

# Product Governance and Fair Value Statement

Dec 2023

good2go  
*Extra*



## **PRODUCT OVERSIGHT AND GOVERNANCE POLICY**

This Policy sets out Anciles approach to meeting its Product Oversight & Governance requirements as a product co-manufacturer. It should be read in tandem with the following:

- **Distribution Strategy**

*Product Oversight & Governance > Distribution > Distribution Strategy*

- **Product Approval Records**

*Product Oversight & Governance > Product Approval Records (New, Significant changes)*

- **Fair Value Process**

*Product Oversight & Governance > Fair Value Process*

- **Pricing Strategy**

*Product Oversight & Governance > Pricing Strategy*

- **Training and Competence Scheme**

*Training & Competence > T&C Scheme*

- **Product Monitoring Records**

*Product Oversight & Governance > Product Monitoring Records, Minimum Annual*

- **Product Information Exchange**

*Product Oversight & Governance > Product Information Exchange*

- **Target Market Assessment & Review**

*Product Oversight & Governance > Target Assessment & Review*

- **Scheme level Assessment Process**

*Product Oversight & Governance > Fair Value Process > Scheme Level Assessment Process*

Whilst our aim is to maximise the long-term value of our business, this should not be at the expense of the fair treatment of our customers. Ancile is therefore committed to enabling and supporting appropriate decision-making, so that the targets and aspirations the business sets at the top consistently result in good outcomes for its customers.

This Policy seeks primarily to ensure that the right outcomes for customers are achieved. This is the responsibility of everyone at Ancile, led by senior management. We aim to minimise the risk that our actions may harm clients, threaten the sustainability of our business, cause reputational damage to Ancile or risk undermining the integrity of the wider insurance market.

We are a co-manufacturer. A "co-manufacturer" is a firm which is involved with another firm (in this case the Intermediary, Ancile Insurance Brokers Ltd and the Insurer, Red Sands Insurance Company (Europe) Ltd) in 'designing, developing, creating and/or underwriting' which covers activities prior to the insurance product being approved for marketing and distribution, and on a continuing basis after such approval. A "distributor" is a firm that distributes and/or recommends insurance products and services to clients (Ancile Insurance Brokers Ltd and/or our Affiliates).

Anciles product co-manufacturing and distribution arrangements will:

- aim to prevent customer detriment and provide a positive outcome;
- support a proper management of conflicts of interest;



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- ensure that the objectives, interests and characteristics of customers are duly taken into account;
- provide fair value both in cover and pricing for customers.

As part of this Policy, and in conjunction with all our other policies, we will ensure that any insurance products we co-manufacture have been through a suitable product approval process (Product Approval Record) and will ensure that written agreements are in place, clearly setting out responsibilities between the parties. We will not co-manufacture products without fully understanding the objectives, interests and characteristics of the identified target market ('target market') or determining that they deliver fair value to prevent customer disadvantage or detriment.

## Our procedures

As a co-manufacturer, we adopt the following procedures:

- maintain, operate and review a **product approval process** for new products and existing products to which significant adaptations have been made, before such products are marketed or distributed, and ensure appropriate record are maintained (**see Product Approval Records**)
- ensure staff involved in product design and manufacture have the necessary skills, knowledge and expertise for their roles; (**see Training & Competence Scheme**)
- specify a target market for each product, including, where relevant, identifying groups of customers for whom the product is generally not compatible or who may be deemed to be potentially vulnerable and therefore require further safeguards or support; (**See Target Assessment & Review**)
- ensure all relevant risks to the target market are assessed;
- design products to be compatible with the needs, characteristics and objectives of the target market;
- ensure that the product approval process identifies whether the product (plus any identifiable packages or additional products) provides fair value to customers in the target market including whether it will continue to do so for a reasonably foreseeable period;
- where we, as a co-manufacturer, appoint another firm to design products on our behalf, we will ensure that we maintain regulatory responsibility and ensure that our product approval process is followed;
- develop a distribution strategy consistent with the target market; (**See Distribution Strategy**)
- Perform due diligence and research a product as much as possible before bringing it to the market;
- select distribution channels that are consistent with the target market; (**See Distribution Strategy**)
- take reasonable steps to ensure the product is distributed to the target market;
- monitor and regularly review products (at least annually), to ensure that products remain consistent with the needs of the target markets and the distribution strategy remains appropriate; and ensure appropriate records are maintained (**See Product Monitoring Records**)
- make available all appropriate information on products and the product approval process to distributors; (**See Product Information Exchange**)
- ensure staff involved in product distribution have the necessary skills, knowledge and expertise for their roles; (**See Training & Competence Scheme**)

It is our intention to ensure that all employees with responsibilities for co-manufacturing insurance products or distribution of the products are provided with specific training relevant to their role to allow them to appropriately fulfil their responsibilities.



