

# Product Approval Process

**Zurich Insurance UK (Zurich) has a well-established Product Approval Process which is reviewed/ updated on a regular basis to ensure we remain compliant and that our products provide fair value to all our customers.**

The Financial Conduct Authority (FCA) requires us to provide appropriate information about our product approval process. We have outlined our approach in this summary document.

Our product approval process applies to both new products, and products that have been significantly changed. A product has been significantly changed if the amendment has an impact on either existing or new customers. Changes could relate to the target market, 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 aligned to relevant regulation
- 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 get in touch with your usual Zurich contact.



# Product Approval Process



Identify



Discovery



Test



Develop



Product  
development  
cycle

Launch decision



Governance



Launch



Product  
Monitoring

# Fair Value Assessment (FVA) Methodology

Zurich continuously oversees its products and conducts FVAs on all Product Families at least annually. High-risk products could be subject to more frequent reviews to mitigate the risk of customer harm. 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 identified target market and the type of customer
- 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 show that the remuneration does not detract from fair value.

For this reason, and in order to comply with our regulatory obligations, we require our distribution partners to provide information about any 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 we offer fair value products and that we continue to deliver good outcomes to our customers.

