



**Consumer Duty
Implementation
Broker Update
May 2023**

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Purpose of document

As a regulated entity of the FCA and product manufacturer and co-manufacturer, we are required to review existing products and services against the FCA's Consumer Duty outcomes and share this with distributors.

This document is intended for distributors of Angel Risk Management Ltd ("ARM") products that may impact customer outcomes. The purpose of the document is to provide an update of our progress with implementing the Consumer Duty requirements, due to come in force on 31 July 2023 and 31 July 2024 for open and closed products respectively.

This document includes:

- Background and context, outlining the key FCA Consumer Duty requirements
- What this means for you as a distributor of ARM products
- How to get in touch for more information and provide feedback

Please note that this document:

- Is provided in line with the Consumer Duty requirements for ARM as a product manufacturer and co-manufacturer and is not suitable for customer distribution; and,
- Should be read in conjunction with Fair Value Assessment outcomes and Target Market Statements (TMS) provided in September 2022 <https://www.angelriskmanagement.com/about/prod> in line with the implementation of the FCA's enhanced product governance rules under chapter 4 of the FCA's Product Intervention and Product Governance Sourcebook (known as PROD 4) which became effective on 1 October 2021.

Background and Context

The FCA's Consumer Duty sets higher and clearer expectations of consumer protection across financial services, including the parties involved in manufacturing and distributing insurance product and services. The key requirements include:

- A Consumer Principle that requires firms to act to deliver good outcomes for customers which reflects the overall standard of behaviour the FCA requires from firms.
- Cross-Cutting Rules providing greater clarity on the FCA expectations under the Consumer Principle and helping firms interpret the four outcomes (below).

The four outcomes which are a suite of rules and guidance, setting more detailed expectations for firms in the following areas:

- 1) Products and Services
- 2) Price and Value
- 3) Consumer Understanding
- 4) Consumer Support

Working closely with our distributor network in our capacity as product manufacturer, we completed our first round of fair value assessments ("FVAs") in September 2022. As per FCA guidance, this satisfies requirements under outcomes 1 and 2 of the Consumer Duty.

Our approach

We are making enhancements as per Consumer Duty rules and guidance, with a key focus on:

- Enhanced annual product review approach including revised target market statements and expectations where emerging and value issues are identified, including remedial actions.
- Our approach to outcomes 3 and 4 of the duty (Consumer Understanding and Consumer Support).

- The Management Information (MI) we require to effectively monitor customer outcomes; and,
- How we work collaboratively with parties across the distribution chain and customer journey to deliver good customer outcomes.

What this means for you

As part of our Consumer Duty implementation efforts, we will be making changes that potentially impact our distributors. We will regularly review existing products and services against the Duty outcomes and share this with distributors to ensure obligations under the Duty are being met.

We note distributors of our products will also be implementing changes in line with the requirements of the duty. In connection to this, the FCA has commented that it is vitally important that all firms along the distribution chain are pulling in the same direction to produce good outcomes for consumers. Our expectation is that this will include being accountable for any services, communication, including online and marketing material, and support provided to end-customers. This includes having adequate testing and monitoring processes to ensure good outcomes are being delivered in line with the Consumer Duty requirements.

As a product manufacturer and co-manufacturer, we have outlined the key actions we will be taking to ensure the delivery of good customer outcomes in line with the Consumer Duty expectations and ensure we can monitor and test customer outcomes effectively.

- Enhancing our current arrangements for monitoring and oversight of customer outcomes (e.g. Quality Assurance and Customer Outcomes monitoring and testing).
- Enhancing how we test communications to ensure they are understood by intended target markets.
- Supporting product manufacturers in identifying and providing metrics to ensure effective monitoring of the outcomes of the Duty.
- We are in the process of documenting further guidance notes to assist in providing appropriate levels of support to customers. Where relevant, this will be shared with you to ensure expectations are clear.
- Ongoing collaboration with our distribution network to ensure the delivery, monitoring and testing of good customer outcomes in line with the Consumer Duty requirements.
- Enhanced annual product review approach including revised target market statements and expectations where emerging and value issues are identified, including remedial actions.

Contact Us

We are committed to an open and constructive dialogue with our distribution partners as well as other parties delivering services on behalf of ARM. For more information on any of the topics in this document, please contact consumerduty@axaxl.com

In addition, please share any feedback you have on progress and expectations listed within this document.

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