**[Name of Firm] Distributors Product Oversight and Governance Policy**

Product Oversight and Governance refers to the systems and controls [Name of firm] has in place to design, approve, market and manage insurance products throughout the lifecycle of the insurance products.

Good product governance should result in insurance products that:-

1. Meet the needs of one or more identifiable target markets
2. Are sold to clients in the target markets by appropriate distribution channels and
3. Deliver appropriate client outcomes.

The purpose of this policy is to document the oversight and governance requirements in respect of insurance products that [Name of Firm] manufactures, co-manufactures or distributes.

**Definitions: -**

The FCA definition of **Product, Manufacturer**, **Distributor** and **Customer** are as follows:-

* **Product: -** Product refers to any general insurance contract or consumer credit agreement distributed to retail customers and any service which involves carrying out a regulated activity. The term product is intended to refer to the distribution of products or provision of a service generally and not, to arrangements with or in relation to individual customers.
* **Manufacturer**: - Creating, developing, designing and or underwriting a contract of insurance
* **Distributor**: - Advising on or proposing a contract of insurance to a customer.
* **Customer: -** 
  + A person who is a policyholder or prospective policyholder, whether or not they make the arrangements preparatory to the conclusion of the contracts of insurance and
  + A policy stakeholder including a residential leaseholder in respect of a Multi-Occupancy Building Insurance contract of insurance.

[Name of Firm] recognise that as an insurance intermediary we are normally considered a distributor, however, may be considered to be manufacturing an insurance product where we have a decision-making role in the design and development of the insurance product. A decision-making role means we autonomously determine the essential features and main elements of an insurance product, including its coverage, price, costs, risk, target market and compensations and guarantee rights which are not substantially modified by the insurer underwriting the policy. [Personalisation or adaptation of an existing insurance product for individual customers as well as the design of tailor-made contracts at the request of a customer is not manufacturing.]

For each policy / group of policies we sell we have assessed whether we manufacture, co-manufacture or distribute the product and this is documented. For each group of policies/policy we sell we are Distributors and therefore do not need to comply with the requirements for manufacturers/co manufacturers.

**An insurance product is a product or service for distribution to customers**

**generally and is not intended to refer to each**

**individual contract of insurance being sold or underwritten.**

The Product Governance and Oversight rules (policy) do not apply in relation to the manufacturing or distributing of

1. A contract of large risks or
2. A reinsurance contract,

except where the insurance product is used exclusively for effecting contracts of large risks where there are: -

1. No policyholder(s) or
2. in relation to a Multi-Occupancy Buildings Insurance contract, any residential leaseholder or policy stakeholder who in this context is a natural person acting for purposes outside of their trade, business or profession.

**Product Governance Arrangements - Distributors [PROD 4.3]**

Where [Name of Firm] is acting as a distributor of insurance products which we have not manufactured, we must have in place adequate arrangements to obtain and understand the following information from the manufacturer: -

1. All appropriate information on the insurance product
2. All appropriate information on the product approval process
3. The identified target market of the insurance product

The above information should include: -

1. All appropriate information to enable [Name of firm] to understand the intended value of the insurance product;
2. Any effect we may have, as distributors, on the intended value which we need to take into account,
3. Any type of customer for whom the insurance product is unlikely to provide fair value.

The information should enable [Name of firm] to understand:-

1. The insurance product and
2. The identified target market of each insurance product – including information about the target market assessment.
3. Any circumstances that might cause a conflict of interest to the detriment of the customers.
4. Any identified group of customers for whom the insurance product is not expected to provide fair value.
5. The product approval process/the outcome of the value assessment [PROD 4.3.2A].
6. The suggested distribution strategy.

As distributors it is important that we carry out distribution activities in accordance with the best interests of our customers, taking into account the wider definition of customer in respect of a Multi-Occupancy Buildings Insurance contract.

If the manufacturer of the insurance product is not governed by the Product Governance requirements, it is up to [Name of Firm] as distributor to take all reasonable steps to obtain the information when distributing such insurance products.

We must obtain sufficient, adequate and reliable information from the manufacturer about the insurance products to ensure that they will be distributed in accordance with the characteristics, objectives and needs of the target market. For Multi-Occupancy Buildings Insurance contracts, we also need to consider the interests of any policyholder making the arrangements preparatory to the conclusion of the contract of insurance; the freeholder and any other policyholder of the product and residential leaseholders.

[Name of Firm] as distributor also needs to have in place procedures to obtain all the appropriate information on the products, we intend to offer our customers and to fully comprehend those insurance products, considering the level of complexity and the risks related to products as well as the nature, scale and complexity of our own business model.

If there are any areas [Name of Firm], as distributor, does not understand in relation to the products we are distributing or the materials provided by the manufacturer, we must ask for additional information or training. It is important that [Name of Firm] does not distribute a product that we do not understand.

There can be more than one distributor in the distribution chain. When [Name of Firm] supplies information to another distributor it must be considered how they will use the information. Consideration needs to be given to: -

* What information the further distributor requires
* The likely level of knowledge and understanding of the further distributor and
* What medium is best for the transmission of information.

As a distributor the firm’s arrangements must:-

1. Aim to prevent and mitigate customer detriment
2. Support proper management of conflicts of interest in line with our Conflicts of Interest Policy.
3. Ensure that the objectives, interests and characteristics of customers are taken into account.

The distribution strategy shall be in accordance with the distribution strategy set up by the manufacturer and the target market as identified by the manufacturer.

Any distribution strategy set up or applied by [Name of firm] as distributor must be consistent with the aim of providing fair value to the customer.

[Name of firm] as distributor, shall endorse and be ultimately responsible for establishing implementing and reviewing the product distribution arrangements and continuously verify internal compliance with those arrangements.

The product distribution arrangements must be documented reviewed regularly to ensure they are valid and up to date. It is up to us to decide the frequency of the reviews although the minimum suggested frequency is annually.

Upon request we, as distributors, will provide manufacturers with sales information.

If [Name of firm] becomes aware that an insurance product is not in line with the interests, objectives and characteristics of its identified target market or we become aware of other product related circumstances that may adversely affect the customers, we must promptly inform the manufacturer and if appropriate amend our distribution strategy. Relevant actions must be documented.

**Product Oversight and Governance Arrangements - Additional Expectations**

Claims should be paid promptly. Manufacturers should act fairly and promptly when handling claims. This will meet reasonable expectations with regards to outcomes.