

Product Approval Process

Zurich Insurance UK has a well-established Product Approval Process which is reviewed/updated on a regular basis to reflect the needs of the business and the expectations of our key stakeholders.

The Financial Conduct Authority (FCA) requires us to provide appropriate information on our product approval process, and we have set our approach out in this summary document.

Our product approval process applies to all new products, as well as to products that have been significantly changed. A product has been significantly changed if it has an impact on both existing or new customers, or where it may change the target market of the product. This could include a change to the coverage, costs, exclusions or excesses and each change will be assessed on its merits.

Zurich's product approval process:

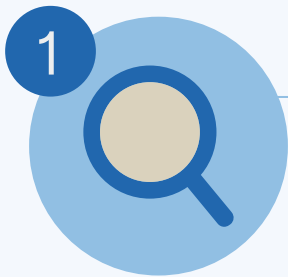
- Puts customers at the heart of the process
- Is fully compliant with all regulation and legislation
- Is simple and efficient
- Is commercially minded
- Is flexible and agile
- Adheres to the Zurich Risk Policy

This document provides full details of our process. If you have any questions regarding Product Governance, please contact us at:

product.governance@uk.zurich.com



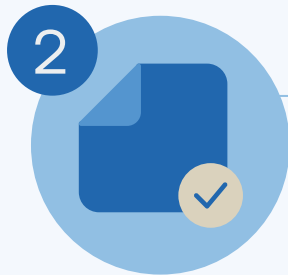
Product Approval Process Steps



1

Identify

- Opportunity is identified
- Proposer (the person who initiates the change) seeks agreement from the Market Facing Unit (MFU) Leadership Team to proceed to stage 2
- Opportunity is logged with the MFU



2

Proposed Customer Journey / Review Customer Journey

- The MFU:
 - Carries out an Initial Product Assessment which considers customer needs and sustainability and determines target market and non-target market
 - Conducts Consumer and broker research
 - Engage with the Customer Office to collaborate on customer journey
 - Carries out a Fair Value Assessment
- The business case is developed and presented by the Proposer to the Heads of relevant Business Areas, and Customer Experience Group (CEG)
- Product development template is completed by the Proposer and submitted to Product Governance
- Product Governance provide oversight of the submission and collaborate with Proposer on identified gaps
- Product Governance circulate paperwork to Product Oversight Committee (POC)
- The POC review proposals



3

Actual Customer Journey / Develop Customer Journey

- A cross-functional working group is established by the MFU.
- The product design, information, customer journey and distribution strategy are developed by the working group
- External feedback from target customers and/or intermediaries is sought via the Customer Office and any other relevant areas
- The Product Governance team provide guidance if needed



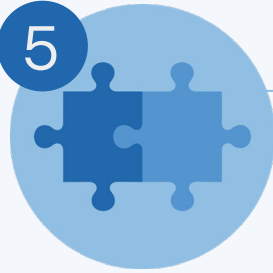
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Product Governance Oversight / POC Review

- The Proposer updates product development template and submits to Product Governance
- Product Governance provide oversight of the submission and collaborate with Proposer on any identified gaps
- Product Governance circulate paperwork to POC for review
- Proposer seeks agreement from the MFU Leadership team to proceed to stage 5

Product Approval Process Steps

5



Build and Test

- The product is built in line with approval granted in Stage 4
- MFU cross functional working group test the product and communications, and identified actions are logged and completed for audit purposes
- Updated product development template is completed by the Proposer and submitted to Product Governance
- Product Governance provide oversight of the submission and collaborate with Proposer on identified gaps
- Product Governance circulate paperwork to POC
- The POC review proposals

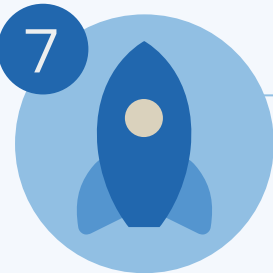
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Customer Oversight Group and Approval

- The Product Governance team submit proposal to the Customer Oversight Group (COG) for review and challenge of Fair Value Assessment and proposition
- Individual sign-off returned to Product Governance
- Product Governance store COG minutes and launch approvals
- Product Governance ensure required logs and product catalogue are updated

7



Launch / Implementation

- Distribution of Product by the MFU commences
- External websites are updated and/or co-manufacturer partners are informed of launch

8



Monitoring and review

- The MFU reviews the product within the first 12 months of launch
- The MFU conducts product monitoring activity
- Product Governance and the MFU use a risk-based approach to identify if the product will requires more frequent reviews
- Prioritisation of reviews is based on risk assessments in line with the Product and Proposition Framework
- The MFU will inform Product Governance of any development not delivered by the project which are deferred
- The MFU determine and inform Product Governance of any post launch research, testing or MI requirements
- MFU to determine the operational rhythm how they want to go about reviewing and tracking of MI within MFU Leadership Team meetings
- MFU to document the plan for monitoring of early experience before moving into the standard Proposition Management process and completing a handover to the designated Product Owner
- Post approval actions are logged by Product Governance in the Product Approval Log

Fair Value Assessment (FVA) Methodology

Zurich Insurance UK continuously oversees its products and conduct FVAs on all Product Families at least annually and more frequently for high-risk products. This ensures that the products remain fit for purpose and that they are distributed through appropriate channels.

The FVA considers at least:

- The nature of the product including the benefits, their quality and any limitations
- The type and quality of services provided to customers
- The expected total price to be paid by the customer when buying or renewing the product
- The cost and value of any add-ons
- How the intended distribution arrangements support fair value

It also considers a range of indicators and metrics such as:

- Commission Rate
- Loss Ratio
- Renewal Retention Rate
- Combined Operating Ratio
- Claims Frequency
- Claims Repudiation Rate
- Customer Complaint Ratio
- Quality of Customer Service and Communications



Where a broker charges fees or commissions to the customer, the assessment must consider whether that adversely impacts the overall value received by the customer.

For this reason, and in order to comply with our regulatory obligations, we require our distribution partners to provide information about any additional remuneration paid by the policyholder and to demonstrate how it supports fair value.

In the unlikely event of a product not offering fair value to its customers, we will take all reasonable steps to remedy the issue and to put policyholders in the position they would have been in had the product offered fair value.

We will continue to monitor and update the FVA Methodology to ensure the fair treatment of customers and to adhere to market standards.