

## DISTRIBUTOR FAQs

### **Why do the Product Value Information Exchange documents produced by TMHCC not contain all the information suggested in the LMA's guidance for the forms?**

The LMA Product Value Information Exchange document was designed and agreed by the industry associations as a template to assist Manufacturers and Distributors in exchanging the information needed for them to satisfy their respective regulatory obligations. It is not mandatory to use it nor is any of the content for it mandated. TMHCC chose to focus the information in the document on the product itself rather than including other, more generalised, information about product governance which applies to all of our products. You can find out more about our Product Governance and Distribution oversight arrangements in this Distributor FAQs section.

### **Is TMHCC the sole product manufacturer or a co-manufacturer of the products it provides?**

TMHCC will always be a manufacturer of the products it underwrites. On occasions it will collaborate with its broker or coverholder partners in the manufacture of a product and, in those situations, it will be a co-manufacturer with the relevant broker or coverholder partner. Where TMHCC is a co-manufacturer, it will have suitable agreements in place with its broker or coverholder partner that clearly set out which firm is taking the lead on the various aspects of the manufacturing process, ranging from the product design/approval itself and determining the intended target market, through to the post product launch monitoring and reporting.

### **Has TMHCC undertaken a PROD assessment on its products?**

Yes. All our products pass through a PROD assessment which comprises a number of elements covering Customer Risk, Product Risk, Sales Risk, Service Risk and Other Conduct Risk factors. It includes:

- determining the target market for the product,
- identifying customers for whom the product is not intended or suitable,
- the features and characteristics of the product including what it is intended to cover and not cover,
- establishing the distribution method/channel for the product and,
- passing the product through an initial risk rating assessment, including a Conduct Risk Questionnaire, which determines the product / conduct risk to our customers. This drives the appropriate monitoring and reporting regime (including the frequency of those activities) for the product.

Whenever one of our products requires significant or material changes it will pass through our PROD 4 assessment process again to be re-evaluated and re-approved.



**How frequently does TMHCC undertake a PROD 4 assessment?**

Regardless of whether there have been any material changes to the product, the PROD process is repeated regularly as a matter of course (as a minimum at least once annually) on all products. It is also reviewed and repeated on an ad hoc basis if our monitoring activities and management information data suggest that the product is not performing as intended.

**Does TMHCC's product approval process identify if the product will deliver fair value to policyholders?**

Yes. It is hugely important to us that our products provide our customers with a meaningful and genuine benefit and that they get fair value when purchasing one of our policies. We strive to ensure that products offer fair value at the outset, at renewal, and throughout their lifetime. The monitoring and reporting activities we put in place are part of the tools we use to ensure that products continue to deliver an appropriate outcome to our customers.

**What factors does TMHCC routinely monitor to help it determine that its products are performing as intended?**

Our management information reporting requirements includes such aspects as policy sales versus cancellations, claims notifications versus declinatures, service standards performance (both qualitative and quantitative) for Distributors that utilise call centres for distributing our products, monitoring service level standards for third parties that handle claims on our behalf, and the results of peer reviews / audits undertaken. In addition we have a formalised programme of external audits for any third party to whom we provide some level of delegation of authority.

**How does TMHCC ensure that its product oversight processes work effectively?**

All products are subject to scrutiny and challenge by our Product Governance & Distribution Committee. The objective of the Committee is to ensure effective oversight of product development, implementation, and ongoing product management during the product lifecycle. A key method used in this regard is for appointed non-customer facing employees to act as Customer Advocates and review appropriateness of product design. The Committee aims to ensure that TMHCC can achieve compliance with its regulatory obligations – including the FCA's Principles for Businesses and to promote and support the delivery of good customer outcomes.