

CONVEX INSURANCE UK LIMITED

Product Oversight and Governance

Information to Distributors - Product Passport



1. Aim of this document

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; and
- Safeguarding the best interests of the target market.

2. Introduction to 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.

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.

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 products. 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 PASSPORT

LIVESTOCK MORTALITY PRODUCT (UK)

Product Details	
Manufacturer(s)	Convex Insurance (UK) LTD
Class of business	Livestock
Product reference	CONX-LS-001-0125
Product risk rating	Medium
Binding Authority Ref	N/A
Effective date	01/05/2025
Date of last review	01/05/2025

Product Description
<p>Livestock mortality cover is a specialized product specifically intended for commercial and micro enterprise clients acting within the course of their trade or profession.</p> <p>This product is designed to provide basic mortality cover to commercial businesses and micro enterprises with optional extensions relating to loss of use, breeding warranty and government slaughter. The product indemnifies the insured if the animal dies from accident, illness or disease subject to veterinary confirmation whilst in situ and in transit as defined in the territorial limits of the policy. The policy will pay the insured the market value of the animal.</p> <p>The loss of use cover extension acts in the event the animal is confirmed as being totally and permanently infertile, impotent or otherwise incapable of serving females, by either natural service or artificial insemination, caused by an accident, injury, illness or disease happening or manifesting itself during the Period of Insurance.</p> <p>Breeding warranty means a guarantee of fertility given by the Vendor to the Purchaser at the time of sale. The breeding warranty extension is designed to cover the Purchaser for any damages which the Purchaser is entitled to recover from the Vendor solely by reason of the breach of a Breeding Warranty.</p> <p>The government slaughter extension provides cover in the event of death of the Animal as a result of intentional slaughter at the Insured Farm by or under the order of any government or public or local authority, following an outbreak or suspected outbreak of an Insured Disease at the Insured Farm, and the purpose of the intentional slaughter is to reduce the spread of that Insured Disease.</p>

Product Features	
Covers	<p>The core cover is for death or humane destruction of an insured animal caused by accident, injury, illness or disease (as defined in the Policy) during the period of insurance.</p> <p>Optional cover is available for Loss of use, breeding warranty, government slaughter and theft.</p>
Key exclusions	<p>Across the whole Policy:</p> <ul style="list-style-type: none"> • Intentional Slaughter (government or public or local authority quarantine and/or restriction order). • Disease at locations which are subject to government or public or local authority quarantine and/or movement restriction order relating to an outbreak or suspected outbreak of the notifiable disease, unless otherwise agreed. • Any increased business expense or loss of profit or earnings resulting from accident • Any veterinary fees. • Loss of any embryo or unborn young unless separately specified in the Schedule and endorsed on to this Policy. • Injury, illnesses, diseases and other conditions as a result of old age. • Post-Mortem costs for a horse that has died from an unknown cause. • Surgery or medication (unless administered by a Veterinary Surgeon). • Malicious or wilful injury or criminal or intentional acts or omissions by the insured. • Any costs or expenses arising out of or relating to disposal of the Animal unless agreed • Use of the animal other than that stated in the Schedule. • Confiscation or nationalisation. • Cyber. • Nuclear Risks • War. • Terrorism. • Coronavirus (Covid-19). • Any pre-existing condition, injury, illness or disease. • Liability arising outside the Territorial Limits. • Legal proceedings. • Theft or unlawful removal or escape or mysterious disappearance of any Animal unless agreed.
Main restrictions	As limited in the Schedule
Optional cover(s)	Various endorsements can be attached to the core wording.

Claims settlement bases	The basis of cover is indemnity on the basis of the fair market value of the insured animal, up the value specified in the Schedule.
Frequently challenged policy terms	The suitability of the animal for humane destruction is occasionally challenged.
Policy length	Annual, 6 months, 3 months
Policy structure	This product is to be sold to individuals and not groups.

Target Market Analysis	
Product complexity	This is a niche product, but not deemed to be complex. The wording and operation of the product has been designed to meet the needs and sophistication level of commercial and micro enterprise clients.
Who is the target market?	This product is intended for micro enterprise, SME and large commercial clients acting within the course of their trade or profession and are based in the United Kingdom. Specifically, these companies own livestock and require coverage for death or humane destruction of an insured animal caused by accident, injury, illness or disease (as defined in the Policy) during the period of insurance. Depending on their requirements, they may also need optional coverage for Loss of use, breeding warranty, government slaughter and theft. These companies therefore will benefit from being indemnified, should an insured peril happen.
Risks associated with the target market	There are no material risks/vulnerabilities associated with the intended target market other than potential limited understanding of insurance principles. The wordings have been drafted to be accessible to micro enterprise and SME clients.
Who is this product not suitable for?	This product is not suitable for consumer clients acting outside the course of their trade or profession. It is also not suitable for customers that are based outside of the UK.

Fair Value Assessment	
Fair value definition	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. Convex's fair value assessment considers value measures such as claims history, complaints, commission and fees, staff remuneration, barriers to complaints/claims/cancellation and premium finance arrangements.

Claims, cancellation and complaints history	This product has generated relatively few complaints in the preceding 12 months and operates on a loss ratio of 85% net.
Commissions/fees	Broker and Coverholder Commission is capped at 25%.
Premium	Percentage of sum insured to take into account use and age. Lowest 8% highest 15%. Average premium for Main Coverage + Loss of use = 11.40%
Price setting	The rates set by Convex have been assessed as part of our value assessment and are deemed to be of fair value to the customer. This has been based on extensive underwriting experience, historic loss data and market benchmarking against other markets pricing. Price setting intermediaries capable of adjusting the overall price paid by the customer by way of fees and charges must ensure that the overall price paid by the customer represents value for money and is in keeping with the FCA duty to act in the best interests of the customer.
Distribution chain value	The intended distribution strategy has been assessed and there are no superfluous participants in the chain. Commissions are commensurate with services rendered and the overall method of distribution is cost effective.
Remuneration / sales incentives	Not applicable but volume dependent remuneration should be avoided by distributors and must not conflict with the best interests of the customer.
Premium finance arrangements	This product has not been assessed as suitable for premium finance. Any premium finance arrangements sold alongside this product must be approved by Convex.

Distribution Strategy	
Approved distribution channels	The distribution channel is via a select number of regulated brokers and coverholders with significant experience and understanding of the livestock mortality product and industry.
Special Distribution/Service arrangements	N/A
Delegated authority	This product is suitable for distribution via delegated authority subject to approval by Convex and the terms of a Binding Authority Agreement.
Advised/non-advised sales	This product is suitable for advised and non-advised sales.
Online sales & marketing	This product may be distributed via online sales subject to approval by Convex.

	All marketing materials must be formally reviewed for regulatory compliance by the distributor prior to publication.
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Conflicts & Risks

No conflicts or risks identified.



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