

# Product Governance and Fair Value Statement

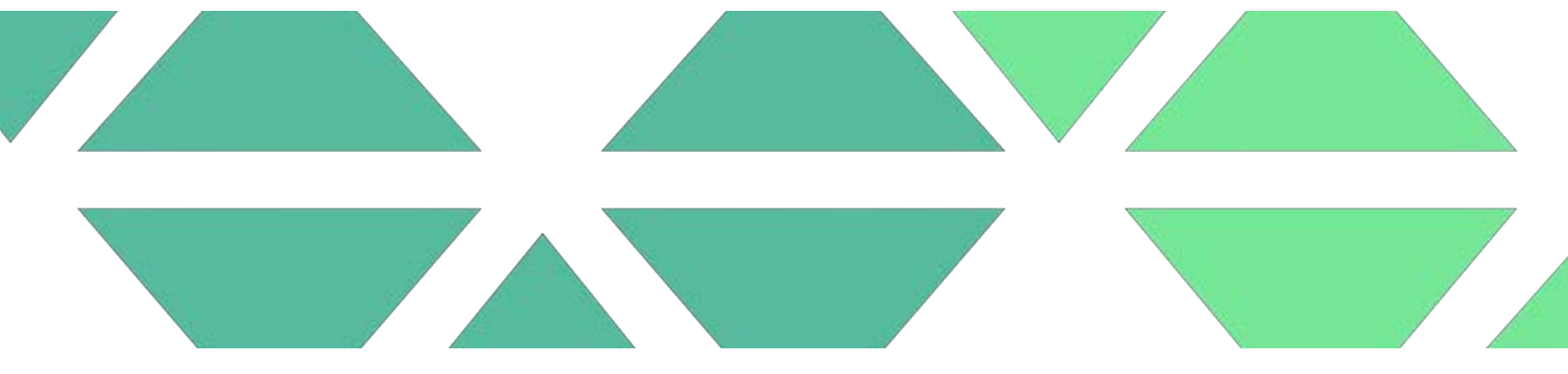
September 2024



Proud Partner



Allianz  
Partners



**Distributor Product Guide – 2024 Update**

# Single Trip Travel Insurance

## Background and context

Allianz Partners, as the product manufacturer, are required to complete an annual product review and fair value assessment for our products to assess whether a product may continue to be marketed or distributed and share the outcome of this with our distributors. In addition, Allianz Partners is required to review all products against the impending FCA Consumer Duty outcomes and share these outcomes as required with distributors.

This activity follows:

- Implementation of the FCA's Pricing Practices new product governance rules under Chapter 4 of the FCA's Product Intervention & Product Governance Sourcebook (known as PROD4) which became effective on 1 October 2021; and,
- Final rules and guidance of the FCA's Consumer Duty (which were published on 27 July 2022) with the requirement for manufacturers to complete reviews to meet the Consumer Duty outcome and share these with distributors.

## Purpose of document

This document contains the following information for Single Trip Travel Insurance product:

1. Our approach to conducting: i) Annual Product Reviews (incl. Fair Value Assessments); and ii) Review of Consumer Understanding and Consumer Support outcomes
2. Target Market Statement
3. Annual Product Review and Fair Value Assessment outcomes
4. Assessment against Consumer Support and Consumer Understanding outcomes of the FCA's Consumer Duty

# Our approach

## Annual Product Reviews (incl. Fair Value Assessments)

We undertake product assessment and monitoring activity in accordance with the FCA's requirements. Our product oversight and governance arrangements are aligned to the PROD (Product Intervention and Product Governance) Sourcebook requirements. As a result, our approach also aligns to outcomes 1 (Price and Value) and 2 (Product and Services) of the Consumer Duty requirements.

As part of our annual product reviews (including Fair Value Assessments), we conducted a detailed review covering the FCA PROD 4 requirements. These include, but are not limited to indicators on product performance, product pricing, distribution arrangements and customer impact.

In addition, there are product oversight and governance processes in place to ensure our products are designed to deliver good customer outcomes. These include market analysis, product testing and review of product performance across the customer journey and product lifecycle.

