

MGAM Limited

PRODUCT OVERSIGHT AND GOVERNANCE
PROFESSIONAL INDEMNITY PRODUCT PASSPORT 2022

PURPOSE OF THIS DOCUMENT

To explain the identified target market and the expected distribution strategy for each product manufactured by MGAM Limited (MGAM), and our capacity partners. It also outlines our approach to Product Oversight and Governance (POG) to demonstrate how we design, monitor and review our products to ensure they continue to provide fair value and meet the demands & needs, characteristics and objectives of the target market including vulnerable customers.

PRODUCT OVERSIGHT AND GOVERNANCE

MGAM's Product Governance Policy sets out the approach that MGAM is required to implement to achieve fair value and good customer outcomes. MGAM's aim is to maximise the long-term value of our business but not at the expense of the fair expectations of our customers. The Senior Management Team is committed to enabling and supporting appropriate decision making so that the targets and aspirations the business sets at the top arise from good outcomes achieved for our customers.

The extent to which POG applies depends largely on whether a firm is a manufacturer, a distributor or possibly both.

A "manufacturer" is a firm which is involved 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.

Primarily where MGAM acts under a delegated authority, MGAM is a co-manufacturer in that we work in partnership with insurers on the manufacture of non-investment insurance products.

- We identify, define and assess our target markets at an appropriate level, based on the nature and complexity of our products including assessment of the impact to vulnerable customers.
- We undertake appropriate testing of our new products before launch, to make sure they meet our customers' needs and provide fair value.
- The design and performance of all our new, existing and legacy products are subject to regular assessment and review to ensure products provide fair value and that there is a continuing customer-centric focus, achieving good customer outcomes.
- The features, nature and complexity of our products are carefully matched to our intended distribution channels to ensure they reach our identified target market.

TARGET MARKET AND FAIR VALUE STATEMENTS

Target Market and Fair Value Statements provide information about all MGAM products distributed. This includes:

- The main features, mandatory and optional covers pertaining to our products.
- Key Exclusion / Conditions
- Who our products are designed for and who they are not designed for
- How our products should be distributed
- The complexity of our products
- How to ensure that our product provides fair value to customers as intended

Product Passport	
Product Name	Professional Indemnity
Product Type	Combined / Package
Product Status	This product is open to new and renewal business

Product Details	
Manufacturer(s)	Joint Carrier & MGAM
Carrier	Arch
Product Risk Net Score	Low
Master Binding Authority Ref	043675/01/2022
Effective Date	01/09/2022
Date Last Reviewed	01/09/2022

Product Description	
A Professional indemnity led combined insurance product, designed to meet the needs of Professionals and Commercial Customers.	

Product Features	
Mandatory Covers	The main drivers for purchasing are driven by the insured looking to cover all potential loss as a result of errors or omissions. Professional Indemnity insurance responding to the legal liabilities including legal costs and expenses in defending the claim of our policyholders resulting from alleged inadequate advice, services or designs to a client.
Optional Covers	Not Applicable

<p>Key Exclusions/Conditions</p>	<p>The policy does not insure, apply to or include any cover for any loss, damage, Claim, cost, expense or other sum directly or indirectly arising out of or relating to:</p> <ul style="list-style-type: none"> • Adjudication • Arbitration • Asbestos and Mould • Construction Cost Estimate • Contractual Liability and Collateral Warranties • Controlling Interest • Death or Bodily Injury • Defective workmanship/Materials • Directors and Officers and Trustees Liability • Dishonesty &/or Fraud • Employment • Fines Penalties and Punitive Damages
<p>Key Exclusions/Conditions</p>	<ul style="list-style-type: none"> • Goods and Products • Goods and Software • Insolvency • Insured V's Insured • Joint Venture • Land and Vehicles • Legal Jurisdiction (CLAIMs and Territorial Limits) • Market Fluctuation/Investment/Insurance/ Financial Services Work/Tax Mitigation • Other Insurance • Patent and Trade Secrets • Pollution • Prior Awareness • Property • Radiation • Retroactive Date • Specialist Sub-contractors/Consultants • Surveys Valuations (qualifications and experience) • Territorial Limits • Terrorism and War • Trading Losses • Unauthorised Use of Personal Data • Vehicles • Virus Transmission • Warranties and Guarantees <p>Some of the above exclusions do not apply to some of the covers (for instance, Employers' Liability), as further specified in the wording.</p> <p>In addition, there are exclusions applicable to each of the cover provided, as further specified in the wording.</p>

<p>Distributors action to ensure provides fair value to end customer</p>	<p>Volume dependent remuneration is not available and should be avoided by distributors and must not conflict with the best interests of the customer.</p> <p>The rates set by MGAM have been assessed as part of our value assessment and are deemed to be of fair value to the customer. Intermediaries with delegated authority arrangement are permitted to adjust the overall price paid by the customer by way of commission, discounts, fees and charges must ensure that the overall price paid by the customer represents value for money and is in keeping with the FCA duty to act in the best interests of the customer.</p> <p>All marketing materials must be formally reviewed for regulatory compliance by the distributor and agreed by MGAM prior to publication.</p>
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<p>Restrictions</p>	<p>As per Policy Schedule</p>
<p>Additional Cover(s)</p>	<p>As per Policy Wording</p>
<p>Policy length</p>	<p>Variable but usually annual with ability to extend up to 6 months as required.</p>
<p>Policy structure</p>	<p>This policy is to be sold to individual insureds</p>

<p>Target Market</p>	
<p>Product Design / Targeting</p>	<p>Generic Product with Tailoring</p>
<p>Policy Language</p>	<p>Minimal Legal / Technical Terms</p>
<p>Target market description</p>	<p>This product is designed for Professionals and commercial customers based in the UK, Channel Islands and Isle of Man, who generate an income by charging a fee for their professional services, such as Accountants, Actuaries, Architects, Engineers, Surveyors, Technology Risks, Insurance Brokers, Design & Construct.</p>
<p>Who is this product unsuitable for?</p>	<p>Consumers. Professionals or Commercial Organisations who do not require combined Professional Indemnity insurance, who may obtain this via other memberships or associations, or who are based outside of the territories listed above and Large corporate entities.</p>

Fair Value Assessment	
Fair Value Definition	<p>Fair value means the relationship between the overall price paid by the end customer and the quality of the product(s) and/or service(s) received.</p> <p>MGAM's fair value assessment considers value measures such as claims history, complaints, commission and fees, staff remuneration, barriers to complaints/claims/cancellation and premium finance arrangements.</p> <p>We have reached this conclusion after consideration of the price, benefits and features, available MI and the distribution chain involved (this is a non-exhaustive list).</p> <p>You should be satisfied that, in offering this product, it meets fair value expectations.</p>

Commissions/Fees	<p>Brokerage is variable with total earnings including the addition of any fees not permitted to exceed 27.5% of the gross premium ex IPT charged to the end customer. Commission percentages are in line with market standards.</p>
Premium	<p>Suitable for a broad range of premium levels</p>
Distribution chain value	<p>The distribution strategy represents value for money, commissions and fees reflect services provided and there are no unnecessary intermediaries in the chain. The overall method of distribution is cost effective.</p>

Distribution Method	
Distributions channels	<p>The distribution is via a select number of UK regulated insurance intermediaries.</p>
Delegated Authority	<p>This product cannot be sold via sub delegated authority.</p>
Advised / Non Advised Sales	<p>Advised & Non Advised</p>
Conflict of Interest	<p>No</p>