

# CONVEX INSURANCE UK LIMITED

Product Oversight and Governance

## PRODUCT PASSPORT

Convex & Reich Terrorism 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	
<b>Product Name</b>	Convex & Reich Terrorism Product UK
<b>Product Reference</b>	Reich Insurance Brokers / Convex Insurance UK Limited Terrorism Insurance - Physical Loss or Physical Damage Wording
<b>Product Manufacturer</b>	Convex Insurance (UK) Limited Reich Insurance Brokers Limited
<b>Line of Business</b>	Crisis Management (Terrorism)
<b>Binding Authority Reference</b>	NA
<b>Effective Date</b>	07-05-2024
<b>Date of Last Review</b>	07-05-2024

Product Description
This product provides protection for acts of Terrorism and Sabotage. Customers purchase the product to protect their assets against these causes.

Product Features	
<b>Covers</b>	Physical loss or damage to properties insured against acts of Terrorism and Sabotage including Nuclear, Radioactive, biological or Chemical contamination.
<b>Key Exclusions</b>	War, Civil commotion & Pollution
<b>Main Restrictions</b>	As limited in the Schedule
<b>Optional Covers</b>	None
<b>Cross-selling/ Ancillary/Packaged Product</b>	None
<b>Claims Settlement Bases</b>	Reinstatement
<b>Frequently Challenged Policy Terms</b>	None
<b>Policy Length</b>	Annual renewable
<b>Policy Structure</b>	Properties either single or part of a block policy

Target Market Analysis	
<b>Product Complexity</b>	The product is not complex in nature and is well suited to the intended commercial market, it is designed to cover non-consumers as part of their business insurances.
<b>Target Market</b>	The target market is commercial property owners.
<b>Risks associated with Target Market</b>	There are no material risks associated with this specific target market.
<b>Product Unsuitability</b>	This product is not designed for consumers neither is it suitable for commercial customers who occupy their own premises. The product must not be sold outside the permitted target market.

Fair Value Assessment	
<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>Reich distributes the product to the target market only. This can include Managing Agents, Introducers and sub-brokers, but in all cases the cost of distribution is kept within the agreed commission.</p> <p>The distribution strategy represents value for money, commissions and fees reflect services rendered and there are no superfluous intermediaries in the chain (refer to commissions/fees and price setting above).</p>
<b>Remuneration / Sales Incentives</b>	Commission aside, there is no other remuneration paid apart from a profit commission which is conditional of profit not number of policies sold.

<b>Premium Finance Arrangements</b>	<p>Reich use a third-party supplier BNP Paribas if the customer requires to pay the premium in excess of standard credit terms. Customers are notified of the increased cost of utilising premium finance in comparison to other payment options.</p>
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<b>Distribution Strategy</b>	
<b>Approved Distribution Channels</b>	<p>Producing brokers, wholesale brokers, London insurer (Convex).</p>
<b>Special Distribution/Service Arrangements</b>	<p>None</p>
<b>Delegated Authority</b>	<p>Yes</p>
<b>Sales Type</b>	<p>This product is suitable for advised and non-advised sales.</p>
<b>Online Sales</b>	<p>This product is not suitable for online distribution.</p>

<b>Conflicts &amp; Risks</b>	
<p>There are no known conflicts of interest. Where a conflict of interest arises Reich will deal with this in line with their conflicts of interest policy to ensure there is no harm to customers.</p>	



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