

Octium International Insurance Agent AG**Product and Governance Oversight Policy**

Version	1.0
Date	16 November 2020

1. Introduction

The policy is adopted to fulfil the requirements of Product Oversight and Governance (POG), setting down the product distribution arrangements (hereinafter, only “**POG Policy**”) by Octium International Insurance Agent (hereinafter, only “**Agent**”), which is a company, legally based in Liechtenstein and there authorised to operate as an insurance intermediary within the local market and by freedom to provide services in other EU/SEE markets (duly authorised for each market).

The Agent is entirely owned by Octium Holding S.A. (Lux), which is shareholder of Octium Life DAC, an Irish insurance undertaking which operates in the same markets (incl. Freedom of Service regime) where the Agent shall operate.

The Agent only distributes the products of Octium Life DAC and of any future insurance undertaking forming part of the Octium Group (collectively referred to as “Insurance undertaking”).

2. Legal framework

Article 25 of Directive (EU) 2016/97 of the European Parliament and the Council 20 January 2016 on Insurance Distribution (hereinafter “**IDD**”) provides specific requirements concerning product oversight and governance (“POG”) for manufacturers as well as for distributors in order to ensure:

- there is an adequate level of customer protection;
- to mitigate the risk of customer detriments; and
- to avoid distortions in manufacturing, designing, development and distribution of insurance products.

In particular, according to Art. 10 of the Delegated Regulation (EU) 2017/2358 of the European Commission 21 September 2017 (hereinafter “**Delegated Regulation**”), the manufacturers shall maintain, operate and review a product approval process for newly developed insurance products and for significant adaptations of existing insurance products. The product approval process shall identify for each insurance product the target market and the group of compatible customers. The target market shall be identified at a sufficiently granular level, taking into account the characteristics, risk profile, complexity and nature of the insurance product.

Insurance distributors shall have in place product distribution arrangements containing appropriate measures and procedures to obtain from the manufacturer all appropriate information on the insurance products they intend to offer to their customers and to fully comprehend those insurance products, taking into account the level of complexity and the risks



related to the products as well as the nature, scale and complexity of the relevant business of the distributor.

These rules provide a protection for customers as of the realization of the product, before they are marketed and during their entire life of the product, in order to ensure the products distributed are consistent with the identified target market.

IDD and the Delegated Regulation require in-depth and continuous monitoring during the lifetime of the distributed products, in order to identify the events that could materially affect the main characteristics of the product i.e. insurance coverages cost, risks etc.

IDD has been implemented within the Liechtenstein legal framework through Insurance Distribution Act (VersVertG) of 7th February 2018 (hereinafter "IDA") and in particular, for the distributors, the relevant rules are set forth by Art. 58, no. 2) of IDA "where an insurance distributor advises on, or proposes, insurance products which it does not manufacture, it shall have in place adequate arrangements to obtain the information referred to in paragraph 1 and to understand the characteristics and identified target market of each insurance product".

This Policy has been adopted pursuant to:

- Art. 10 of the Delegated Regulation, and
- Art. 58, no. 2 of Liechtenstein Insurance Distribution Act (VersVertG) of 7th February 2018.

3. Scope

The POG policy regulates the product distribution arrangements of the Agent that shall ensure that the Agent obtains from the manufacturer the information on:

- the identified target market,
- the suggested distribution strategy,
- the main features and characteristics of the insurance products, their risks and costs, including implicit costs, and any circumstances which might cause a conflict of interest to the detriment of the customer.

The POG Policy is also aimed at following recipients:

- employees of the Agent,
- other collaborators or subjects with service relationship,
- any other person (including external) who holds management, coordination, supervision or control roles with respect to the distribution activity carried out by the Agent.

In addition to these subjects, there could be also intermediaries independent from the Agent, with whom the Agent has collaboration agreements. In these cases, the Agent shall transmit to them an extract of this POG Policy containing the principles and the measures adopted, in order to allow its observance and application.

The Agent guarantees an adequate, clear, precise and timely circulation of the principles and the rules of application of the POG Policy, making it available to the recipients listed above by the most suitable means. By doing so, it allows them to know its contents and to apply the operating procedures and any other instructions described therein, with the aim of ensuring the proper conduct of distribution activities.



In addition to the rules and the contents of the POG Policy, the Agent can equip itself with additional arrangements and tools to ensure the proper conduct of the distribution activity.

