



## **AIG Fair Value Statement Personal Insurance:**

### **Personal Accident and Hospital Cash (Sole Trader)**

In compliance with FCA rules, the purpose of this document is to explain AIG's approach to Product Oversight and Governance and to share information with our distributors (and co-manufacturers, where applicable) so that we may work together to deliver insurance products which are fair value and provide good Customer Outcomes in respect of AIG manufactured and co-manufactured insurance products.

It also outlines and provides information on how we design, monitor, and review our products to ensure they continue to provide fair value, whilst meeting the needs, characteristics and objectives of the target market including vulnerable customers.

Where we have suggested potential changes or identified any actions or next steps with respect to this insurance product and/or its distribution or administration, a summary of these is set out below.

### **Product Oversight and Governance**

AIG's Product Governance Oversight sets out the standards that AIG is required to implement to ensure fair value and good Customer Outcomes, by having robust product oversight and a governance framework of systems, policies, and procedures in place. Our product governance process covers the following:

- Identification of the target market.
- The value the product provides to customers in the target market now and over the lifetime of the product (including specifically in relation to any customers that may have 'vulnerable' or 'protected' characteristics).
- Whether any features of the product (and, additionally, the distribution arrangements) may give rise to concerns about fair value.
- Appropriate research including consideration of customer needs which is used within the Product Development Process.
- Consideration of the pricing structure, appropriateness and transparency of fees and charges.
- Consideration of various metrics and management information, including loss ratios, claims frequencies, claims acceptance rates, complaints data, combined ratios, and other available measures.

### **Key Output**

AIG is confident that its policies and procedures are appropriate and satisfy relevant regulatory requirements enabling us to identify effectively whether our products offer fair value to our customers, both at product design stage and on an ongoing basis.

In summary, the template below provides information about AIG insurance products and their distribution including:

- Product assessment completion dates
- A Fair Value assessment
- Target Market (who our products are designed for and who our products are not suitable for)
- Any notable exclusions or circumstances where the product will not respond (where applicable)
- The main features and optional covers associated with our products (where applicable)
- Whether the product is sold as part of a bundle/package
- Fees and remuneration (where applicable)

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## Consumer Duty and Customer Outcomes

Note that our template and approach to Product Oversight and Governance takes account of and reflects our approach to Consumer Duty in respect of this insurance product.

When communicating with you in relation to our Fair Value Assessments we may also share information with you in respect of other Consumer Duty outcomes e.g., where there are changes in relation to a product the target market or we otherwise become aware of changes that affect the delivery of good Customer Outcomes.

Also note that AIG carries out its assessments of Customer Outcomes based on its role and influence over Customer Outcomes and using a wide variety of information it holds in respect of this product (which may include information obtained from previous assessments of this product, product benchmarking, research feedback, management information and any information provided to AIG in response to any data requests). In its ongoing monitoring and seeking to improve Customer Outcomes, AIG is exploring further opportunities and avenues to obtain information and data on the performance of our products and our customer's engagement with such products.

To the extent that a distributor holds additional information to which AIG is not privy (for example certain confidential or proprietary information such as relating to fee arrangements between the distributor and its customers) then it is the responsibility of the distributor to ensure that this additional information does not impact fair value for the customer. In addition, where a distributor is responsible for and/or have a material influence over Customer Outcomes, then the distributor will have responsibilities under Consumer Duty depending on its role and the extent of its influence over those Customer Outcomes.



Overview of product and distribution/administration chain	<p>This is a personal lines general insurance cover.</p> <p>AIG is the manufacturer of the insurance product and distributes the insurance product through an insurance intermediary who administers the insurance and engages with AIG.</p> <p>Certain third parties are also involved in administering the insurance including in respect of claims and complaints.</p> <p>AIG considers that it has a material influence over the Customer Outcomes of Customer Understanding and Customer Support in respect of the insurance product.</p>
Fair Value Assessment Date:	<b>2023</b>
Fair Value Outcome:	<p>We have carried out a Fair Value assessment as described below, including consideration of key metrics such as;</p> <ul style="list-style-type: none"><li>· Loss ratio</li><li>· Claims rates</li><li>· Claims acceptance rates</li><li>· Complaints rates</li><li>· Distributor remuneration levels</li></ul> <p>AIG considers that this product provides fair value to policyholders.</p>
Product Information:  (To include key features of the product which support and enhance its benefit to customers, please also refer to full policy wording)	<p>This product a Personal Accident product that is sold via UK registered brokers as a “broad market” product to UK registered businesses.</p> <p>The product is designed to meet the needs of a customer who is looking to protect their business from staff death, a range of disabilities or accident caused temporary absence.</p> <p>The product is sold online as part of a wider commercial offering.</p>
Target Market:	<p>The Target Market for this product is:</p> <p>Mass Market, Sole Trader and SME.</p>
Types of customer for whom the product would be unsuitable:	<p>It is not suitable for clients who do not wish to access a FCA regulated intermediary to purchase this type of insurance, sole traders, businesses not registered in the UK or those looking to purchase cover such as critical illness, private medical insurance or unemployment insurance.</p>
Any notable exclusions or circumstances where the product will not respond:	<ul style="list-style-type: none"><li>· Bodily Injury needs to have occurred withing 24 months of the accident.</li><li>· For temporary disability, a 14-day deferred period applies and weekly payment is limited to 65% of salary up to the benefit selected whichever is the lesser</li></ul>

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	Exclusions include private flying, drink-driving, taking of non-prescribed drugs, gradual causes.
Is the product sold as part of a bundle/package?	No
If yes, please include information about the outcome of the assessment of whether the bundle or package provides fair value overall?	N/A
Impact of distribution remuneration upon fair value	Commission/remuneration is as agreed between AIG and party/ies. If you are aware of fees or charges or other distributor remuneration being paid within the distribution chain for this product, which may impact the overall value of the product to the customer, you must factor this into your own review. AIG considers the impact of the commission/remuneration it pays to its distribution partners as part of its own FV assessment.
Changes to the product (possible or potential changes) and next steps	We have not identified any material changes to this product at this time.

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