

## Product Governance, Fair Value & Consumer Duty Oversight Summary

This information is intended for Insurance Professionals only and is not intended for distribution to Policyholders.

The Insurer - Manufacturer	
Product Approval	<p>As part of our due diligence and information exchange to ensure we continue to meet regulatory requirements in accordance with the latest FCA Product Approval guidelines with our Insurers, we obtain relevant information for each product which can include but is not limited to the following being carried out;</p> <ul style="list-style-type: none"><li>• PROD assessments on each available product have been carried out;</li><li>• Target Market Statements for each product are available;</li><li>• Appropriate testing on each product in a qualitative manner has been carried out;</li><li>• Each product is monitored and reviewed on a regular basis;</li><li>• Identifying whether each product provides fair value to customers in the target market including whether it will continue to do so for a reasonably foreseeable period;</li><li>• Maintaining, operating and reviewing any significant adaptations of an existing insurance product, in each case before it is marketed or distributed to customers;</li><li>• Charges and Fee structures are considered for each product.</li></ul>
Target Market Statements for each Product	<p>Target Market Statements for each product may vary across our Insurers, however, we do ensure all contain the required information to meet regulatory expectations and are not intended for customers or operational sales staff. Target Market Statements for each product, at a minimum, demonstrate the following:</p> <ul style="list-style-type: none"><li>• Who the product is designed for;</li><li>• Any specific characteristics you should be aware of;</li><li>• Who the product is not designed for;</li><li>• Key value elements of the product that are important to the target market;</li><li>• What needs are being met by the product</li><li>• How the product can be sold, including advice;</li><li>• How value is assessed.</li></ul>
How is value assessed?	<p>All of our Product Manufacturers review, approve and assess each product in accordance with the latest FCA Product Approval guidelines.</p>
Remuneration	<p>Charges and Fee structures are considered for each product.</p>
Are there any Conflicts of Interest?	<p>None</p>

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Where Choice act as a Distributor	
Product Approval	Where Choice act as a Distributor, the product has been reviewed and approved by the Product Manufacturers in accordance with the latest FCA Product Approval guidelines.
Target Market Statements for each Product	<p>As a Distributor, Choice has developed Target Market Statements. This is not intended for customers or operational sales staff. Our overarching Target Market Statements for each of our products demonstrates:</p> <ul style="list-style-type: none"><li>• Who the product is designed for;</li><li>• Any specific characteristics you should be aware of;</li><li>• Who the product is not designed for;</li><li>• Key value elements of the product that are important to the target market;</li><li>• What needs are being met by the product</li><li>• How the product can be sold, including advice;</li><li>• How value is assessed.</li></ul>
How is value assessed?	<p>The product has been reviewed, approved and assessed by the Product Manufacturers in accordance with the latest FCA Product Approval guidelines.</p> <p>The product is sold to the end customer on a Wholesale basis, via the Insured's retail broker and on occasions directly by Choice as the distributor to the end customer on a retail basis.</p>
Fees	<p>Our fee structure has been assessed and any fee will be advised at quote stage. All fees are over and above the commission earned.</p> <p>Where retained commission is expressed as a %, this is calculated as the percentage of the gross premium paid by the customer excluding IPT.</p>
Remuneration	<p>When Choice acts as the Distributor, we offer a Premium Finance option, subject to APR%, a facility arrangement fee and administration fees in respect of non-payment and scheme alterations.</p> <p>It is noted and understood that additional fees may be charged by the end customer's own Retail Broker in line with their individual Terms of Business with that end customer.</p> <p>Any additional fees charged by the Retail Broker should be proportionate to the service offered and the calculated</p>