## Consumer understanding and Consumer Support

In line with the FCA Consumer Duty requirements for product manufacturers to complete reviews to meet the outcome rules of the duty, we have reviewed our products against outcomes 3 (Consumer Understanding) and 4 (Consumer Support). To do this, we considered our existing processes, systems and controls and identified potential enhancements to satisfy the requirements. The key areas of focus include:

- Processes and controls to design effective communications across the customer journey
- Design of customer journey and product lifecycle to ensure sufficient support for customers
- Arrangements for monitoring and testing ongoing customer outcomes including customer understanding and support
- Remedial processes to enhance customer understanding and support.

The outcomes of our assessments are provided in the 'Assessment outcomes' section below.

# Target Market Statement

Whilst our products have been assessed at an overall level, there may be certain products and schemes which have been tailored and assessed for specific partners. If you have any queries about a potential specific scheme and the products contained therein, feel free to enquire about the individual results of our fair value assessment by reaching out to your Allianz Partner contact.

We have provided target market statements for Single Trip Travel Insurance product below.

## Single Trip Travel Insurance product

<b>Product Design</b>	This product is designed to provide basic protection against losing money spent on travel and against unexpected out-of-pocket expenses due to covered unexpected and unforeseen events before and during travel as well as providing medical assistance during travel. Single trip travel cover in appropriately rated geographical rate bandings for policy holder and any additional insured.
<b>Target Market</b>	<p><b>Customer type:</b> Customer who is a UK resident wishing to purchase insurance from a distributor they already have a relationship with and trust or from the distributor of their trip. Maximum age limit varies by scheme.</p> <p><b>Customer characteristics:</b> All travellers who book travel in advance and need protection for a single pre-paid trip to include expenses and cancellation penalties. This cover protects the policy holder for a single trip of up to 90 days (average for most schemes but some schemes will have a higher trip limit).</p> <p><b>Vulnerable customers within the Target market:</b> we have assessed the needs of vulnerable customers within the target market and while there is not a high risk/ likelihood within the target market, we note that customers could experience a wide range of vulnerable characteristics throughout the customer journey (less abled, or financial vulnerability with cost of living crisis which may occur) in which we have vulnerable customer processes, training and policies in place to assist with and would endeavour to support their needs as and when these are notified to us.</p> <p><b>Potential negative target market (customers who must not be offered this product):</b> Not to be used for any foreseeable (known at the time the policy is purchased) risk and not covering risks in travel ban destinations. Based on local product specifications, age limits or certain pre-existing medical conditions. For UK residents only.</p>
<b>Distribution strategy</b>	This product can be distributed through Business Partners (including appointed representatives, authorised distributors and Managing General Agents), as well as through direct to customer sales.

## Risks and considerations of Vulnerability in the Target Market

Restrictive exclusions and limits might apply, mitigated by clear terms and conditions information provided throughout sales journey. The policy General exclusions were specifically designed to only exclude situations that are within the insured's control, have inherently high-risk levels, or present unacceptable high potential for accumulation of risk.

These exclusions follow Allianz Partners' standards and local regulations and have been reviewed and approved by local legal teams. Use of these exclusions in the policy allows us to offer valuable comprehensive coverage to consumers at optimal prices by controlling the exposure to low-frequency, but high-severity risks.

As Vulnerability can change depending on a number of factors; e.g. health (mental or physical) or financial, Allianz have policies in place to:

1. Educate and train staff to enable them to support potential vulnerable customers
2. Options for customers with vulnerability to access information in other formats (e.g. large print or Braille for visually impaired)
3. Ensure our policy documents do not discriminate vulnerable customers
4. Support customers who experience vulnerability when making a claim or complaint (e.g. due to a medical emergency or unfortunate occurrence while on a trip). Our specialist medical team ensure appropriate prioritisation of those in most vulnerable situations
5. Monitor customer outcomes specifically relating to vulnerable customers to ensure they are not discriminated against

As part of Consumer Duty, we are continuously reviewing how we can assist and support customers who may have or may experience characteristics of vulnerability.

## Assessment Outcomes

### Annual Product Review outcome (incl. Fair Value Assessment)

Our assessment has concluded that Single Trip Travel Insurance product, including its charging and distribution structure, is compatible with the needs, objectives and characteristics of the target market and provides fair value. We have further summarised our assessment outcome below.

- The product is principally performing in line with customer expectations of the intended target market. In particular, our assessment of claims activity indicate that customers are deriving value from the product with customers receiving fair and prompt settlements in line with product coverage and features.
- The product would benefit from further regular reviews of performance indicators such as claim walkaways. We have an ongoing operations improvement project plan and have implemented frequent monthly forums, with further monitoring via quarterly product forums, to improve the customer experience.

