

MGAM Limited

PRODUCT OVERSIGHT AND GOVERNANCE  
US PROPERTY 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	MGAM US Property
Product Type	Combined / Package
Product Status	This product is open to new and renewal business

Product Details	
Manufacturer(s)	Carrier
Carrier	Endurance worldwide Insurance Limited (a Sompo Subsidiary)
Product Risk Net Score	Low
Master Binding Authority Ref	B1820WLS22C621
Effective Date	01/09/2022
Date Last Reviewed	01/09/2022

Product Description	
This product provides standard liability insurance to commercial customers operating business located in the USA. The product has a number of separate sections and extensions to cover a broad range of risks to business with each of these sections being optional and priced individually.	

Product Features	
Mandatory Covers	The policies provided to the policyholder provide material damage cover and resultant Business Interruption (if purchased) and are intended to provide the policyholder with the ability to put themselves in the same position they were prior to the loss (subject to the terms, conditions and exclusions of the market-standard policies provided).
Optional Covers	Not Applicable

Key Exclusions/Conditions	Quotes (and indeed Certificates) can only be provided on risks that do not feature on our 'excluded occupancy list'. All policies specifically exclude Flood (and provide full Flood definition). Each policy includes full list of exclusions, some of which are generic and some are specific to the occupancy. All exclusions are clearly set out in the policy. If a warranty is included it will provide full details as to what the policyholder needs to do in order to comply.
Distributors action to ensure provides fair value to end customer	<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>
Restrictions	As per Policy Schedule
Additional Cover(s)	As per Policy Wording
Policy length	Variable but usually annual with ability to extend up to 6 months as required.
Policy structure	This policy is to be sold to individual insureds

Target Market	
Product Design / Targeting	Specifically Designed for Market
Policy Language	Minimal Legal / Technical Terms
Target market description	<p>Our target policy holders are small to medium sized commercial business owners with individual buildings no greater than \$5m and small schedules of no more than \$25m. These could be high/main street operations with members of the public entering their premises, have a number of staff as well have a range of property which could be at risk to theft, fire, water damage and a number of other known perils. The coverages required are almost exclusively 'All Risks, excluding Flood and Earthquake' and all policies are written on market standard wordings.</p>

<p>Who is this product unsuitable for?</p>	<p>We have a comprehensive list of excluded occupancies which in effect limit our scope to the less hazardous of risks and also exclude Homeowners and Habitational risks. Risks located in the Tri-County area of Florida. Whilst we can split out the coverages into 'single perils' (including Earthquake) we exclude the peril of Flood absolutely. So long as the risk does not feature on our 'excluded occupancy' list, is not situated in an excluded location and meets the value limitations as mentioned above all Commercial Policy risks are in scope. All risks are subject to review and as a result are only written at the Underwriters' discretion.</p>
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Fair Value Assessment	
<p>Fair Value Definition</p>	<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>
<p>Commissions/Fees</p>	<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>
<p>Premium</p>	<p>Suitable for a broad range of premium levels</p>
<p>Distribution chain value</p>	<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	
<p>Distributions channels</p>	<p>The distribution is via a select number of UK and USA regulated insurance intermediaries.</p>
<p>Delegated Authority</p>	<p>This product cannot be sold via sub delegated authority.</p>
<p>Advised / Non Advised Sales</p>	<p>Advised by broker</p>
<p>Conflict of Interest</p>	<p>No</p>