

Product Value – Broker Information

Coverholder/Broker	This product is distributed by a number of brokers
Product	Casualty
Date	03/08/2022

Carrier Information	
Product information <i>Please provide as much information as possible</i>	
Casualty insurance - EL, PL & Products Liability	
Target market <i>Please provide as much information as possible</i>	
SMEs (not micro-SMEs)	
Types of customer for whom the product would be unsuitable, and if this could be sold to Vulnerable customers <i>Please provide as much information as possible</i>	
This is a commercial product and is unsuitable for consumers; it is unlikely to be sold to vulnerable customers.	
Any notable exclusions or circumstances where the product will not respond <i>Please provide as much information as possible</i>	
There are no unusual limitations	
How does the intended distribution arrangements support, and not adversely affect, the intended value of the product. <i>Please provide as much information as possible</i>	
The product is intended to be sold on an advised basis face-to-face with brokers or through brokers who we monitor and assess. We would not expect the distribution to adversely affect the product.	
Date Fair Value assessment completed	03/08/2022
Expected date of next assessment	2023

Product Governance
To be completed by the Risk and Governance Team
Does this product provide value to customers in line with Pen's product statement outlined below?
<i>"There is no exhaustive definition of value in a contract of insurance and nor because of the dynamic nature of insurance products can there be. We recognise that value may also be an</i>

ambiguous concept, interpreted and evaluated differently from person to person according to their own priorities.

Nevertheless we undertake to use available indicators to evaluate whether a policyholder is likely to believe that an insurance product – if it is called upon – is performing as designed, in proportion to the cost paid. Information such as claims data, complaints, and commission are used to evaluate the extent to which the outcome is as the customer may have expected when making the purchase.

We also need to consider in this context the impact that the method of distribution may have on the final premium and the obligations we have to all parties indemnified and/or included in the process of carrying out our contractual duties. Our mission is to harmonise the relationship between price, cover, suitability for the requirements of the target customers, and effectiveness, thus demonstrating what we believe to be good value.”

MUM believes, based on our review of information related to sales practices and services, claims, complaints and market intelligence, that this product provides fair value to policyholders.

We carefully review the value and suitability of our products in conjunction with the Target Market Statements (TMSs). Subject to our products being sold in line with the direction of our TMSs, there is no evidence that would lead us to believe that the product is not suitable for the customers it is intended to be distributed to.

When assessing value, a *firm* must use all necessary and appropriate data and information available to it.

Claims Data

Please confirm what data has been reviewed and any trends that could impact product value.

We have reviewed paid and reserved amounts, possible maximum losses and triangulations. There are no trends that might imply any impact on product value.

Complaints Data

Please confirm what data has been reviewed and any trends that could impact product value.

The volume of complaints received across the MUM portfolio in its entirety is nominal, and the data show no consistent themes which would indicate lack of fair value.

Sales / Cancellations / Lapses Data

Please confirm what data has been reviewed and any trends that could impact product value.

There is nothing to indicate from available sales/lapse data that policyholders consider this product does not offer fair value.

Conduct Risk Returns

Please demonstrate what has been undertaken and completed

Pen’s transactional business units, including MUM, complete quarterly conduct risk returns. The information received is reviewed by the Pen Risk and Governance team, the MUM underwriting team, Insurer and Pen Risk Committee on an ongoing basis.

There is nothing to indicate from the returns that the product is not being sold in the correct way.

Due Diligence

Please demonstrate what has been undertaken and any issues that have arose

Due diligence is completed for all new broker and coverholder trading relationships to Pen. Additionally, all coverholders undergo an annual due diligence refresh to verify that there have been no material changes to their risk profile which could impact the distribution of Pen products.

File Reviews

Please demonstrate what has been undertaken and any issues that have arose

File reviews are undertaken by the underwriting team as part of the peer review process, and also by the carrier as part of annual audits. There is nothing that has been escalated to suggest that the product is not performing as expected.

Broker Information		
Distributor Information		
Fees	Assume any service fees are in line with market standard. MUM does not charge fees.	
Other remuneration	Assume any admin fees are in line with market standard. MUM does not charge fees.	
Information on any ancillary products/services sold alongside the product which may affect the product's value – <i>select all that apply</i>		
Legal Expenses		No
Gap cover		No
Key cover		No
Emergency home cover		No
Loss recovery (pays for a loss assessor to act on insureds behalf)		No
Breakdown cover		No
Windscreen cover		No
Courtesy car cover		No
Risk Management services e.g. health & safety assessment, consultancy		No
Premium finance (if offered by the same provider)		No
Other – please describe		No
Information on how the selected products above affect the product's value		

We have made an assumption that no ancillary products are sold alongside this product by retail brokers. This will be revisited if we receive information to the contrary from brokers. Normally, an averagely priced ancillary product would not dilute the value of this product.

It is confirmed that the above remuneration paid by the customer is consistent with the regulatory obligations of Distributor 1.

Yes

No

Yes

Do you comply with the FCA Rules on Product Governance and (where required) review the product value at least one a year?

Please provide summary details of the review process undertaken and comments on how fair value is delivered to customers.

Pen's product governance and oversight process requires a full review of all product groups at least annually to determine if the product offers fair value to the customer.

These reviews consider the target market, distribution strategy, remuneration, marketing, product information, product performance, product design (including wordings), and any feedback received from distributors or customers. We also consider sales, claims and complaints data, and risk metrics related to these factors.

On a yearly basis we will undertake a review of the following:

- Review of an updated Product Risk Assessment;
- Review of sales, claims and complaints data;
- Completion of a Fair Value Checklist; and
- Review of policyholder documentation, including the Policy Wording, Policy Summary, Statement of Facts and Schedule where appropriate.

Please confirm that you offer (where applicable) a renewal price to a consumer that is no greater than the equivalent new business price (ENBP) that it would be for a new customer?

Yes

Do you have auto-renewal policies (incl. Direct Debit)?

If yes, please provide details including confirming that consumers who want to exit their auto-renewal arrangements are not prevented from doing so?

No

Supplementary Information – Underwriter and Product Governance Commentary

The fields below include any additional information from Pen's Underwriting and Product Governance teams which may be useful to Distributors when considering their own value assessments.

Underwriter Commentary

All casualty products have been grouped together as a single product grouping, consistent with the PROD 4.2.34E guidance.

MUM has almost no complaints due to the types of insurances that they write – they are mature and essential insurances. Complaints / cancellation data are so low that they are statistically irrelevant.

Product Governance Commentary

We have reviewed current GWP, incurred claims, triangulations and complaints data. This is long tail business so has a long way to develop. Based on these reviews we have not identified any material risks to product value. This will continue to be considered as further data becomes available.

Note:

MUM was acquired by Gallagher Holdings (UK) Limited in 2021 and has been operating very much as a division of Pen Underwriting; we are working towards fully integrating the UK business of MUM into Pen Underwriting Limited, a subsidiary of Gallagher Holdings (UK) Limited. Pen has been providing the risk/compliance function to MUM since January 2022 and MUM's product review process now follows Pen's. Accordingly, reference is made in this document to Pen's processes where appropriate.