# Allianz Partners

## Distributor product guide - not for customer use

- Premium charged to end customer is risk based and commensurate to the services provided and activities undertaken across the distribution chain and customer journey. Overall, the cost to service the product compared to premiums collected demonstrates fair value for end customer.

### Other information which may be relevant to distributors

Please note that the following is excluded from this review and as Distributor you must consider:

- Any additional fees that you charge a customer and the impact this has on overall value of product provided to customer.
- Any ancillary products and/or services (including premium finance) sold alongside this core product which may impact the price or value of overall product and services provided to customer.

In addition to our annual product review and fair value assessment, we have reviewed the product and services against the Consumer Support and Consumer Understanding Consumer Duty Outcomes. We have summarised our assessment outcome below.

### Consumer Support

We have reviewed the customer support channel available to ensure they meet the needs of the target market. We have enhanced our governance processes in place to support the customer journey, along with our monitoring arrangements to ensure we can drive continual improvements. We have strengthened our vulnerable customer processes from training of staff, enhancing system capabilities regarding the identification and recording of vulnerable customers along with monitoring vulnerable customer outcomes.

### Consumer Understanding

We have reviewed our arrangements for ensuring customer understanding throughout the customer journey and product lifecycle. This included external customer focus groups and surveys along with claims denial root cause analysis to help identify possible further enhancements to be made to ensure sufficient consumer understanding of the product.

In addition, we strengthened our processes, systems and controls around testing and monitoring customer understanding, and communications in particular.

We will continue implement and communicate enhancements as appropriate in line with our Consumer Duty programme.

### Assessment or Outcome Feedback

Please notify us by sending an email to [azpukcd@allianz.com](mailto:azpukcd@allianz.com) if you have any concerns about an Allianz Partners product not delivering its intended Value or Outcomes. This includes any concerns in relation to:

1. potential adverse customer or product value impacts from the distribution arrangement;
2. poor consumer understanding of product benefits or services; and/or,
3. insufficient consumer support across the customer journey or product lifecycle.

**Distributor Product Guide - 2024 Update**

# Annual Multi Trip Travel Insurance (EU)

## Background and context

Allianz Partners, as the product manufacturer, are required to complete an annual product review and fair value assessment for our products to assess whether a product may continue to be marketed or distributed and share the outcome of this with our distributors. In addition, Allianz Partners is required to review all products against the impending FCA Consumer Duty outcomes and share these outcomes as required with distributors.

This activity follows:

- Implementation of the FCA's Pricing Practices new product governance rules under Chapter 4 of the FCA's Product Intervention & Product Governance Sourcebook (known as PROD4) which became effective on 1 October 2021; and,
- Final rules and guidance of the FCA's Consumer Duty (which were published on 27 July 2022) with the requirement for manufacturers to complete reviews to meet the Consumer Duty outcome and share these with distributors.

## Purpose of document

This document contains the following information for Annual Multi Trip Travel Insurance (EU):

1. Our approach to conducting: i) Annual Product Reviews (incl. Fair Value Assessments); and ii) Review of Consumer Understanding and Consumer Support outcomes
2. Target Market Statement
3. Annual Product Review and Fair Value Assessment outcomes
4. Assessment against Consumer Support and Consumer Understanding outcomes of the FCA's Consumer Duty

# Our approach

## Annual Product Reviews (incl. Fair Value Assessments)

We undertake product assessment and monitoring activity in accordance with the FCA's requirements. Our product oversight and governance arrangements are aligned to the PROD (Product Intervention and Product Governance) Sourcebook requirements. As a result, our approach also aligns to outcomes 1 (Price and Value) and 2 (Product and Services) of the Consumer Duty requirements.

As part of our annual product reviews (including Fair Value Assessments), we conducted a detailed review covering the FCA PROD 4 requirements. These include, but are not limited to indicators on product performance, product pricing, distribution arrangements and customer impact.

In addition, there are product oversight and governance processes in place to ensure our products are designed to deliver good customer outcomes. These include market analysis, product testing and review of product performance across the customer journey and product lifecycle.

