

# CONVEX INSURANCE UK LIMITED

Product Oversight and Governance

## PRODUCT PASSPORT

Crime Insurance for Financial Institutions

The bottom half of the page is decorated with large, overlapping, abstract shapes in various shades of green, ranging from light to dark. These shapes are curved and fluid, creating a modern, organic feel. They partially overlap each other and the text area.

## 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	
<b>Product Name</b>	Crime Insurance for Financial Institutions
<b>Product Reference</b>	CONX-CRIFI-001-0424
<b>Product Manufacturer</b>	Convex Insurance UK Limited
<b>Line of Business</b>	Financial Lines
<b>Binding Authority Reference</b>	NA
<b>Effective Date</b>	25-04-2024
<b>Date of Last Review</b>	25-04-2024

Product Description
<p>Crime policy cover providing for the perils in relation to theft, deception, extortion, and employee infidelity for financial institutions on a worldwide basis. Includes both physical and electronic crime exposures. Cover and exclusions are in line with the market.</p>

Product Features	
<b>Covers</b>	Both internal and external crime, including computer crime, criminal deception, and extortion.
<b>Key Exclusions</b>	<ul style="list-style-type: none"> <li>▪ Indirect financial loss</li> <li>▪ Infrastructure and Human error</li> <li>▪ War &amp; Terrorism</li> </ul>
<b>Main Restrictions</b>	Indirect financial loss
<b>Optional Covers</b>	None. All as per form
<b>Cross-selling/ Ancillary/Packaged Product</b>	Cross sell with: <ul style="list-style-type: none"> <li>▪ Convex D&amp;O Insurance for Financial Institutions</li> <li>▪ Convex Professional Indemnity Insurance for Financial Institutions</li> </ul>
<b>Claims Settlement Bases</b>	Proof of loss
<b>Frequently Challenged Policy Terms</b>	Value of loss and ability for recovery
<b>Policy Length</b>	Annual or up to 18 months

<b>Policy Structure</b>	Group & companies only
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<b>Target Market Analysis</b>	
<b>Product Complexity</b>	This is an established market product that will be sold through brokers with specialist knowledge of the product, no advice required.
<b>Target Market</b>	<ul style="list-style-type: none"> <li>▪ Commercial Financial Institution companies</li> <li>▪ SME</li> </ul>
<b>Risks associated with Target Market</b>	None to be sold through brokers with specialist knowledge of the product.
<b>Product Unsuitability</b>	<ul style="list-style-type: none"> <li>▪ Non-Financial Institutions companies</li> <li>▪ Individuals</li> </ul>

<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>	Distribution will be through brokers with specialist market knowledge with established commissions.
<b>Remuneration / Sales Incentives</b>	Volume dependent remuneration should be avoided and must not conflict with the best interests of the customer.

<b>Premium Finance Arrangements</b>	Premium finance arrangements are subject to approval by Convex Insurance UK Limited.
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<b>Distribution Strategy</b>	
<b>Approved Distribution Channels</b>	Brokers with specialist market knowledge
<b>Special Distribution/Serviceing Arrangements</b>	NA
<b>Delegated Authority</b>	NA
<b>Sales Type</b>	No advice provided
<b>Online Sales</b>	Not currently approved

<b>Conflicts &amp; Risks</b>	
No conflicts anticipated	



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