

## Product Development & Distribution Policy

As an insurer, we want to make sure that our insurance products are suitable for the customers who buy them.

To do this, we put the customer at the centre of all stages of the product lifecycle – from when we first design and develop a new insurance product to when we decide to end or decommission a product. The various stages of our product life cycle are set out in the table below.

We will also have in place Target Market Determinations (TMDs) which guide the distribution of our products for appropriate target markets. The TMDs will be available on our website and on the websites of our Product Distributors from October 2021.

Product Lifecycle Stage	Our general approach to Development & Distribution of our Products
<p><b>01</b></p> <p><b>Design</b></p> <p>The Stage in which a new product is devised.</p>	<p>We typically start by assessing the likely objectives, financial situation and needs of a class of customers and develop a suitable market proposition for the new product leveraging off available information (e.g. customer research and insights, experience and expertise, industry data/ insights and other metrics). We also assess and identify the target market and assess whether the product will meet the likely customers' general objectives, financial situation and needs.</p> <p>Then, we consider the distribution channel and identify what controls need to be in place to support distribution of the product within the agreed target market.</p> <p>We have responsibility for overseeing the end to end lifecycle of our products. During product review and design, our Compliance Team will review proposed product changes and new products to make sure our product will provide good value to customers in the agreed target market for the product.</p>
<p><b>02</b></p> <p><b>Delivery</b></p> <p>The Stage in which a product has been designed or modified is then ready for distribution, whether direct by us or a Distributor.</p>	<p>This stage involves a number of steps which may include:</p> <ul style="list-style-type: none"> <li>- confirming how customer outcomes will be measured and monitored and embedding a regular reporting rhythm.</li> <li>- preparation of clear, concise and effective disclosure documents.</li> <li>- testing of the new product (where possible) to ensure it is operating as intended and in a manner that is aligned to the likely objectives, financial and needs of the target market.</li> <li>- training of staff and Distributors and review of systems and processes to support the distribution of the new product within the agreed target market.</li> </ul>
<p><b>03</b></p> <p><b>Review</b></p> <p>The Stage in which a product is reviewed to ensure it is operating as designed</p>	<p>We undertake regular product reviews to assess whether the product is operating the way it was designed, that it continues to meet customer needs and that it is being distributed within the agreed target market.</p> <p>Data such as complaints and other claims data and feedback are leveraged as part of the review stage. Each product has an internal product owner responsible for regular product and customer review and monitoring for events or circumstances that reasonably suggests that a product may need to change. In carrying out the review, product owners must at a minimum consider:</p> <ul style="list-style-type: none"> <li>- whether the insurance product is consistent with the likely objectives, financial situation and needs of consumers within the intended target market; and</li> <li>- whether the intended distribution strategy remains consistent with the target market determination.</li> </ul> <p>A products' performance will be reported to HDI Global Specialty SE – Australia's Management to make sure they are aware of and take reasonable steps to address any identified issues of non-compliance.</p>
<p><b>04</b></p> <p><b>Enhance/ Modify</b></p> <p>The Stage in which changes are made to an existing product to align with business requirements/ industry or customer needs &amp; expectations</p>	<p>Depending on the outcome of the Review stage, a possible outcome may be:</p> <ul style="list-style-type: none"> <li>- Continue with no change in the product or the way it is distributed;</li> <li>- Amend the design of the product;</li> <li>- Modify the target market determination;</li> <li>- Change the way a product is distributed; or</li> <li>- Cease offering the product.</li> </ul> <p>There may also be other reasons why the Enhance/ Modify Stage is triggered, e.g. to meet the requirements of regulatory change. In either case, the Enhance/ Modify Stage broadly follows the same steps outlined in the Design and Delivery Stages.</p>
<p><b>05</b></p> <p><b>Decommission</b></p> <p>The Stage in which a product comes to an end and is no longer available</p>	<p>A further potential outcome of the Review stage is the potential decommission of a product. This might occur if the product is not delivering the expected customer value, if for commercial or other reasons we decide to withdraw the product or if we cannot reasonably conclude the product is being distributed within the agreed target market.</p>