

# **Product Governance and Oversight Frequently Asked Questions**

## **(FAQs)**

The purpose of the Target Market and Product Fair Value statements is to explain the identified target market and the expected distribution strategy for each Commercial Lines Insurance product manufactured by AXA Insurance. Also included is our approach to Product Oversight and Governance which explains how we design, monitor and review our products to ensure they continue to provide fair value and meet the needs, characteristics and objectives of the target market, including vulnerable customers.

In addition, we have provided some responses to frequently asked questions below.

### **FAQs**

#### **Question: Has AXA Commercial carried out a PROD assessment on all products?**

Answer: As part of our Product Governance and Oversight of AXA Commercial products:

- We identify, define and assess our target markets at an appropriate level, based on the nature and complexity of our products
- We undertake appropriate testing of our new products before launch, to make sure they meet our customers' needs and provide fair value
- We regularly assess and review the design and performance of all our products to ensure they provide fair value and meet the needs of the target market. This includes assessing fees and charges. From 1<sup>st</sup> October 2021, we will carry out this activity annually, as per the amended PROD rules
- Where a significant change is made to the product, we assess this to ensure the product continues to meet customers' needs and provide fair value
- The features, nature and complexity of our products are carefully matched to our intended distribution channels to ensure they reach our identified target market.

#### **Question: Does AXA Commercial's product approval process identify 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?**

Answer: As part of our product approval process, we consider the expected changes to the total price the end customer would be likely to pay during the period they hold the product, including the initial policy term and subsequent renewals.

#### **Question: What happens if AXA Commercial identify that a product does not provide Fair Value to customers?**

Answer: We will take appropriate action to stop any further harm from occurring and inform all our impacted distribution partners and customers about the remedial action being taken. This could include, but is not limited to:

- Amending distribution arrangements
- Amending remuneration structures
- Adapting, or withdrawing the product.

#### **Question: For each of AXA Commercial's products, what is the intended target market, are there any customers for whom the product would not be suitable, are there any notable exclusions or circumstances where the product will not perform and is there any other information which is relevant to distributors?**

Answer: Please refer to our Target Market and Product Fair Value Statements, which provide information about our products including:

- Who AXA Commercial products are designed for and who they are not designed for (target market).
- The main features and optional covers associated with our products.
- How our products should be distributed.
- The complexity of our products.
- How to ensure that our products provide fair value to customers as intended.

**Question: What information will AXA Commercial be requesting from distribution partners to support the assessment of products, and when will AXA Commercial ask for this?**

Answer: On an annual basis we'll be requesting data from our distribution partners to allow us to assess if the arrangements in place remain appropriate and represent value for the customer. At a minimum the information we'll require to carry out our assessments in accordance with the FCA's PROD rules is:

- Information on the remuneration and fees charged in connection with the distribution of our insurance products and the services provided, including from other parties in the distribution chain
- Information on any ancillary product or services provided to the customer (including insurance add-ons, non-insurance additional products and retail premium finance), which may affect the intended value of our insurance product
- Confirmation that the distribution arrangements are consistent with the obligations of the firm under the FCA Handbook including SYSC 10 (Conflicts of interest) and SYSC 19F.2 (IDD remuneration incentives).

Where possible and appropriate, we will request this information as part of our existing engagement with our partners.