

Insurance Distribution Directive (IDD)



Introduction and Context

The Insurance Distribution Directive (IDD) is an EU directive which introduces a harmonisation standard for regulation of insurance which took effect on 1st October 2018. The IDD represents the biggest regulatory change to general insurance since the onset of statutory regulation in 2005. The changes are wide-ranging, affecting sales journey and product governance through to training and remuneration disclosure.

With regard to the Product Oversight and Governance part of IDD we would like to share with you an outline of the Product Approval Process which we use in Aviva and our product Target Market Statements which provide clarity on who the product is intended for.

Aviva's Product Oversight & Governance

Why are we telling you about this?

Under the FCA's rules we are required to inform you that we have governance processes in place to oversee the design, approval and review of our products.

What controls does Aviva have in place?

Aviva has well established governance processes which:

- Formalises approval of new product developments and changes to existing products
- identifies their target markets
- tests customer understanding
- considers needs of vulnerable customers
- monitors post-sales performance.

Following introduction of our products to the market they are regularly reviewed to identify whether any changes are required.

The level of oversight is determined by the type of insurance product and whether or not it is complex. Consideration is also given to the identified target markets and the level of financial understanding.

What does this mean for me?

As product manufacturer Aviva will continue to monitor the performance of our products to ensure that they meets the needs of customers in the identified target markets.

Should you ever consider that a product is failing to meet customer's needs or is potentially unclear then you can help us by providing feedback through your usual communication channels.

Target Market Statements

Why are we telling you about this?

The rules require the manufacturer (Aviva) to consider a number of points when designing their product range and these include:

- Specifying an identified target market for a generic group of potential customers
- identifying relevant risks to the target market
- ensuring that the intended distribution strategy is appropriate for the identified target market
- requiring the manufacturer to take reasonable steps to ensure that the insurance product is distributed in accordance with the target market for specified distribution channels.

What does this mean for me?

Aviva has therefore developed their Target Market Statements to provide you, our distributors, with clarity on who the product is intended for and how the product may be purchased by customers.

When using these Target Market Statements distributors should:

- Refine their distribution strategy to align with the Target Market statement
- consider the demands and needs of their customer
- consider whether any of their customers are on the margins and therefore may be outside of the Target Market due to eligibility or exclusions
- consider what limitations, exclusions or alternative insurance cover in place might inhibit a customer from getting full value from the product
- consider vulnerable customers and the Target Market focusing on whether they may require additional support in their decision-making.

Can I Sell Outside of the Target Market?

The Target Market is aimed at a general customer group and you should not assume that a product is appropriate simply because the customer is in scope. Equally a customer may benefit from purchasing the product even if they are out of scope. During the sale you will be closest to the customer in identifying their demands and needs and your judgement will decide what is right.

Distribution channels for where the product can be sold (e.g. online or face-to-face) are set by us and we expect you to follow these. Should you believe that an additional distribution channel can be used then we would like to hear from you so that we can consider your proposal.

Anything else?

Please remember that if we have allowed you to use sub-agents then these Target Markets Statements apply to them also.

It is not intended that these statements are shared with customers.

Where can I find the Target Market Statements?

Target Market Statements relating to our health insurance products are available below:

Current products

- [Healthier Solutions](#)
- [Solutions](#)
- [Speedy Diagnostics](#)

Legacy products

- [Legacy Consumer Policies](#)
- [Legacy Company Policies](#)
- [Legacy Cash Plan Policies \(Consumer & Company\)](#)

Feedback

These statements are relatively new so we would welcome feedback on how you are using them. We are continually improving our statements so should you have any feedback on them, please contact us via your usual Aviva representative.

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