Munich RE

Munich Re Specialty

Consumer Duty and Product Governance Rules – What we expect from our distributors

1 Purpose and Application

In this document, we outline our minimum expectations, including information sharing requirements, that we expect our distributors to comply with, to ensure we are able to meet UK FCA Consumer Duty[1] and product governance rules[2].

Our requirements apply to UK domiciled distributors of insurance products that are underwritten by Syndicate 457 at Lloyd's (managed by Munich Re Syndicate Limited, t/a Munich Re Specialty – Global Market, Syndicate), and sold to consumers and to small and medium sized enterprises. Large risks and reinsurance contracts are excluded.

'Distributor' refers to regulated third parties who deliver products or services in the distribution chain, including brokers and coverholders.

2 Context

Munich Re Specialty - Global Markets, is committed to delivering good outcomes to policyholders throughout the customer journey, and aims to work with distributors who share this mindset.

Our commitment is reinforced by the regulatory framework in which we operate. The Consumer Duty centres on Principle 12 which states that firms "must act to deliver good outcomes for retail customers". The Principle is supported by three cross-cutting rules[3] and the four prescribed customer outcomes below, which regulated firms who deliver products and services to customers must actively monitor and evidence, as appropriate:

1. **Products and Services:** The product meets the needs, objectives, interests and characteristics of the target market and the distribution strategy for the product is consistent with the identified target market.
2. **Price and Value:** The product represents fair value to the customer.
3. **Customer Understanding:** The customer has the information they need and understand about the product and they receive this in good time.
4. **Customer Support:** The customer is supported to realise the expected benefits of their product.

Under the FCA product governance rules, and as part of the prescribed 'Price and Value' Consumer Duty outcome above, product manufacturers and distributors are required to undertake an annual product fair value assessment to review whether our products are delivering good outcomes for customers.

3 Our Expectations

3.1 Appropriate information sharing in the distribution chain

Appropriate and timely exchange of information is paramount in enabling each party in the chain to fulfil their regulatory obligations and review, monitor and evidence customer outcomes. As such, we have strived to improve the way we share information (see section 3.2) and we expect our distributors to comply with all reasonable information requests (see section 3.3).

[1] A new Consumer Duty – Policy Statement and Finalised non-Handbook Guidance for firms on the Consumer Duty

[2] FCA Product Governance Rules

[3] The Consumer Duty's three cross cutting rules are: 1. Act in good faith towards retail customers; 2. Avoid causing foreseeable harm to retail customers, and 3. Enable and support retail customers to pursue their financial objectives

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3.2 How we intend to share information

For the purposes of our annual fair value assessment process, our company websites are the primary channel via which we aim to publish product information for our distributors, such as target market statements and fair value assessments. See links below:

1. Munich Re Syndicate Limited, t/a Munich Re Specialty - Global Markets, Syndicate: Product Fair Value Assessments | Munich Re Specialty
2. Munich Re Specialty Insurance UK, t/a Munich Re Specialty - Global Markets, UK: Product Fair Value Assessments

It is also the channel through which we intend to collect fair value assessment information from you. **These pages contain links to our Product Information Exchange (PIE) questionnaires, which we require our distributors to complete on an annual basis** (see section 3.3 below for more details)**.** Our PIE forms have been developed largely in line with guidance from the Lloyd's Market Association.

Beyond our annual fair value assessment process, distributors may communicate any additional information and feedback via their usual Munich Re contact.

3.3 Your responsibilities as a distributor

In light of the above, we have summarised in the table below your key roles and responsibilities as a distributor:

Area	Distributor
1) Annual Fair Value Assessments	• **Product Information Exchange:** Distributor firm to review product target markets statements (available on our website). For each product placed by the distributor firm, *complete and submit a PIE questionnaire by mid-August each year*, based on data for the previous 12 months (up to 30th June). • **Fair value assessment:** Review your distribution arrangements and ensure the product is distributed to the envisaged target market only and in a way that suits the customer (inc. any vulnerable customer groups) and supports fair value. • **Report issues:** Notify Munich Re promptly of any findings of foreseeable harm and remediation activity relevant to the distribution of its products.
2) Customer Understanding	• **Customer's information needs:** Distributor should ensure that correct product information is disseminated to the customer / their representative at the right time and in the appropriate manner. • **Provide feedback:** Where applicable, provide feedback to Munich Re in respect of any identified improvements to product documentation.
3) Customer Support	• **Appropriate customer support and removal of unreasonable barriers:** To monitor services you deliver to customers / their representatives throughout the customer lifecycle and identify any unreasonable barriers, such as fees, charges or inadequate assistance for vulnerable customers. • **Provide feedback:** Where applicable, provide feedback to Munich Re in respect of any identified improvements to customer services.
4) Vulnerable Customers	• **Identify and report vulnerable customers:** Distributor firm to promptly notify Munich Re where it recognises an individual customer, or group of customers, with characteristics of vulnerability. Relevant supporting information must be provided, along with details of any mitigating action taken or proposed. (Mitigating action may include making adjustments to support the affected customer(s) and/or revisiting our products and services to avoid similar issues in future.)
5) MI	• To provide Munich Re with prompt, accurate and complete information as may be requested by Munich Re.
6) Notification of issues /	• Under Consumer Duty, there is also a general requirement that, if distributors identify information that should be shared with the manufacturer, they should provide it promptly.

foreseeable customer harm	This could apply to situations where a distributor identifies foreseeable harm or problems with the way a product or service is operating in practice. Munich Re expects to be kept informed about any factors that may materially affect the ability of our products to deliver good customer outcomes for an individual customer or a group of customers.