## Consumer understanding and Consumer Support

In line with the FCA Consumer Duty requirements for product manufacturers to complete reviews to meet the outcome rules of the duty, we have reviewed our products against outcomes 3 (Consumer Understanding) and 4 (Consumer Support). To do this, we considered our existing processes, systems and controls and identified potential enhancements to satisfy the requirements. The key areas of focus include:

- Processes and controls to design effective communications across the customer journey
- Design of customer journey and product lifecycle to ensure sufficient support for customers
- Arrangements for monitoring and testing ongoing customer outcomes including customer understanding and support
- Remedial processes to enhance customer understanding and support.

The outcomes of our assessments are provided in the 'Assessment outcomes' section below.



# Target Market Statement

Whilst our products have been assessed at an overall level, there may be certain products and schemes which have been tailored and assessed for specific partners. If you have any queries about a potential specific scheme and the products contained therein, feel free to enquire about the individual results of our fair value assessment by reaching out to your Allianz Partners contact.

We have provided target market statements for our Annual Multi Trip Travel Insurance (EU) Product below.

## Annual Multi Trip Travel Insurance (EU)

<b>Product Design</b>	This product is designed to protect customers against losing money spent on travel and unexpected out-of-pocket expenses due to covered unexpected and unforeseen events before and during travel; as well as providing medical assistance during travel. European multi-trip travel cover for policy holder and any additional insured.
<b>Target Market</b>	<p><b>Customer type:</b> Customer who is a UK resident. Maximum age limit varies by scheme.</p> <p><b>Customer characteristics:</b> All travellers who book travel in advance and need protection for pre-paid trip expenses and cancellation penalties. This cover protects the policy holder for multiple EU based trips with a maximum individual trip limit of 31 consecutive days (average for most schemes but some schemes will have a higher trip limit).</p> <p><b>Vulnerable customers within the Target market:</b> we have assessed the needs of vulnerable customers within the target market and while there is not a high risk/ likelihood within the target market, we note that customers could experience a wide range of vulnerable characteristics throughout the customer journey (less abled, or financial vulnerability with cost of living crisis which may occur) in which we have vulnerable customer processes, training and policies in place to assist with and would endeavour to support their needs as and when these are notified to us.</p> <p><b>Potential negative target market (customers who must not be offered this product):</b> Not to be used for any foreseeable (known at the time the policy is purchased) risk and not covering risks in travel ban destinations or for travel outside of Europe. Based on local product specifications, age limits or certain pre-existing medical conditions. For UK residents only.</p>
<b>Distribution strategy</b>	This product can be distributed through Business Partners (including appointed representatives, authorised distributors, and Managing General Agents), as well as through direct to customer sales.

## Risks and considerations of Vulnerability in the Target Market

Restrictive exclusions and limits might apply, mitigated by clear terms and conditions information provided throughout sales journey. The policy general exclusions were specifically designed to only exclude situations that are within the insured's control, have inherently high-risk levels, or present unacceptable high potential for accumulation of risk.

These exclusions follow Allianz Partners' standards and local regulations and have been reviewed and approved by local legal teams. Use of these exclusions in the policy allows Allianz Partners to offer valuable comprehensive coverage to consumers at optimal prices by controlling the exposure to low-frequency, but high-severity risks.

As Vulnerability can change depending on several factors; e.g. health (mental or physical) or financial. Allianz Partners have policies in place to:

1. Educate and train staff to enable them to support potential vulnerable customers
2. Options for customers with vulnerability to access information in other formats (e.g. large print or Braille for visually impaired)
3. Ensure our policy documents do not discriminate against vulnerable customers
4. Support customers who experience vulnerability when making a claim or complaint (e.g. due to a medical emergency or unfortunate occurrence while on a trip). Our specialist medical team ensure appropriate prioritisation of those in most vulnerable situations
5. Monitor customer outcomes specifically relating to vulnerable customers to ensure they are not discriminated against

As part of Consumer Duty, we are continuously reviewing how we can assist and support customers who may have or may experience characteristics of vulnerability.

## Assessment Outcomes

### Annual Product Review outcome (incl. Fair Value Assessment)

Our assessment has concluded that our Annual Multi Trip (EU) Travel Insurance product, including its charging and distribution structure, is compatible with the needs, objectives and characteristics of the target market and provides fair value. We have further summarised our assessment outcome below.

- The product is performing in line with customer expectations of the intended target market. In particular, our assessment of claims activity indicate that customers are deriving value from the product with customers receiving fair and prompt settlements in line with product coverage and features.
- Premium charged to end customer is risk based and commensurate to the services provided and activities undertaken across the distribution chain and customer journey. Overall, the cost to service the product compared to premiums collected demonstrates fair value for end customer.

