



# LET'S GET TO IT

## Product Oversight and Governance

In recent years, the FCA has both increased its focus on Product Governance, and enhanced its rules in this area, to ensure that the insurance market provides fair value for its customers.

The Insurance Distribution Directive, which replaced the Insurance Mediation Directive, came into force in October 2018 and required firms to have product oversight and governance arrangements in place. This included having a product approval process, being able to identify the target market for all products and ensure the product is compatible with their needs.

In November 2019, the FCA set out guidance detailing its expectations of insurance manufacturers and distributors after reviewing the impact of GI distribution chains on product value. The review concluded, among other things, that firms did not give due consideration to customers when developing their products.

The FCA's general insurance pricing practices market study further enhances the rules around product governance, to ensure that firms deliver fair value on all their products.

This document sets out the key elements of Ageas's product governance arrangements, and also provides details of the steps to be taken if you feel that any of our products are not delivering fair value.

# Product Oversight and Governance



Product testing



Product approval process



Distribution strategy



Target market assessment



Regular reviews and monitoring



Necessary skills, knowledge and expertise

- Our approval process will always be appropriate to product complexity and associated risks. Ultimate responsibility for approval sits with the Ageas UK Executive Team.
- Everyone who's involved in the design of Ageas products will have the skills needed, the knowledge and the expertise to understand the interests, objectives and characteristics of our customers.
- We'll identify our target markets at the right level for the characteristics and complexities of our products. People will understand if they are not appropriate. See Target Market Statements.
- Our products will be reviewed on a regular basis to make sure they're aligned to our customers' needs. We ask you for insights to help us do this.
- We'll think carefully about the characteristics of our products and who they're for, when we're deciding how to distribute them. We'll define those distribution channels in our Target Market Statements.
- Our products will undergo suitable testing before being launched to a market, to make sure they meet those customers' needs. This will include reviewing prospective claims ratios to make sure the product can be of value.

## Target Market Statements

Our Target Market Statements will give you easy access to details of all of the Ageas products you distribute. This will include information about:

- The features and characteristics of each product.
- Who is a suitable client for these products, and who is not.
- The way we intend to distribute the products.
- Any and all potential conflicts of interest.
- Details of what we'll need from you to help us do productive product reviews on a regular basis.

In particular, we'll need to know about sales being made outside the target market. We'll also ask for a summary of complaints about our products.

At any time, if you think something's not right – the product itself, anything connected to it, or what we understand to be consumers' needs for that product – please contact your Broker Account Executive or our Broker Development Team.

## Product Value

In addition to the Target Market Statements, we will also provide you with a Value Statement for each of the Ageas products you distribute. The Value Statement is designed to show why the product is suitable for the target market, and the value that it offers to a customer that purchases it.

You should ensure that your distribution arrangements, including where the product is to be sold as part of a package and/or in conjunction with retail premium finance, it continues to provide fair value to customers.

Should you believe that the product or any element of the insurance package is not providing fair value, then you must take steps to mitigate the situation and inform Ageas promptly about your concerns.



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