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	insurance premium and clearly identified as such to the end customer.
Justification for each distributor's remuneration	Our remuneration reflects the services we deliver. Operational expenses and profit margin are considered carefully to ensure our products' value is not adversely affected. Our staff act in customers' best interests and are not incentivised. The remuneration that we pay to brokers/distributors is commensurate with the service they provide to customers. Renewal prices for customers are the same or lower than the price available for a new customer with the same risk information and cover.
Are there any Conflicts of Interest?	None
<b>Where Choice act as a Co-Manufacturer</b>	
Product Approval	<p>Where Choice act as a Co-Manufacturer, the product has been reviewed and approved in accordance with the latest FCA Product Approval guidelines.</p> <p>Choice Insurance follows an established product oversight and governance process covering the entire product lifecycle from new product development, product review and distribution in accordance with FCA Product Governance rules.</p>
Target Market Statements for each Product	<p>As a co-Manufacturer, Choice has developed Target Market Statements. This is not intended for customers or operational sales staff. We have produced an overarching Target Market Statement for each of our products which demonstrates:</p> <ul style="list-style-type: none"><li>• Who the product is designed for;</li><li>• Any specific characteristics you should be aware of;</li><li>• Who the product is not designed for;</li><li>• Key value elements of the product that are important to the target market;</li><li>• What needs are being met by the product</li><li>• How the product can be sold, including advice;</li><li>• How value is assessed.</li></ul>
How is value assessed?	<p>As Co-Manufacturer, we assess the value of our products based on a number of metrics. In carrying out this assessment, we take into consideration the standard remuneration in our TOBA.</p> <p>The product review process has been designed to ensure that we assess our products against a range of factors and</p>

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	<p>metrics, to check for any risk of customer harm, and to ensure we have the necessary controls in place to know when we need to take remedial action.</p> <p>These reviews will be carried out annually (or more frequently as determined) to analyse product performance and to ensure they are meeting customer needs and continue to provide fair value.</p> <p>In addition, we will consider the add-ons that form part of our product.</p>
Remuneration	Charges and Fee structures are considered for each product.
Are there any Conflicts of Interest?	None
Oversight Summary	The below provides a summary of the processes undertaken by Choice in respect of each product.
<b>Sales &amp; Distribution</b>	
Identify products where Choice Insurance are involved in the manufacture or co-manufacture	✓
Identify, manage, and mitigate potential conflicts when providing a service	✓
<b>Target Market Identification</b>	
Full PROD assessment is carried out for each product	✓
Target markets are identified for each product	✓
Each product is monitored and reviewed on a regular basis	✓
Charges and Fee structures are considered for each product	✓
Characteristics and features of each product are identified	✓
Full PROD assessment is carried out in respect of new products or where there is significant change or amendment to an existing product	✓
<p>Ensure good product governance resulting in products that:</p> <p>(i) meet the needs of one or more identifiable target markets;</p> <p>(ii) are sold to clients in the target markets by appropriate distribution channels; and</p> <p>(iii) deliver appropriate client outcomes</p>	✓

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Conflicts of Interest	
Establish, implement, and maintain procedures and measures to ensure compliance with the requirements on proper management of conflicts of interest	✓
Ensure the design of each product including its features does not adversely affect end clients or lead to problems with market integrity	✓
Product Testing	
Product testing is carried out in a qualitative and quantitative manner	✓
A scenario analysis is undertaken to assess the risk of poor outcomes and assess in which circumstances those poor outcomes may affect the end client	✓
Product Approval	
Identify whether each product provides fair value to customers in the target market	✓
Identify whether the product will continue to provide fair value for a reasonably foreseeable period and consider the pricing model used to calculate the risk premium for the initial policy term and any future renewal	✓
Ensure information is of an adequate standard to enable distributors to understand and recommend or sell the product properly	✓
Governance & Oversight	
Systems and controls are embedded and in place to design, approve, market, and manage products throughout the products lifecycle to ensure we continue to meet legal and regulatory requirements for the end client	✓
Management has effective control over the product governance process	✓
Training	
All relevant staff involved in the manufacture , co-manufacturing or distribution of a product must possess the necessary expertise to understand the characteristics and risks of the product and to help embed Consumer Duty into our culture	✓
FCA Policy Statement PS22/9 - A New Consumer Duty effective 31 <sup>st</sup> July 2023	
We are compliant with the Consumer Duty new FCA Principle (PRIN12)	✓
We have a well-established conduct and risk framework in place	✓
We have robust processes and controls in place putting the protection and needs of our customers first	✓

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We have a robust product review process meeting the necessary levels for adhering to Consumer Duty requirements	✓
Our frameworks, policies, business standards and controls align to the Consumer Duty (including how we support vulnerable customers)	✓
We regularly review our policy wordings and associated literature to ensure they are clear and easy to understand	✓
We assess additional MI, testing our customer journeys, touchpoints and communications across our channels of distribution	✓