## Other information which may be relevant to distributors

Please note that the following is excluded from this review and as Distributor you must consider:

- Any additional fees that you charge a customer and the impact this has on overall value of product provided to customer.
- Any ancillary products and/or services (including premium finance) sold alongside this core product which may impact the price or value of overall product and services provided to customer.

In addition to our annual product review and fair value assessment, we have reviewed the product and services against the Consumer Support and Consumer Understanding Consumer Duty Outcomes. We have summarised our assessment outcome below.

### Consumer Support

We have reviewed the customer support channels available to ensure they meet the needs of the target market. We have enhanced our governance processes in place to support the customer journey, along with our monitoring arrangements to ensure we can drive continual improvements. We have strengthened our vulnerable customer processes from training of staff, enhancing system capabilities regarding the identification and recording of vulnerable customers along with monitoring vulnerable customer outcomes.

### Consumer Understanding

We have reviewed our arrangements for ensuring customer understanding throughout the customer journey and product lifecycle. This included external customer focus groups and surveys along with claims denial root cause analysis to help identify possible further enhancements to be made to ensure sufficient consumer understanding of the product.

In addition, we strengthened our processes, systems and controls around testing and monitoring customer understanding, and communications, in particular.

We will continue implement and communicate enhancements as appropriate in line with our Consumer Duty programme.

### Assessment or Outcome Feedback

Please notify us by sending an email to [azpukcd@allianz.com](mailto:azpukcd@allianz.com) if you have any concerns about an Allianz Partners product not delivering its intended Value or Outcomes. This includes any concerns in relation to:

1. potential adverse customer or product value impacts from the distribution arrangement;
2. poor consumer understanding of product benefits or services; and/or,
3. insufficient consumer support across the customer journey or product lifecycle.

**Distributor Product Guide – 2024 Update**

# Annual Multi Trip Travel Insurance (Worldwide)

## Background and context

Allianz Partners, as the product manufacturer, are required to complete an annual product review and fair value assessment for our products to assess whether a product may continue to be marketed or distributed and share the outcome of this with our distributors. In addition, Allianz Partners is required to review all products against the impending FCA Consumer Duty outcomes and share these outcomes as required with distributors.

This activity follows:

- Implementation of the FCA's Pricing Practices new product governance rules under Chapter 4 of the FCA's Product Intervention & Product Governance Sourcebook (known as PROD4) which became effective on 1 October 2021; and,
- Final rules and guidance of the FCA's Consumer Duty (which were published on 27 July 2022) with the requirement for manufacturers to complete reviews to meet the Consumer Duty outcome and share these with distributors.

## Purpose of document

This document contains the following information for Annual Multi Trip Travel Insurance (Worldwide) product:

1. Our approach to conducting: i) Annual Product Reviews (incl. Fair Value Assessments); and ii) Review of Consumer Understanding and Consumer Support outcomes
2. Target Market Statement
3. Annual Product Review and Fair Value Assessment outcomes
4. Assessment against Consumer Support and Consumer Understanding outcomes of the FCA's Consumer Duty

# Our approach

## Annual Product Reviews (incl. Fair Value Assessments)

We undertake product assessment and monitoring activity in accordance with the FCA's requirements. Our product oversight and governance arrangements are aligned to the PROD (Product Intervention and Product Governance) Sourcebook requirements. As a result, our approach also aligns to outcomes 1 (Price and Value) and 2 (Product and Services) of the Consumer Duty requirements.

As part of our annual product reviews (including Fair Value Assessments), we conducted a detailed review covering the FCA PROD 4 requirements. These include, but are not limited to indicators on product performance, product pricing, distribution arrangements and customer impact.

In addition, there are product oversight and governance processes in place to ensure our products are designed to deliver good customer outcomes. These include market analysis, product testing and review of product performance across the customer journey and product lifecycle.

## Consumer understanding and Consumer Support

In line with the FCA Consumer Duty requirements for product manufacturers to complete reviews to meet the outcome rules of the duty, we have reviewed our products against outcomes 3 (Consumer Understanding) and 4 (Consumer Support). To do this, we considered our existing processes, systems and controls and identified potential enhancements to satisfy the requirements. The key areas of focus include:

- Processes and controls to design effective communications across the customer journey
- Design of customer journey and product lifecycle to ensure sufficient support for customers
- Arrangements for monitoring and testing ongoing customer outcomes including customer understanding and support
- Remedial processes to enhance customer understanding and support.