In this sense, in addition to the Complaints policy, reference is made to the policy aimed at managing conflicts of interest that may arise with customers in the context of business relationships (own or group), by virtue of the specific legislation dictated by the EU Delegated Regulation 2017/2359 (hereinafter the “**IBIPs Regulation**”) relating to the type of products mainly distributed by the Agent.

4. Product and target market features

The Agent distributes insurance products (hereinafter “**Products**”) belonging to the category of life policies, mainly insurance-based investment products (hereinafter “**IBIPs Products**”). The complexity and high degree of risk that characterise these Products is duly taken into account in the context of the POG activity put in place by the Agent, implementing the provisions of the supplementary legislation already mentioned (IBIPs Regulation).

With regard to the objectives of this Policy, the Agent enters into specific arrangements aiming at:

- understanding the technical and legal characteristics of the Products;
- understanding the approval process carried out for each Product;
- receiving from the Insurance undertaking the specifications regarding the target market identified, as well as the negative target market where relevant depending on the law applicable to insurance distribution activities in this market;
- understanding the level of complexity and risks associated with each Product;
- being informed about the structure of costs, even implicit ones, and about any charges on the products;
- receiving from the Insurance undertaking, before of the distribution activity, the pre-contractual information documentation of the distributed Products;
- understanding the distribution strategy for each Product;
- operating in the best interests of customers and in line with their demands and needs;
- assessing the suitability or adequacy/appropriateness of the Products offered, in consideration of the specific type of Products distributed by the Agent;
- receiving from the Insurance undertaking appropriate and detailed information on the risks associated with the Products, with particular reference to the investment funds and options to which the Products are linked.

In the event that the Agent does not receive the information listed above from the Insurance undertaking, it will formally and promptly request it from the Insurance undertaking, through the information channels specified in the art. 7 of this Policy.

The Agent also undertakes to provide the Insurance undertaking, at the latter's request, with information on the regular checks carried out on the Product distribution arrangements, as well as information that allows the Insurance undertaking to effectively monitor the Products, with reference to the identification the target market and its ongoing adequacy.

In the event of collaboration agreements with other distribution partners, the Agent transmits to the collaborating intermediary any information relating to the Product received by the Insurance undertaking, with specific reference to the target market (including the negative target market,



where applicable), costs, complexity and distribution strategy, so that it can understand the characteristics of the Product.

This information is made available through the provision of a “product sheet” or of any other alternative appropriate means, the content of which is defined and updated on the basis of the indications and details provided by the Insurance undertaking.

Based on the information obtained (possibly also from intermediaries with whom collaboration agreements are in progress), the Agent also defines an appropriate distribution strategy.

In implementation of the provisions of art. 10 par. 2 of the Delegated Regulation, through this Policy and the additional policies and procedures adopted by the Agent, the latter operates continuously in order to:

- aim to prevent and mitigate customer detriment;
- support a proper management of conflicts of interest;
- ensure that the objectives, interests and characteristics of customers are duly taken into account.

5. Controls on conflicts of interest, remuneration and inducements

With reference to its own Product distribution activity:

- The Agent does not receive or offer remuneration or adopt remuneration policies for its own distribution network that could materialise the risk of negative repercussions on the service provided to the customer.
- By way of example, the Agent does not apply additional and unjustified costs with respect to the remuneration received by the Insurance undertaking for the distribution activity provided.
- The Agent acknowledges and applies the indications provided by the Insurance undertaking from time to time to regulate the phase of acquiring information from customers that is useful and relevant to the type of contract offered and proposed, so that the Products are consistent with the requests and needs of insurance coverage and social security of the policyholders.
- With reference to IBIPs Products, they must be adapted to the customer profile based on the information obtained from the outcome of the evaluation processes provided for in the EU Delegated Regulation 2017/2359.

6. Distribution strategy

The Agent adopts a distribution strategy based on the type of Products offered (characteristics, risks and costs, target market and negative target market), in accordance with the distribution strategy defined by the Insurance undertaking at the time of the first placing on the market of the Product.

If the Insurance undertaking reviews and changes the strategy of a specific Product, the Agent will be required to adapt its procedures and its distribution strategy on the basis of the interventions carried out.

If the Agent finds that the distribution strategy defined and suggested by the Insurance undertaking is inconsistent and adequate with respect to the Product and the target market identified, it will promptly notify the Insurance undertaking so that it intervenes with the appropriate corrective actions.



Without prejudice to the foregoing, the right of the Agent to prepare its own strategy for the placement of the Products in order to:

- pursue the best interests of customers, on the basis of additional criteria with respect to those of the Insurance undertaking.
- ensure greater consistency and correctness of the distribution activity carried out by its collaborators or by other intermediaries with whom collaboration agreements are in place.

