

NIG approach to Product Oversight and Governance Rules

MAY 2022

BACKGROUND

The Financial Conduct Authority (FCA) has updated its rules to ensure all types of customers receive fair value when they buy insurance, regardless of product, manufacturer or distributor.

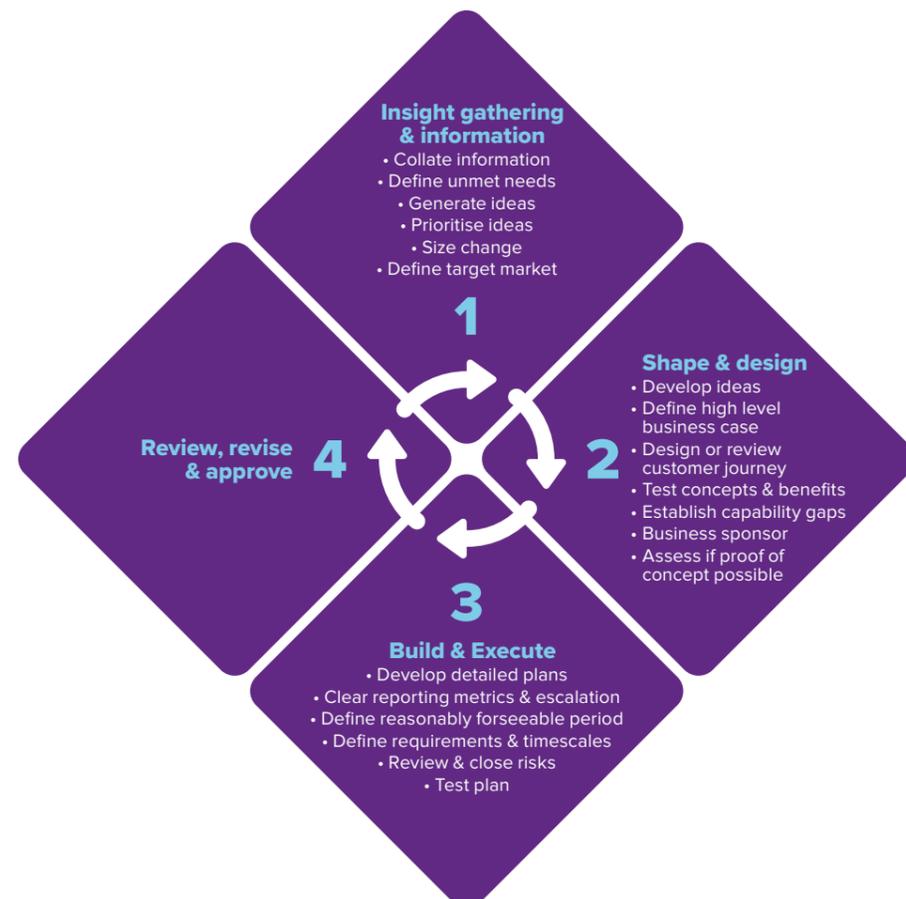
NIG welcomes and supports the FCA's drive to build trust in our industry, and we have reviewed our procedures for developing new products and maintaining existing ones to ensure they remain fit for purpose.

OUR APPROACH TO PRODUCT LIFECYCLE MANAGEMENT

NIG has a process for developing, maintaining and reviewing every product it currently manufactures and, where applicable, is responsible for distributing. In this approach document, manufacturing refers to the designing, developing, creating and/ or underwriting of products. All of our processes have been reviewed and, where necessary, revised in line with the requirements of FCA PROD4.2.

OUR PRODUCT DEVELOPMENT PROCESS OUTLINED

Summarised, the NIG product development and review process has the following steps:



OUR APPROACH TO PRODUCT REVIEWS AND FAIR VALUE

All of our products are being reassessed in line with our updated framework, which will be completed, as required by FCA, by 30th September 2022 and at least annually thereafter.

Our approach is to ensure that all of our products provide fair value to our customers throughout the entire lifecycle of the product. The FCA has defined value, in **PROD 4.2.14E [R]** as the relationship between the overall price to the customer and the quality of the product(s) and/or services provided.

Our product reviews include an assessment of whether the product continues to provide fair value for a reasonably foreseeable period. In assessing fair value, we are looking at both:

1. Financial fair value

Whether the price the customer pays is fair for the product and services they receive. In line with FCA requirements, we will ensure there is a reasonable relationship between the risk price and the premium the customer pays.

2. Non-financial fair value

Whether the product and services customers receive are appropriate and suited to the target market. This includes the nature of the product, including the benefits that will be provided, their quality and any limitations, such as exclusions or excesses across the whole lifecycle of a product. Non-financial fair value will include assessing whether the product performs as we intended by reference to metrics across the customer journey, e.g. sales and servicing (where applicable), claims and complaints.

If products are sold with one or more additional product/s, the fair value assessment applies to each product separately, as well as to the package as a whole.

In line with FCA rules, we will share appropriate information about our products, their approval and our Target Market Statements, which now include the date to which our assessment of fair value remains valid.

OUR ASSESSMENT OF TARGET MARKET STATEMENTS

NIG has a Target Market Statement for every product. These have all been revised in line with the new Product Governance rules, and specify:

- The target market's needs, objectives, interests and characteristics.
- How the product is to be distributed.
- What types of customers the product is for, and is not for.
- Confirmation that the product has been assessed for fair value, and the date to which that is valid.
- The available covers and brief description available within the product.

Our Target Market Statements can be found at nig.com in the documents panel on the right hand side.

OUR EXPECTATIONS OF DISTRIBUTORS

Our distributors need to familiarise themselves with updated rules, including those in **PROD 4.3**. Where you provide additional products or services with ours, you will need to ensure the overall proposal provides fair value taking account of the needs of your customers, including those who are vulnerable. You may be asked for further information by us, including an assessment of the services you provide and details of your remuneration.

WHERE YOU CAN FIND FURTHER INFORMATION

Our policy wordings, summaries and other product material can all be found at nig.com/documents



NIG.COM

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