



Conflicts of Interest

An actual or potential conflict of interest is a situation where Bupa's ("Bupa Insurance Limited" or 'Bupa') or a distributor's (entity or individual) own interests, conflict with those of our customers; or where the interests of Bupa or the distributor differs to those of one or more of our customers. This includes, but may not be limited to:

- whether a financial gain may be made to the detriment of the customer
- whether a distributor has a financial or other incentive to favour the interests of another party to the detriment of the customer
- situations where a distributor may have influence on the pricing of a product or its distribution costs to the detriment of the customer.

Bupa has a Conflicts of Interest policy, which sets high level standards for the management of conflicts of interest, including the actions Bupa will take to manage any risk of detriment to customers. We have processes and mitigations in place to manage the following key risks and identified conflicts relating to the distribution of Bupa products:

- **Remuneration Controls** – There is the risk that there is an inherent conflict of interest that intermediaries may disproportionately increase sales incentives packages and payment to staff to increase commissions for intermediaries. This would be a breach of the intermediary's regulatory obligations, potentially leading to FCA investigation/enforcement action. In addition we have processes and controls in place to manage this inherent conflict:
 - The Third-Party Control Hub is in place to oversee intermediaries by ensuring regulatory and conduct indicators are within risk tolerance, and to identify and mitigate potential customer detriment issues.
 - Bupa reserves the right to claw back commissions from its intermediaries in the event we identify any mis-selling or unsuitable advice has taken place. In addition, we have processes in place to escalate and remove intermediaries where we identify ongoing concerns with their conduct and/or poor customer outcomes are being delivered.
 - Bupa's Distribution Monitoring Committee (DMC) monitor sales performance and quality to assess whether Bupa's products and services are distributed as originally intended and that they are providing consistent outcomes for customers.
- **Sharing Product Information** – Bupa regularly shares product information so that intermediaries are updated on product changes, target market statements, intended distribution strategies and conclusions of Fair Value Assessments. This is to ensure that intermediaries have the most up to date information allowing them to understand the value provided to customers.

- **Distribution Management Committee ('DMC') and Customer Committee** – DMC oversees distributors and monitors alignment of sales with the target market, outcomes of fair value assessments and monitors and reports on intermediary activity. Additionally, Consumer Outcome related risks and issues are reported to the Customer Committee by way of the Consumer Outcomes Dashboard. Such governance helps to monitor our distribution strategy, alignment to target market and whether any known conflicts are impacting our customers.
- **Product Oversight and Governance Policy** – Bupa has in place a set of processes which must be followed at each stage of the product lifecycle, from the approval of new products to the review of existing products and closure of products. The policy includes processes to ensure that the distribution strategy applying to each product is appropriate. As part of the initial product approval process and regular product review process, Bupa considers whether proposed/existing distribution channels are appropriate in light of the product's target market, whether the products remain suitable to be sold on an advised or non-advised basis and that our intermediaries have the necessary knowledge, expertise and competence to understand the features of an insurance product and the identified target market.
- **Fair Value Assessment and Monitoring** – Bupa has designed its distribution strategy for its products to provide clear benefit and utility for the end customer. Through the fair value assessment process, Bupa assesses evidence that these benefits are delivered in practice and considers these against the costs involved in the distribution strategy (including remuneration) to identify how the distribution strategy impacts on the overall value of the product.

Where Bupa identifies a conflict of interest that cannot be managed, customers will be informed. Such disclosure will include:

- a description of the conflict;
- the general nature and sources of the conflict;
- an explanation of the risks to the consumer of the conflict;
- a statement that it has not been possible to manage the conflict of interest; and
- sufficient detail to enable customers to make an informed choice.

Bupa reminds intermediaries that the entity in direct contact with the customer has an obligation to declare any conflicts of interest they may have to the customer.

If you have any questions please contact TPDOversight@bupa.com