Product Governance Document

Product Development

Product names	Essential Business Legal Absolute Business Legal Employment Practices Liability
References	EBLPW.01-22HDI ABLPW01-22HDI EPLPW.01-22HDI
Reviewer	Jack Gelderd
Date Fair Value Assessment was completed	10/02/2022
Date Product Review signed off by Underwriting and Claims Committee	22/02/2022
Product	Existing Product
What type is the proposal	Annual Review of Existing Product

Summary

This product has been subject to the ARAG's POG process and has been reviewed and signed off by ARAG's Underwriting & Claims Committee as representing fair value to customers. This is in light of a review of the following MI:

- Claims and complaints volumes, including FOS referrals
- Declinature rates
- Any impact on vulnerable customers
- Wordings review
- Any developments likely to impact the product in the next 12 months.

1. Product Design

1.1 Target Demographic
Who is the target demographic and is the proposition aligned to the identified demographic?

- Businesses located in the United Kingdom, Channel Islands, or the Isle of Man.

1.2 Customer Vulnerability
What is the potential for customer vulnerability within the target demographic and how can the product or process be flexed to meet their needs?

- Customer vulnerability is considered as a part of the review. However, no specific issues have been identified.
- The product has been aimed at businesses, customer vulnerability therefore needs to be considered at service delivery level, rather than product development.

1.3 Market Research
Provide the research that has been completed and explain how it demonstrates the customer need for this product?

- This is an existing product which has been designed around the demands and needs of the target market segment.
- Whether it continues to meet these demands can be evidenced by performance metrics and claims data.

1.4 How is the Product Fair and Reasonable
How have we ensured the product is fair and reasonable? Is the product literature correct/ clear fair and not misleading?

Refer to the Product Oversight and Governance Policy:

Product Oversight and Governance 11.

Literature is fair, clear and not misleading. ARAG operates a robust sign off process for all new products and material product changes.

1.5 Customer Needs and Demands Expectations
Give consideration to any scenario that could affect customer needs and expectations. How will this be managed and customer need expectations maintained?

- Catastrophe risk is minimal.
- ARAG have a business continuity plan in place in case of any disruptive incidents whereby we can continue our usual operations successfully (this has been proven in recent times due to the Covid-19 pandemic).

1.6 Key Features
What are the key features of the product and why are you comfortable they are appropriate for the proposed customer base?

Refer to Point of Sale documents:

Essential Business Legal EBLPOS.01-21. | Absolute Business Legal ABLPOS.01-21. | Employment Practices Liability EPl

All cover is relevant to a commercial customer's needs as these are all perils a commercial entity would stand to face. Key features reflect needs and demands or target market.

1.7 Exclusions
What are the exclusions, are there any deferred periods and how have you deemed them to be appropriate for the customer base?

Refer to Point of Sale documents:

Essential Business Legal EBLPOS.01-21.   Absolute Business Legal ABLPOS.01-21.   Employment Practices Liability EP

We have reviewed the exclusions and have not identified any cause for concern.

1.8 Commissions
Are Commissions all appropriate and justified?

Commissions are within agreed thresholds.

1.9 Core Policy Documents
Have all core policy documents been created, and reviewed and approved by all the relevant parties?

Refer to the Product Oversight and Governance Policy:

Product Oversight and Governance 11.

All core policy documents have been created and reviewed by Product Development and then approved by all the relevant parties.

2. Sales Process

2.1 Marketing
How will the product be marketed and is there scope for the marketing go outside the target market?

Products are marketed to customers on a business-to-business basis (B2B). Marketing material is therefore aimed at the correct customer base for the products. No issues or concerns have been identified as part of our review.

2.2 Distribution
How is the product sold and is the process appropriate for the target market?

- Our products are sold as a stand-alone or as an optional or bundled add-on to commercial insurances.
- Embedded as a section of a commercial insurance product - either as an optional section or mandatory inclusion.
- Distributed through intermediaries (i.e., insurance brokers, MGAs, or insurance companies).

The intermediaries must act with customers best interests in mind so the needs of the customer have definitely been taken in to account.

2.3 Process Controls
How is the process controlled?

- Broker training.
- Audits.
- We collate feedback from the Sales and Claims teams and the FOS, and make changes where required.

3. Claims Process

3.1 Fairness
Is the claims process fair and does it present any barriers to claiming?

Having reviewed the claims process in our opinion:
- we consider it to be fair and,
- there are no obvious barriers to claiming.

4. Complaints

4.1 Fairness
Is the complaints process fair and does it present any barriers to complaining?

Having reviewed the complaints process in our opinion:
- we consider it to be fair and,
- there are no obvious barriers to lodging a complaint.

5. Additional Notes and Comments
Any notable global and national news from the last 12 months which will have an impact on our products.

- Tail end of Brexit effecting business - uncertainty of the situation with NI.
- Covid effecting employment with furlough, redundancy risks, tribunals, etc.
- The move to working from home has blurred the lines between commercial and family insurance.
- Brexit effects on cover - UK may drop some EU regulations with potential prospects to reword/rework certain laws in the future.

Have any changes been made to our policy wordings in the last 12 months?

- A cyber affirmative clause has been added.
- A sanctions exclusion has been added.

6. Actions and Recommendations
recommendations to the company based on this review process, R/A/G scale to show Immediate, scheduled and/or business as usual.

- Review products in line with ongoing Brexit developments.
- Review non-urgent change log.
- Review references to documentation within wordings as a result of change of provider of legal documents..