

**Assurant RPF Value Assessment**

**Date review completed: May 2022. Version 2**

	<b>Assurant Retail Premium Finance</b>
<b>Product Characteristics</b>	<p>The Assurant Retail Premium Finance product is a 12-month credit agreement specifically to fund insurance premiums. It is designed to allow the borrower (policyholder), to fund the cost of their annual home insurance policy and spread the repayments on a monthly basis. A customer may choose the RPF product because they cannot afford to pay the full annual premium in one lump sum or equally, they may just prefer to spread their costs over the full period of the insurance policy and consider the interest charge of doing this as reasonable.</p> <p>Customers may elect to exit the agreement at any point with no financial penalty. At the point of exit they may choose to: settle the finance agreement and pay off the outstanding balance (thus maintaining their insurance policy); or without any further payment their linked insurance policy would be cancelled due to non-payment.</p> <p>Key features of the product:</p> <ul style="list-style-type: none"><li>• 12 month finance agreement in order to run in parallel with the term of the insurance policy purchased</li><li>• No customer deposits required</li><li>• No upfront documentation fees</li><li>• There are no 3<sup>rd</sup> party credit checks at application</li><li>• Repayments collected via Direct Debit under the DD Guarantee</li><li>• Flat interest rate of 7.5%</li><li>• 17.4% APR</li><li>• No default charges or fees are applied if payments are missed</li><li>• The product has no incentives or tactical promotions</li><li>• No arrears will ever be applied to an account as we do not allow customers to go into 'debt'; Customers are contacted by letter if a Direct debit fails with the consequence that the agreement and linked home insurance will be cancelled if the missed payment is not collected within specified timeframes</li><li>• Temporary flexibility is considered for clients experiencing any financial difficulty</li></ul> <p>This is considered a 'mass market' product and is not considered a complex product for consumers to understand. From a customer's perspective RPF is a payment mechanism option to facilitate the purchase of their insurance.</p>

<b>Target Market</b>	<p>This proposition is open to customers who are 18 years of age or older and who are purchasing a home insurance product from the Assurant insurance panel via an FCA regulated mortgage adviser/IFA or insurance broker that holds Credit Broking permissions</p> <p>Typical target market is:</p> <ul style="list-style-type: none"> <li>• Customers over 18 years of age</li> <li>• Customer has a UK bank account for Direct Debit collection</li> <li>• Private individuals/consumers (not a commercial entity)</li> <li>• Customer Rents or owns their own property and are purchasing home insurance for the property</li> <li>• Customer can afford monthly repayments</li> </ul>
<b>Distribution Strategy</b>	<p>Product is sold through the AIL distribution channel via its B2B Adviser portal (Quoforma+) which is accessed by FCA regulated mortgage brokers, financial advisers and other authorised intermediaries who have credit broking permissions.</p> <ul style="list-style-type: none"> <li>• Sold in person/over the phone by the intermediary that has an agency with Assurant</li> <li>• Brokers are not incentivised by Assurant for promoting/selling the RPF product</li> <li>• RPF is offered on an optional basis; the customer actively elects to enter into the RPF agreement</li> <li>• The broker portal clearly details the cost of using the RPF product vs paying the premium in one lump sum</li> <li>• All brokers must have credit broking permissions to offer and sell RPF</li> <li>• The broker sales portal (Quoforma+) ensures brokers follow an agreed process, guiding the broker through the RPF process and signposting customer disclosures</li> <li>• Pre-sale product information is made available in the broker portal for brokers to share with consumers</li> <li>• Creditworthiness &amp; affordability checks are required to be assessed and completed by the selling broker at point of sale</li> <li>• Brokers confirm via the portal they have shared relevant information with the customer and that relevant checks have been made.</li> </ul>
<b>Market benchmarking on APR/fees</b>	<p>Assurant conducts a market benchmarking of interest rate/APR and <b>additional fees</b> across comparable RPF products on at least an annual basis.</p> <p>The latest market review in May 2022 showed the following results from a sample of 34 insurance provider propositions reviewed of which we were able to identify the APR% for 26 RPF products.</p>

	<p><b>APR:</b> Our research of 26 RPF product offers across various channels (Aggregator/direct to consumer) found an average APR of 28.53%; and a Range of 0% to 43.6%. Excluding the products offered at 0% APR, the range is 20.7% to 43.6%. The Assurant RPF APR of 17.4% sits in the lower quartile and is significantly below the market average APR % tested.</p> <p><b>Additional RPF agreement fees:</b> The Assurant RPF product has No additional fees for either missed payments or agreement cancellation fees.</p> <p>Assurant has considered comparing the cost of RPF with the cost of funding home insurance using alternative finance product like a credit card or overdraft. However, any comparison is complex and we do not believe this can be assessed accurately taking into account the variability of rates and what credit cards (APR) individual customers can access. Conducting any benchmark here could overestimate or underestimate available APR costs.</p>
<p><b>Product performance measures</b></p>	<p>Assurant measures the following metrics/customer outcomes for the RPF product:</p> <ul style="list-style-type: none"> <li>• Number of Failed collections</li> <li>• Persistent failures to assess ongoing affordability (this includes consecutive monthly failures and 3 or more in 12 months)</li> <li>• Customer debt/arrears</li> <li>• Complaints</li> </ul> <p>Internally, performance measures are reviewed on a monthly basis and any abnormal performance is flagged to the relevant committee and stakeholders. Assurant conducts a formal product assessment annually where all product features (including APR &amp; fees); product terms and conditions; customer journey; and product performance metrics are assessed. This analysis and any actions to address abnormal performance ensure that our products adhere to the best interests of our customers.</p>
<p><b>Conclusion of Assurant RPF product review</b></p>	<p>Following the internal governance and oversight process in May 2022, the RPF product was approved by the Assurant product Governance committee as meeting all set criteria and no changes to the product are required. This is evidenced by the product performance review which includes internal and external testing where the product was determined to be meeting customer needs and offering fair value to Assurant RPF customers.</p>

**Product Governance and Oversight process**

Assurant is committed to good governance practices, including transparency, on-going review of our effectiveness and open communication. Assurant seeks to apply the highest standards of ethical conduct and integrity in our business activities. We recognise the responsibilities to our customers, shareholders, suppliers, business partners and regulators.

Product Oversight and Governance is a European wide policy and an integral part of the wider Governance and Risk environment and the product governance policy provides the approach by Assurant to the processes which have been designed to ensure that the interests of the customer are taken into consideration throughout the life cycle of any of our products, both insurance and non-insurance, in their design, launch and ongoing monitoring, for which it may have a combination of commercial, contractual, legal and regulatory responsibilities (depending on the specific relationship with a client and their requirements).

Assurant does not consider product governance to be limited to the design of terms & conditions; rather we have adopted a “customer journey” approach to determine that a product meets customer’s expectations and requirements and delivers against these.

- Market and consumer research
- Concept
- Design including stress testing of different scenarios
- Target market and non-target market
- Access to market, whether financial promotion or sales
- Supply of clear and fair information
- Ensuring no customer harm as a result of any aspect or experience of the product
- Operational supply of post-sale processes including but not limited to claims, customer processes, complaints, sales processes, business rules, scripts and training materials.
- Analysis of post-sale experience to determine performance against expectation