The outcomes of our assessments are provided in the 'Assessment outcomes' section below.

# Target Market Statement

Whilst our products have been assessed at an overall level, there may be certain products and schemes which have been tailored and assessed for specific partners. If you have any queries about a potential specific scheme and the products contained therein, feel free to enquire about the individual results of our fair value assessment by reaching out to your Allianz Partner contact.

We have provided target market statements for our Annual Multi Trip Travel Insurance (Worldwide) Product below.

## Annual Multi Trip Travel Insurance (WW)

<b>Product Design</b>	This Product is designed to provide protection against losing money spent on travel and unexpected out-of-pocket expenses due to covered unexpected and unforeseen events before and during travel; as well as providing medical assistance during travel. Worldwide multi-trip travel cover for policy holder and any additional insured.
<b>Target Market</b>	<p><b>Customer type:</b> Customer who is a UK resident. Maximum age limit varies by scheme.</p> <p><b>Customer characteristics:</b> All travellers who book travel in advance and need protection for pre-paid trip expenses and cancellation penalties. This cover protects the policy holder for multiple Worldwide trips with a maximum individual trip limit of 31 consecutive days (average for most schemes but some schemes will have a higher trip limit).</p> <p><b>Vulnerable customers within the Target market:</b> we have assessed the needs of vulnerable customers within the target market and while there is not a high risk/ likelihood within the target market, we note that customers could experience a wide range of vulnerable characteristics throughout the customer journey (less abled, or financial vulnerability with cost of living crisis which may occur) in which we have vulnerable customer processes, training and policies in place to assist with and would endeavour to support their needs as and when these are notified to us.</p> <p><b>Potential negative target market (customers who must not be offered this product):</b> Not to be used for any foreseeable (known at the time the policy is purchased) risk and not covering risks in travel ban destinations. Based on local product specifications, age limits or certain pre-existing medical conditions. For UK residents only.</p>
<b>Distribution strategy</b>	This product can be distributed through Business Partners (including appointed representatives, authorised distributors and Managing General Agents), as well as through direct to customer sales.

## Risks and considerations of Vulnerability in the Target Market

Restrictive exclusions and limits might apply, mitigated by clear terms and conditions information provided throughout sales journey. The policy general exclusions were specifically designed to only exclude situations that are within the insured's control, have inherently high-risk levels, or present unacceptable high potential for accumulation of risk.

These exclusions follow Allianz Partners' standards and local regulations and have been reviewed and approved by local legal teams. Use of these exclusions in the policy allows Allianz Partners to offer valuable comprehensive coverage to consumers at optimal prices by controlling the exposure to low-frequency, but high-severity risks.

As Vulnerability can change depending on a number of factors; e.g. health (mental or physical) or financial, Allianz Partners have policies in place to:

1. Educate and train staff to enable them to support potential vulnerable customers
2. Options for customers with vulnerability to access information in other formats (e.g. large print or Braille for visually impaired)
3. Ensure our policy documents do not discriminate vulnerable customers
4. Support customers who experience vulnerability when making a claim or complaint (e.g. due to a medical emergency or unfortunate occurrence while on a trip). Our specialist medical team ensure appropriate prioritisation of those in most vulnerable situations
5. Monitor customer outcomes specifically relating to vulnerable customers to ensure they are not discriminated against

As part of Consumer Duty, we are continuously reviewing how we can assist and support customers who may have or may experience characteristics of vulnerability.

## Assessment Outcomes

### Annual Product Review outcome (incl. Fair Value Assessment)

Our assessment has concluded that our Annual Multi Trip Travel Insurance (Worldwide), including its charging and distribution structure, is compatible with the needs, objectives and characteristics of the target market and provides fair value. We have further summarised our assessment outcomes below.

- The product is principally performing in line with customer expectations of the intended target market. In particular, our assessment of claims activity indicate that customers are deriving value from the product with customers receiving fair and prompt settlements in line with product coverage and features.
- The product would benefit from further regular reviews of performance indicators, such as complaints as a percentage of claims rates. We have an ongoing operations improvement project plan and have implemented frequent monthly forums, with further monitoring via quarterly product forums, to improve the customer experience.