## The target market

As part of our product approval process, we will identify the target market for which the insurance product is intended. In practice, this means we will characterise the requirements of the targeted group of customers so that the product can be developed to match those requirements. **(See 'Target Market Assessment')**.

To understand the target market, our product approval process will clearly detail the objectives, interests and characteristics of the target market customers and demonstrate how the product offers fair value. In addition, in our product approval process we will:

- clearly specify the intended target market and its specific characteristics;
- regularly assess risks to identify all relevant detriment that could be caused to the target market and detail how we intend to overcome or mitigate them;
- identify clearly whether any vulnerability may be present in the target market and incorporate appropriate safeguards into the product as part of the design process;
- ensure that the intended distribution strategy is consistent with the target market;
- evidence how we will take reasonable steps to ensure that the product is distributed to the target market; and
- identify groups of customers for whose needs, characteristics and objectives the product is generally not suitable or will not provide fair value. If such groups are identified we will ensure that the product is not distributed to them (by providing adequate information and clear instructions to distributors) and retain appropriate records to evidence this. **(See Information Exchange)**

## Fair value assessment

We will ensure that our product approval process identifies whether the product (each component and the package as a whole) provides fair value to customers in the target market including whether it will do so for a reasonably foreseeable period. We will retain records of such assessments which can be provided to distributors on request.

The assessment will consider:

- the value of the core insurance product;
- the value of any additional products;
- the overall price of the package taking into account our distribution arrangements.

Fair value means the relationship between the overall price that the customer will pay considering the quality of the product/services provided. On this basis our assessment will consider as a minimum:

- the nature of the product including the benefits that will be provided, the type, quality and any limitations;
- the expected total price broken down into relevant elements such as pricing model, overall cost to the firm, other elements to be paid by the customer such as the core product, additional products and remuneration for any distributors\* in the chain.

\*we will record how the intended distribution arrangements support the intended value of the product.

## Reasonably foreseeable period

Our product approval process will assess whether the product will provide fair value to customers in the target market, both now and for a reasonably foreseeable period. It will consider factors such as:

- Expected changes to the price and the risk;
- The expected number and cost of claims;



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- Whether benefits might reduce at renewal due to exclusions or claims limits;
- Whether the total premiums expected to be paid over the length of time a customer would hold the product would exceed the benefits that could be received from claims;
- Whether the benefits offered by the policy at inception may not be available at subsequent renewals, due to exclusions or claims limits, without any commensurate reduction in the premium;
- Whether customers could be discouraged from or be unable to renew due to the level of future premiums including increases at renewal meaning they may not be receiving the full intended value of the product.

## Information to be used

When undertaking our product approval process we will use all appropriate and relevant data that is available to us, including but not limited to:

- Internally available data such as cancellations, conversion, loss ratios, claims frequencies, claims declined and complaints;
- Customer research including distribution staff feedback;
- Competitor analysis; **(See Scheme Level Assessment Process)**
- Remuneration and service levels from distributors; **(See Information Exchange)**
- Results of monitoring and oversight of distributor processes, ie
  - Mystery Shopper conducted monthly and feedback provided **(Underwriting > Confidential > Mystery Shop)**
  - Complaints every 6 months **(Product Oversight & Governance > Distributor Competency)**

## Distribution arrangements

We will ensure that our product distribution arrangements minimise any potential for a product not to provide fair value to customers. We will do this by:

- Monitoring remuneration of any party in the distribution chain ('chain'); **(Information Exchange)**
- Not providing discretion to distributors to set the total price to be paid without sign-off from our firm; **(Pricing Strategy)**
- Establishing the identity of all parties in the chain, providing them with details of the fair value assessment and confirming the arrangements for price-setting; **(Information Exchange)**
- Limiting the ability for any party to influence the total price to be paid for the product. **(Pricing strategy)**
- Review any potential negative outcomes from customers who have purchased through a distributor in the chain using information noted above and work with the distributor to mitigate these outcomes. **(Distributor Competency)**

There may be instances where the product would not be able to be distributed without a number of parties in the chain and, where this is the case, we will ensure that the total remuneration throughout the chain does not negatively impact the value of the product.

We will obtain all necessary information from any party in the chain **(Information Exchange)** in order that we can identify remuneration, including but not limited to:

- the type and amount of remuneration of each party where this is part of the premium or otherwise paid directly by the customer, including in relation to additional products (other than where this relates to another insurance product for which the firm is not a manufacturer);



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- an explanation of the services provided by each party in the distribution arrangements; and
- confirmation from any party that their remuneration is consistent with their regulatory obligations including SYSC 19F.2 (IDD remuneration incentives).

