Management Protection – Directors & Officers Protection

Review Type:	Product Approval
Review Completed:	Q3 2025
Review Period:	2024/25
Next Review:	2028

Product Target Market Statement (1/4)

Management Protection – Directors & Officers Protection

What is this Product?

- Directors and Officers Protection is a Commercial Lines Product designed to protect a Customer (the Business, and the Board of Directors and Officers) against financial losses incurred through allegations or legal action in respect of civil, criminal, regulatory or other Wrongful Acts made against the Customer in connection with the conduct of the Insured's business.
- As standard, the Product provides protection for:
  - **Defence Costs, Damages, and Awards -** against the directors.
  - **Company Reimbursement cover -** where they have provided Defence Costs, Damages, and Awards on behalf of the directors.
  - **Securities actions -** against the Company (actions under which investors can hold companies accountable for false and misleading statements and omissions, or for dishonest delays in publishing truthful information).
  - **Employment related allegations or Wrongful Acts -** brought against Directors and Officers.
- Key benefit limits include;
  - Additional Limits for Non-Executive Directors,
  - Compensation for court attendance,
  - Crisis Management and PR costs,
  - Deprivation of Assets expenses,
  - Emergency Costs and Expenses,
  - Kidnap and Ransom event Crisis Costs,
  - Mitigation Costs,
  - Personal Liability for unpaid taxes following insolvency.
- These covers are subject to a sub-limit which can be selected by the Customer. These limits are not standardised. Policy limits can be found on your policy schedule.
- Limits selected over £100,000 will result in extra premium being charged.

What Customer need is met by the Product?

- This product meets the needs of Customers seeking protection against financial losses incurred through allegations or legal action in respect of civil, criminal, regulatory or other Wrongful Acts made against the Customer in the conduct of the Insured's business, where the Insured's business is domiciled or headquartered in the United Kingdom of Great Britain and Northern Ireland, Channel Islands, and Isle of Man.

Who is this Product designed for?

- This Product is designed for Commercial Customers with a business that is listed on a Public Stock Exchange or Privately Limited companies with a turnover of £250m or greater.
- Customers not operating as financial institutions, professional football teams, airlines, or within the oil and gas or tobacco industry.
- Customers domiciled or headquartered in the United Kingdom of Great Britain and Northern Ireland, Channel Islands, and Isle of Man.
- Customers who require protection offered by the Covers detailed.

.

Product Target Market Statement (2/4)

Management Protection – Directors & Officers Protection

Who is this Product <u>not</u> designed to support, or are there any features that you should be aware of when offering this Product to Customers?

- Sole traders, Partnerships (other than Limited Liability Partnerships), or Private Limited companies with a turnover less than £250m or Consumers.
- Customers who require cover exceeding £15,000,000.
- Customers subject to any Economic Financial or Trade sanctions imposed by the European Union or United Kingdom, or any other prohibition or restriction imposed by law or regulation of the country of which the Policy is issued or would otherwise provide cover.
- Customers operating as financial institutions, professional football teams, airlines, or within the oil and gas or tobacco industry.
- Customers domiciled or headquartered outside of the United Kingdom of Great Britain and Northern Ireland, Channel Islands, and Isle of Man.
- Customers that have an existing policy in place providing the same cover and whereby purchasing this Product would give dual cover.
- Customers/businesses that do not require the covers detailed above.
- Customer with the following characteristics:
  - Private companies who are not listed on a stock exchange or who have a turnover or income exceeding £250m.

Vulnerable Customers

- This product has not been designed to target customer groups with a higher likelihood of vulnerability. However, we recognise that any customer may experience vulnerability at any time due to personal circumstances.
- We design all products with this in mind and aim to avoid features that could lead to poor outcomes for customers with characteristics of vulnerability.
- Our colleagues and distributors are expected to be able to recognise when a customer may be in vulnerable circumstances and to respond with empathy and flexibility. This includes taking appropriate steps to understand the customer's needs and provide support that enables informed decision-making.

Product Target Market Statement (3/4)

Management Protection – Directors & Officers Protection

Can this Product be sold with or without advice?

- This Product can be sold with or without advice depending on Distributor's preference and in accordance with FCA regulations.

How can this Product be sold?

- This Product is always intermediated and sold via a Broker or Intermediary.
- This Product can be sold face to face, via telephone or by submitting a postal/email application.
- The sales journey must identify Customer eligibility and that this Product, and any optional elements, are consistent with the Customer's demands and needs. The sales journey must also ensure that key details are presented to the Customer in a timely manner that allows informed decisions to be made.

Eligibility and conditions, exclusions and excesses that may impact the outcomes that Customers may reasonably expect

- The Distributor must always consider whether they have the correct product to meet the Customer's needs.
- Eligibility and risk acceptance criteria will restrict access for certain risks which are outside of Intact's current strategy and risk appetite. Key eligibility and risk acceptance criteria includes:
  - Prior claims history.
  - Financial strength and profitability of the Company.
  - The corporate governance of the Company.
- Policies for this Product are individually underwritten and individual indemnity limits, exclusions, and excesses that apply will depend upon the risk insured and will be stated in the Policy Quote and the Policy Schedule.

Product Target Market Statement (4/4)

Management Protection – Directors & Officers Protection

How is the value of this Product assessed?

- We assess Product Value using quantitative (i.e. metrics) and qualitative information (e.g. processes and controls), including data from our Distributors relating to service and remuneration[1], as appropriate.
- This Product has been approved in line with Intact's Product Governance processes, including consideration of:
  - the value of the Intact Product: this includes: (i) Cover – whether the level of benefits and relevant exclusions offers value to the Customer, (ii) Utility – whether the Product is being used by the Customers of the intended target market, and (iii) Intact Service – whether the type and quality of services being provided is reasonable for the Customer,
  - the impact of distribution on the value: this includes whether Distributor remuneration is appropriate and bears a reasonable relationship to the services provided to the Customer, by the Distributor. If there are concerns, Intact will follow up with the relevant Distributors to agree remedial action.

- Based on the assessment performed, we have established that this Product is compatible with the objectives, interests and characteristics of Customers of the intended target market and that the distribution strategy is not detrimentally impacting the overall Product Value. We have therefore concluded that this Product provides fair value to Customers.

What are the obligations of our Distributors?

- Manufacturer notification – all intermediaries must regularly review their product distribution arrangements to ensure they remain valid and up to date. Distributors must notify the Manufacturer as soon as practically possible if there are any value concerns for which remedial action is required.
- Remuneration – Distributors must ensure that any remuneration received, including any commission paid away to other parties in the distribution chain, for an insurance product does not result in the product ceasing to provide fair value to the Customer .
- Provision of information – if so requested, Distributors must provide the Manufacturer with: (i) information on the Distributor's remuneration in connection with distribution of the insurance product; (ii) information on ancillary products or services that may impact the intended value of the Manufacturer's primary insurance product; and (iii) confirmation that the distribution arrangements are consistent with the obligations of the firm under the FCA Handbook including SYSC 10 (Conflicts of Interest) and SYSC 19F.2 (IDD Remuneration).
- Price optimisation – if the Distributor is a price-setting intermediary, unless there is a reasonable basis, firms should not increase the price of the insurance product based on: (i) policies being subject to auto renewal compared to policies that are not subject to auto renewal; (ii) the Customer's vulnerability or any protected characteristics (unless the firm can rely on them under the Equality Act 2010); and (iii) where Customers purchase the policy using Retail Premium Finance.

1. Remuneration includes commissions, fees, charges, payments, and other economic or non-economic benefits.