

CONVEX INSURANCE UK LIMITED

Product Oversight and Governance

PRODUCT PASSPORT

Security Risks Solutions Samphire Family

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	Security Risks Solutions Samphire Family
Product Reference	Samphire Family (K&R)
Product Manufacturer	Convex Insurance (UK) Ltd & Samphire Risk
Line of Business	Kidnap & Ransom (Security Risk)
Binding Authority Reference	AEG40V24A000
Effective Date	04/06/2024
Date of Last Review	04/06/2024

Product Description
<p>The Samphire Family Safeguard provides confidential insurance protection against malicious and extortive risks. The policy provides financial protection and indemnified crisis response. The product is a derivation of standard market corporate K&R insurance aimed at individuals and family offices.</p>

Product Features	
Covers	<p>Insurable events:</p> <ol style="list-style-type: none"> 1. Extortion 2. Hijack 3. Hostage Situation 4. Kidnap 5. Malicious Assault 6. Malicious Detention 7. Malicious Threat 8. Stalking Threat 9. Unexplained Disappearance 10. Virtual Kidnap

	<p>Covers:</p> <ol style="list-style-type: none"> 1. Ransom 2. Loss in transit of a Ransom 3. Fees and expenses of the named Response Consultant 4. Additional expenses 5. Personal Accident benefits 6. Legal Liability
Key Exclusions	<p>Cover does not extend to:</p> <ol style="list-style-type: none"> 1. Connected Events preceding the period of insurance 2. Damage to Property 3. Cyber Loss 4. Communicable Diseases 5. Robbery 6. Fraud 7. Criminal Act 8. Illegal monetary reward or inducement
Main Restrictions	As selected in the Schedule and limited in the Wording.
Optional Covers	As per agreed Samphire endorsements.
Cross-selling/ Ancillary/Packaged Product	The Policy provides access to specialist Response Consultants, who are named in the Schedule. They will provide immediate assistance in the event of an Insurable Event.
Claims Settlement Bases	The basis of cover is indemnity in respect of the cover and insurable events as noted above.
Frequently Challenged Policy Terms	[Detail terms of policy that frequently lead to declined claims]
Policy Length	Typically on an annual basis but might also be short period to cater for travel.
Policy Structure	Individuals and Family offices.

Target Market Analysis	
Product Complexity	<p>This is a new product developed by Convex and the Coverholder, Samphire but which follows market standards. Family K&R insurance is a derivation of Corporate K&R insurance aimed at individuals and family offices. Both are mainstream product offerings. The market is fully developed internationally, and the product traces its roots back to 1932. Samphire’s Family Safeguard offering is based on the standard market form. This is a tried and tested product designed to respond to a number of insured events. The product is already established and has a long history of paying claims and responding to insured events. Samphire (the Coverholder) has conducted its own product value assessment identifying the needs, objectives and characteristics of the target market. The success is demonstrated in partnering with a large multinational law firm who understand the relevance and value of such a confidential product and are adopting the offering. It is a complex product and must be sold on an advised basis by an authorised intermediary experienced in K&R products.</p>
Target Market	<p>The product is aimed at individuals and family offices and given the niche nature of K&R, they will be “sophisticated” buyers. Coverage will be bought via an experienced broker and often the family’s financial and or legal advisor will be advocating/intermediating purchase. The net assets of the insured must be greater than the limit of indemnity sought. Given that typical limits are between \$1m and \$25m, the product is aimed at High Net Worth (HNW) or Ultra High Net Worth (UHNW) individuals.</p>
Risks associated with Target Market	<p>We do not anticipate material risks associated with this target market. The product is aimed at well advised HNW/UHNW individuals. The wordings have been drafted to be accessible to the target market and is accompanied with an IPID which distils key terms of cover.</p>
Product Unsuitability	<p>This product is suitable for the defined target market only.</p>

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

	<ul style="list-style-type: none"> ▪ 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	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).
Remuneration / Sales Incentives	A profit commission exists under the Samphire Risk binding authority, but this is not volume dependent so as to not conflict with the best interests of the customer.
Premium Finance Arrangements	There is no authorised premium finance as part of this binder. Premium finance arrangements are subject to approval by Convex Insurance UK Limited.

Distribution Strategy	
Approved Distribution Channels	This product may only be sold on a Coverholder basis (Samphire Risk) and always through an experienced intermediary.
Special Distribution/ Servicing Arrangements	None
Delegated Authority	Yes
Sales Type	This is a complex product which must be sold on an advised basis only.
Online Sales	This product is not approved for online distribution

Conflicts & Risks	
None	



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