



# Midas Underwriting Ltd

## Product Governance Oversight & Fair Value Assessment Information

This document has been produced to summarise our approach to product governance and fair value assessments in light of the revised product governance rules within the FCA's General Insurance Pricing Principles (GIPP) market study.

### OUR ROLE IN THE DISTRIBUTION CHAIN AND DISTRIBUTION STRATEGY

Midas Underwriting Ltd is a Managing General Agent (MGA) and predominantly a manufacturer or lead co-manufacturer of the products that it distributes. Midas Underwriting Ltd acts at all times as agent of the Insurer in accordance with the terms of our delegated underwriting authority agreements.

Our Product & Distribution Strategy, approved by its Executive Committee & Board, is to distribute products on a wholesale basis through regulated insurance brokers, intermediaries, affinity panels, aggregators, online broker platforms and sub-delegated authority arrangements. All intermediaries who transact business with us must meet a minimum level of due diligence and financial checks to maintain an ongoing terms of business agreement (TOBA).

Midas Underwriting Ltd receives its remuneration through commission, administration fees & insurer profit shares and may offer premium finance and ancillary products where appropriate. Our remuneration is assessed for each product during the product review and fair value assessment process as outlined below, is commensurate with the services provided and does not negatively impact the overall product value. Remuneration through the distribution chain is also assessed periodically and must be commensurate with the intermediary services provided.

### PRODUCT GOVERNANCE & FAIR VALUE ASSESSMENTS

From 1st October 2021, the FCA enhanced its product governance requirements through its General Insurance Pricing Principles (GIPP) market study PS21/5. One of the changes included the requirement for Fair Value Assessments (FVAs) to be carried out on all general insurance products, other than those of large risk or reinsurance, on an annual basis, or when there has been a significant product amendment.

Firms must be able to clearly demonstrate how any non-investment insurance product, additional product (including retail Premium Finance) or package provides and will provide for a reasonable period fair value.

Where a firm is unable to both identify and clearly demonstrate that the insurance product and, where relevant, the package will provide fair value, the firm must not market the product or permit the product to be distributed or must have ensured appropriate changes have been made so that fair value will be provided.

Product oversight and governance controls are in place for the design, approval, distribution, and ongoing management of products throughout their lifecycle. Our approach to manufacturing, co-manufacturing, and distributing insurance products are underpinned by a set of internal frameworks and controls to ensure we are;

- Providing customers with products and services that deliver fair value and are in their best interests both now, and in the reasonably foreseeable future
- Adhering to regulatory and legislative requirements
- Delivering commercially viable, competitive, and sustainable products.

We maintain and operate an approval process for each of our insurance products and significant changes to an existing insurance product prior to it being distributed to customers. This process is proportionate and appropriate to the nature of the insurance product, its complexities, value, and associated conduct risks.

Product reviews undertaken take into consideration a wide range of factors which include, but not limited to, the following.

- The complexity of the insurance product.
- The nature of the insurance product and the risk of customer detriment related to it.
- The characteristics of the target market.
- The benefits that will be provided.
- The type and quality of services provided to customers.
- The distribution channel including any remuneration information.
- The elements that make up the total price.
- Appropriate data including claims information and complaints data.
- Analysis of comparable insurance products within the market.

Product Reviews and FVAs are documented and maintained to demonstrate how any non-investment insurance product, additional product or package provides fair value and will provide value for a reasonably foreseeable period.

### **Product Reviews**

The product development and maintenance processes require that the conduct risks associated with each product are assessed and scored, and are then categorised as High, Medium, or Low risk. Risk Assessment is carried out as part of our Product Approval Process and will be marked for review for the following frequencies:

- High Risk – Annual
- Medium Risk – Once every two years
- Low Risk – Once every three years

## Distributed Products

For products where we act as a Distributor, we are not required to undertake an FVA. For products in scope, it will be the responsibility of the Manufacturer to complete and provide an output to their distributors.

However, product oversight and governance requirements apply to all insurance products excluding contracts of large risks and reinsurance. Product reviews will be undertaken to ensure products offers value to the Target Market and this will include an assessment of the manufacturers own FVA. Should a Manufacturer not provide an appropriate FVA in line with regulatory requirements Midas Underwriting Ltd reserves its rights to withdraw from distributing the product and to notify Insurers and/ or the FCA.

## INFORMATION EXCHANGE

PROD 4.2.14 P outlines the level of Information to be exchanged between manufacturers and their distributors in order to assist both parties to meet their regulatory responsibilities.

Value refers to the relationship between the overall price to the customer and the quality of the product(s) and/or services provided. In order for us to conduct an FVA, information on remuneration and services provided in the chain will need to be provided by our distributors on request.

This will include as a minimum;

- The type and amount of remuneration of each member in the distribution arrangement in relation to the core insurance product including commissions, fees and premium finance charges paid by customers and details of any additional products sold alongside it.
- An explanation of the services provided by each member of the distribution arrangement.
- Confirmation from distributors that remuneration is consistent with their regulatory obligations.
- Where information is not provided by a distributor, within a reasonable period of time, Midas Underwriting Ltd reserves its rights to notify Insurers and/ or the FCA.

## SIGN OFF PROCESS

All of our products receive an appropriate level of sign-off. All product reviews require sign off from a designated Product Owner before submission to our Underwriting Governance and Risk & Compliance departments for independent review and challenge. High rated products and those requiring escalation are submitted to our Product Governance Committee (a formal sub-committee of the Executive Committee) for final approval.

## FAIR VALUE OUTPUT

The FVA output will be shared regularly with our distributors and will encompass sufficient information for distributors to understand the outcome of our assessment which includes;

- Pertinent information about the product.
- Target Market of the product.
- Customers which the product may be unsuitable for.
- Any additional information deemed relevant to distributors.

For more information on each product please refer to the relevant IPID / summary of cover and for full terms and conditions refer to the relevant Policy Wording.