li>▪ Post-mortem costs.</li> <li>▪ Pre-existing conditions (unless fully disclosed and accepted in writing by us).</li> <li>▪ Race track.</li> <li>▪ Terrorism.</li> <li>▪ Use other than as stated in the Schedule.</li> <li>▪ War.</li> </ul>
<b>Main Restrictions</b>	As limited in the Schedule.
<b>Optional Covers</b>	Various endorsements can be attached to the core wording.
<b>Cross-selling/ Ancillary/Packaged Product</b>	N/A
<b>Claims Settlement Bases</b>	The basis of cover is indemnity on the basis of the fair market value of the insured horse, up the value specified in the Schedule.
<b>Frequently Challenged Policy Terms</b>	None
<b>Policy Length</b>	Annual/Event
<b>Policy Structure</b>	This product is to be sold to individuals and not groups.

<b>Target Market Analysis</b>	
<b>Product Complexity</b>	This product is not deemed to be complex. The wording and operation of the product has been designed to meet the needs and sophistication level of retail and commercial clients.
<b>Target Market</b>	This product is intended for consumers, microenterprises, SMEs and large commercial entities looking for restrict cover options.
<b>Risks associated with Target Market</b>	There are no material risks/vulnerabilities associated with the intended target market other than potential limited understanding

	of insurance principles of some consumers. The wordings have therefore been drafted to be accessible to consumers.
<b>Product Unsuitability</b>	NA

<b>Fair Value Assessment</b>	
<b>Fair Value Statement</b>	<p>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.</p> <p>Our fair value assessment considers value measures such as:</p> <ul style="list-style-type: none"> <li>▪ Complaints</li> <li>▪ Broker feedback</li> <li>▪ Commission and fees</li> <li>▪ Staff remuneration</li> <li>▪ Pricing models</li> <li>▪ Claims stats</li> <li>▪ Cancellation rates</li> <li>▪ Premium finance arrangements</li> </ul> <p>Based on our assessment of the above metrics we conclude that the product provides fair value to the target market.</p>
<b>Distribution Chain Value</b>	<p>The intended distribution strategy has been assessed and there are no superfluous participants in the chain. Fees and commissions are commensurate with services rendered and the overall method of distribution is cost effective.</p>
<b>Remuneration / Sales Incentives</b>	<p>Volume dependent remuneration should be avoided and must not conflict with the best interests of the customer.</p>
<b>Premium Finance Arrangements</b>	<p>This product has not been assessed as suitable for premium finance. Any premium finance arrangements sold alongside this product must be approved by Convex.</p>

**Distribution Strategy**

<b>Approved Distribution Channels</b>	The distribution channel is via a select number of regulated brokers and coverholders with significant experience of equine retail/commercial business.
<b>Special Distribution/Service Arrangements</b>	NA
<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>Sales Type</b>	This product is suitable for advised and non-advised sales.
<b>Online Sales</b>	<p>This product may be distributed via online sales subject to approval by Convex.</p> <p>All marketing materials must be formally reviewed for regulatory compliance by the distributor prior to publication.</p>

### Conflicts & Risks

No conflicts or risks identified.





## **Convex Insurance UK**

52 Lime Street, London EC3M 7AF

## **Convex Re Limited**

2nd Floor, Dorchester House,  
7 Church Street, Hamilton,  
HM 11, Bermuda

[convexin.com](http://convexin.com)

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