In this case, the Agent undertakes to promptly notify the Insurance undertaking, so that the latter can take any corrective measures as part of its Product monitoring activity for POG purposes.

In the event of collaboration agreements with independent distribution partners, the Agent communicates to the collaborating intermediaries the distribution strategy suggested by or agreed with the Insurance undertaking for each Product and which it considers appropriate.

7. Communications flow

7.1 Information to obtain from the Insurance undertaking

The Agent adopts and implements adequate processes to obtain from the Insurance undertaking information on the main characteristics of the Products it intends to offer to customers, the related approval process, the reference market, the risks and costs (including implicit ones) and the distribution strategy, as well as any other circumstance that could cause a conflict of interest to the detriment of the customer and any other information useful for correctly identifying the target market (and the negative target market, where applicable).

To this end, the Agent:

- uses shared tool with the Insurance undertaking, for the receipt, cataloguing and management of pre-contractual and contractual documentation relating to distributed contracts;
- if necessary, requests product data sheets from the Insurance undertaking, containing information regarding the characteristics and risk elements of the Product itself;
- requests from the Insurance undertaking "target market forms" and / or similar documents, also together with the material referred to in the previous point, containing the description of the target market (and the negative target market, where applicable), including relevant information on the Product approval process;
- coordinates with the Insurance undertaking and receives from the latter the appropriate instructions for acquiring information from customers concerning insurance demands and needs, as well as the criteria and / or forms relating to the assessment of the suitability/ appropriateness of the Products.

The Agent has adequate management systems for the information it receives from the Insurance undertaking, in order to:

- ensure correct reception and, where necessary, timely updating of the same,
- be able to transmit them in good time to the sales network and to the intermediaries with whom it has collaboration agreements.

7.2 Information to be transmitted to the Insurance undertaking

In order to facilitate the Insurance undertaking and collaborate with it in carrying out its activity of monitoring the Product and verifying its consistency with the characteristics, objectives and



target market, the Agent transmits, possibly upon request of the Insurance undertaking information related to:

- cases in which it detects that the Products no longer meet the interests, objectives and characteristics of the target market or circumstances arise that aggravate the risk of damage to the client and which, in the opinion of the Agent, are relevant for the correct and adequate protection of customers;
- activities carried out by the agent in order to adapt to any corrective actions prepared by the Insurance undertaking;
- outcomes of any inspections by the Supervisory Authority at the Agent's premises or on the documentation held by the latter, which are relevant under the Insurance undertaking's POG.

7.3 Information shared with the distribution network

The Agent provides to the distribution partners all the information received from the Insurance undertaking on the Products.

Specifically, the Agent ensures that its distribution network:

- knows and respects the distribution strategy suggested by the Insurance undertaking with reference to each Product;
- knows all the relevant information on the Products (characteristics and target market) and uses them correctly, having as the purpose of their work the protection of customers;
- knows and applies the instructions of the Insurance undertaking regarding the evaluation of the consistency and adequacy of the Product with respect to the demands and needs and to the customer profile;
- receives the pre-contractual information documentation to be delivered to the customers before the distribution of the Product.

In addition, the Agent promptly communicates to the distribution network information about any changes in the target market (including negative target market, where applicable) and the distribution strategy, market risks and any corrective actions ordered by the Insurance undertaking.

Where it deems necessary, the Agent will request information from intermediaries with whom he has a collaboration agreement regarding:

- sales made;
- complaints received from customers, even if relating to strictly distribution issues, any circumstance that makes the Product no longer consistent with the characteristics of the target market identified;
- contractual proposals (including the related questionnaires for assessing demands and needs and / or suitability questionnaires) that did not lead to the placement of the contract, in order to assess any critical issues or non-suitability of the Products offered with respect to the identified target market.

8. Review of distribution arrangements

The Agent periodically reviews its Policy and the product distribution arrangements therein, including its distribution strategy, in order to ensure that they are always valid and updated with respect to the following circumstances:



- regulatory changes or issuing of guidelines / guidelines by the Supervisory Authorities;
- relevant amendments of agreements with the Insurance undertaking or distribution agreements with other intermediaries such as to affect this POG Policy;
- significant modification of the target market and the essential characteristics of the Products;
- modification of the distribution strategy by the Insurance undertaking.

The distribution arrangements are subject to annual review by the Agent, taking into account the size, scope and complexity of the various Products concerned.