## Skills and knowledge

We will ensure all staff involved in the design, co-manufacture and distribution of insurance products possess the necessary skills, knowledge and expertise to properly understand the insurance products, target markets and their interests, objectives and characteristics. **(Training & Competence Scheme).**

All staff involved in the design, co-manufacture, management and/or distribution of insurance products are subject to our training and competency arrangements which detail the knowledge, skills and expertise required to achieve competence for their role. In addition, they will be provided with bespoke training based on the particular role they undertake. Broadly this will involve training on some or all of the following:

- all parts of the product design and manufacturing process;
- Anciles anticipated target markets and distribution model;
- how Ancile markets the product(s);
- Anciles responsibilities for product oversight and monitoring the performance of the product;
- the products cover and suitability to customers.

## Product testing

We will adopt a robust testing of insurance products **(Product Monitoring Record)**. As a minimum we will conduct product testing on an annual basis, or on an ad hoc basis in the following circumstances:

- before bringing the product to market; or
- if significantly adapting an existing product; or
- if the target market has significantly changed.

The purpose of the testing is to assess whether the product, over its expected lifetime, meets the identified needs, objectives and characteristics of the target market. Our testing may include:

- scenario analyses where relevant (e.g. examining and evaluating possible customer outcomes);
- qualitative tests; (Policies sold, cancellations within 14 days, cancellations after 14 days, Claims frequency, Loss Ratio, declined claims, complaints, trustpilot rating etc)
- quantitative tests where appropriate to the type and nature of the product and the risk of customer detriment.

We will retain evidence of all product testing carried out.

Should the testing determine that a product does not meet these requirements, we will not bring the product to the market. In the event the product is not suitable, it should be raised with Chris Payne who will determine appropriate action to take to prevent customer harm.

## Monitoring and reviewing

We will formally review the performance of our insurance products and monitor distribution on an annual basis as a minimum. More frequent reviews may be required depending on:

- the nature and complexity of the product;





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- the nature of the customer base, including whether there are significant numbers of customers of long tenure and/or vulnerable customers;
- any specific indicators seen in Ancile's assessment of the product's value to the customer;
- any indicators of customer harm potentially emerging from the performance of the product (for example through claims and complaints data);
- the nature and type of distribution arrangements being used;
- Significant change in market conditions

We will do this through collecting and reviewing relevant Management Information (MI), which will be data we are collecting in the firm, publicly available or routinely collected from the distributor(s). The following list is not exhaustive, but this is likely to include some or all of:

- the outcomes of quality monitoring to ensure that the product is being distributed to the target market; **(HR Drive > Team > Traffic Lights)**
- assessing financial promotions to ensure they are produced in accordance with the characteristics of the target market and distributed solely to the target market; **(See Advertising, Marketing & Promotions Policy)**
- analysis of complaints received to determine whether the product has resulted in detriment to the target market; **(See L Drive > Complaints > Confidential (Own and Claims Complaints) and L Drive > Affiliates > Confidential > Affiliates (Regulated) for Complaints made to distributors)**
- analysis of cancellation rates and the reasons for cancellation to help determine whether the product may not be meeting the needs of the target market;
- analysis of quotes not taken up/conversion to help determine whether the product may not be meeting the needs of the target market;
- analysis of repudiated claims to help determine whether the product may have been distributed to customers outside of the target market and/or the cover provided is meeting the customers needs;
- identification, assessment and management of any circumstance which may cause a conflict of interest to the detriment of the customer;
- customer feedback collected to obtain the customer's view on the value the product provides;
- remuneration received by distributors including fees, charges and commission to understand its effect on the overall value of the product.

Our main purposes for doing this are to identify:

- whether the insurance product, and where relevant the package, is providing the intended value to customers;
- identify any negative outcomes to customers;
- that our insurance products remain consistent with the needs, characteristics and objectives of the target market;
- any impact which the distribution arrangements are having on product value, including whether the distribution channels remain appropriate.

Where, as a result of the product review, we decide to make changes to a product, we will retain a record of the assessment of whether that change would amount to a significant adaptation of the insurance product and, if it does not, the reasons for that decision.

