

CONVEX INSURANCE UK LIMITED

Product Oversight and Governance

PRODUCT PASSPORT

D&O Insurance for Financial Institutions

A large, abstract graphic composed of several overlapping, curved shapes in various shades of green, ranging from light to dark. The shapes are arranged in a way that they appear to flow and curve across the bottom and right side of the page, creating a sense of movement and depth.

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	D&O Insurance for Financial Institutions
Product Reference	CONX-DOFI-001-0424
Product Manufacturer	Convex Insurance UK Limited
Line of Business	Financial Lines
Binding Authority Reference	NA
Effective Date	25-04-2024
Date of Last Review	25-04-2024

Product Description
<p>Directors and Officers Liability cover providing for cover in relation to the fiduciary duty of a board and senior individuals to the company, for this product being financial institutions. Cover and exclusions in line with the market.</p>

Product Features	
Covers	<ul style="list-style-type: none"> ▪ Individual D&O cover ▪ Company reimbursement cover ▪ Company securities claims cover
Key Exclusions	<ul style="list-style-type: none"> ▪ Misconduct ▪ Bodily Injury ▪ Property damage ▪ Professional Liability
Main Restrictions	As above
Optional Covers	Extension includes retired directors, employed lawyers, fines and penalties, cover for spouses/estates, pre investigation costs, mitigation costs, extradition costs.
Cross-selling/ Ancillary/Packaged Product	<p>Cross sell with:</p> <ul style="list-style-type: none"> ▪ Convex Crime Insurance for Financial Institutions ▪ Convex Professional Indemnity for Financial Institutions
Claims Settlement Bases	Claims made policy form

Frequently Challenged Policy Terms	Misconduct, criminal fines and penalties.
Policy Length	Annual up to 18 months
Policy Structure	Group & companies only

Target Market Analysis

Product Complexity	This is an established market product that will be sold through brokers with specialist knowledge of the product, no advice required
Target Market	Commercial FI companies and SME
Risks associated with Target Market	None. To be sold through brokers with specialist knowledge of the product
Product Unsuitability	<ul style="list-style-type: none"> ▪ Non-Financial Institution companies ▪ Individuals

Fair Value Assessment

Fair Value Statement	<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"> ▪ Complaints ▪ Broker feedback ▪ Commission and fees ▪ Staff remuneration ▪ Pricing models ▪ Claims stats ▪ Cancellation rates ▪ Premium finance arrangements <p>Based on our assessment of the above metrics we conclude that the product provides fair value to the target market.</p>
Distribution Chain Value	Distribution will be through brokers with specialist market knowledge with established commissions.

Remuneration / Sales Incentives	Volume dependent remuneration should be avoided and must not conflict with the best interests of the customer.
Premium Finance Arrangements	Premium finance arrangements are subject to approval by Convex Insurance UK Limited.

Distribution Strategy	
Approved Distribution Channels	Brokers with specialist market knowledge.
Special Distribution/Serviceing Arrangements	NA
Delegated Authority	NA
Sales Type	No advice provided.
Online Sales	Not currently approved.

Conflicts & Risks
No conflicts anticipated.



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