Depending on the nature of the product change, the actions we may need to take could consist of one or more of the following:

- making changes to the product (such as amending policy terms or applying them clearer or more favourably to customers in the event of a claim);



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- offering existing customers the option to cancel the insurance contract without additional cost (e.g. by waiving cancellation fees or charges);
- providing customers with a refund of the difference between the premium paid for the insurance product and the premium for a fair value version of that product;
- proposing alternative insurance products, whether offered by Ancile or another provider, to existing customers or distributors, which provide fair value; and
- withdrawing the insurance product from continued marketing or distribution.

## **Breaches including remedial or mitigating actions to be taken following review**

The purpose of this overarching Policy, together with all policies and procedures, is to ensure that we follow our own and the FCA requirements in relation to the co-manufacture and distribution of insurance products. If for any reason we discover a failure on our part to meet these standards we will take immediate action. Any potential breaches should be raised with Chris Payne.

Where we identify any issues or customer detriment following a review of our products, e.g. the product no longer meets the needs of our target market or no longer delivers the intended value, we will immediately take appropriate action to mitigate the situation and prevent it from recurring, notifying distributors and customers of any remedial action taken.

Where we identify any issues as a result of our monitoring of distributors, e.g. the product is reaching customers outside of the target market or remuneration is impacting the value of the product, we will immediately take appropriate action to mitigate the situation and remedy the issue.

This may include issuing additional information, instruction or support to distributors alongside additional monitoring to ensure that the distributor acts accordingly and in line with our product approval process. In cases of significant customer detriment, we may withdraw sales of the product until the issue is resolved.

## **Review of this Policy**

This Policy will be reviewed by the Compliance Officer at least annually as stated in Anciles Compliance Calendar, to ensure that that the product approval process is still valid and up to date. The Board will continuously verify internal compliance with this Policy on at least an annual basis.

**Name:** .....

**Signature:** .....

**Date:** .....



## Information Exchange Good2go Extra Co-manufacturer

Carrier name	Red Sands Insurance Company (Europe) Ltd
Registered Address	Level 3, Ocean Village Business Centre, 23 Ocean Village Promenade, Gibraltar
Company Number	87598
Broker name	Ancile Insurance Group Ltd
Registered Address	Kao Hockham Building, Edinburgh Way, Harlow, Essex CM20 2NQ
Company Number	5429313
Product name	Good2go Extra
Class of Business	Travel Insurance
Date	13.12.2023

<b>Co-Manufacturer Information</b>	
Scheme Names	
Bronze, Silver, Gold (matching Anciles Silver, Gold, Platinum)	
Product information	
There are varying levels of cover and exclusions across the different product names these are Summarised as per the IPID's for each scheme attached with this form.	
Target market	
People with existing medical conditions or who are more mature in age looking to go on holiday and are finding it difficult to obtain Travel Insurance cover from the standard products available.	
Types of customers for whom the product would be unsuitable	
Individuals, couples, and families looking to go on trips <b>without</b> medical conditions or long stay, 'Backpacking' travel abroad.	
Company's knowledge of the current market and target market	
Ancile Insurance Group Limited's management team have over 80 years' experience in the travel insurance industry. Senior management have previous working backgrounds in the standard and Impaired / Mature travel insurance market. Since the development of the product, it has been refined and structured to meet the various needs of clients based on underwriting results, regular reviews of current market products on offer from the various other suppliers and customer feedback along with staff feedback.	
Suitability and Compatibility of product within the market	
The products fulfil various obligations to offer cover where standard travel insurance products fail to provide cover, such as the more mature client or clients with more severe medical conditions. This product fulfils the need where others do not provide the opportunity for clients with medical conditions and/or of a more mature age to be insured for their trip abroad.	
Meeting the demands and needs of the target market	
The varying levels of cover under the Bronze, Silver, and Gold products provide options to clients with different needs. The Bronze product provides Medical only cover with a Higher Excess but at a cheaper premium than other products of a similar nature. This allows clients to cover the 'Life-changing' aspects of a claim, namely costly medical bills abroad and/or repatriation, without the extra cost for baggage, cancellation, and other covers which are not required that, although these can incur a cost are not financially life changing and allowing the client more affordable insurance cover to go on a trip.	

The Silver product provide a more 'Market Standard' cover in relation to travel insurance, providing a broader spectrum of covers including Cancellation, Baggage, Medical and more but at higher premium than the silver cover (these are the most popular of the products) and sit well in the current market pricing.

The Gold product provides an extended level of insurance offering the same sections of cover as the Gold but with Higher levels of cover for Cancellation and Baggage and with no excesses giving clients the ability to insure a more expensive trip or cover more baggage etc.

All products include covid cover under the Medical section cancellation and curtailment cover of the products including isolation or members of family becoming ill with infectious diseases.

All levels of cover are versatile to meet the varying needs of people wishing to travel who are of a Mature age or have existing conditions.

#### Impact of Distributors on the product

Using Third-Party distributors allows the product to be more accessible to clients through the brokers and various sales platforms available.

#### Any notable exclusions or circumstances where the product will not respond

- Excesses apply on the policy and are shown in the policy schedule – the clients are responsible for paying this amount in the event of a claim.
- There is no cover if the client purchased this insurance with the reasonable intention or likelihood of claiming.
- Any medical expenses incurred in private medical facilities if the assistance company have confirmed medically capable public facilities are/were available. Insurers reserve the right to organise a transfer from a private medical facility to a public medical facility where medically appropriate.
- There is no cover if the clients are claiming due to FCDO, government or local authority advice relating to any infectious disease including Covid-19.
- There is no cover if clients claim for a loss that is insured or guaranteed by any other existing protection, specifically Package Travel Regulations, Air Passenger Rights, ATOL (including Civil Aviation Authority requirements), or ABTA protection, or from a credit card provider under s75 Consumer Credit Act, or any other specific legislation for transport or travel providers.
- There is no cover if a client is unable to provide evidence from a medical professional confirming their illness or infectious disease.
- There is no cover if the client simply did not want to travel, had a fear of travelling or could no longer afford to pay for the trip.
- Existing medical conditions that the client hasn't told us about or where we've not agreed to cover them in writing.
- Dental treatment other than to alleviate sudden pain.
- Trips which have begun before the client's policy cover start date.
- Events or situations the client knew about before taking out a policy or booking a trip which could mean they can't travel.
- Taking part in activities unless stated as covered in the Policy Documentation.
- Claims caused by alcohol, drugs or substance abuse.
- Trips longer than 31 days on a Annual multi trip policy.
- Trips longer than 94 days on a single trip policy.
- A client's disinclination to travel.
- A client's failure to obtain the required Passport, ESTA, Visa's or inoculations in time
- Loss, theft or damage to valuables, cash, important documents or personal money left unattended or from luggage checked in.
- Natural damage (e.g. wear & tear or from weather)

- If an insured is travelling internationally, and they do not have a pre-booked outbound and return tickets back to the United Kingdom, Channel Islands, Isle of Man or BFPO.
- Cover is only available to residents of the United Kingdom, Channel islands or BFPO and they must be registered with a General Practitioner.
- There is no cover for trips booked, or travel to a country outside of the geographical limits shown in the schedule of cover for more than 24 hours.
- There is no cover at the start of the policy if anyone to be insured is waiting to have any medical investigation, or the results of any test or investigations, unless these relate to an already diagnosed condition you've told us about.
- There is no cover to cancel or cut short a trip because of any follow up appointment or surgery that relates to investigations or tests that are known about when a trip is booked.
- There is no cover if an insured is travelling specifically to receive medical treatment during their trip or in the knowledge that they are likely to need treatment.
- An insured must, in all cases call our 24/7 assistance team to authorise cover in the event of medical emergency or curtailment. Failure to do so may invalidate a claim.

**Other information which may be relevant to distributors**

Regarding COVID Cover, all policies cover Emergency Medical treatment for Covid whilst the client is away, cancellation cover for anyone named on the policy, non-travelling family member falling ill with covid and covers anyone named on the policy that has to isolate due to covid within 14 days of travel.

GOLD also has a daily limit under the medical section if a client is confined to their trip accommodation due to covid.

All policies have denied boarding cover if a client is unable to return home on their intended flight due to catching covid.

**Information on any ancillary products/activities sold alongside the product which may affect the product's value.**

Activity Extensions – to extend the normal medical cover to include participation in hazardous activities	Yes
Winter Sports – to extend the normal medical cover to include participation in winter sports activities, plus additional benefits to cover various eventualities for these types of holidays	Yes
Golf Cover – to extend the normal cancellation and delay cover to include golf equipment plus additional benefits to cover various eventualities for these types of holidays	Yes

**Information on how the selected products above affect the product's value**

All of the above covers are optional add-ons to the client, giving the client better value in cover should they wish to add the cover rather than including it automatically and avoiding paying for cover that is not required.

**Relevance of any Add-on's or Product Variations**

All add-ons/product variations that require additional cost are optional to clients; therefore, we do not include any potentially irrelevant covers automatically that could not be claimed for under the policy following an insured event, i.e. the customer will only add cover that they desire and meets their needs.

Date last Fair Value assessment completed	<b>14/08/2023</b>
Expected date of next assessment	<b>December 2024</b>
Date of last Product and Distribution Review	<b>11/12/2023</b>
Expected date of next assessment	<b>December 2024</b>