

Product Value -Carrier/Coverholder Information Exchange Template

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| Carrier/Insurer | Argo & Covea |
| Coverholder | GB Underwriting (MX Commercial) |
| Product | <ul style="list-style-type: none"> GB Underwriting Liability Per Capita Policy GB Underwriting Liability Policy - Liability GB Underwriting Liability Policy - Contractors |
| Date | 08/08/2022 |

| Carrier Information |
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| <p><i>The fields below should be completed by the applicable Pen Business Unit. The information provided should be sufficient for distributors in the chain to understand the value of the product, the intended target market and those to whom the product should not be marketed. Other information should be included (if relevant) to advise distributors of how their known or expected actions might affect the value of the product.</i></p> |
| Product information <i>Please provide as much information as possible</i> |
| <p><u>GB Underwriting Liability Per Capita Policy</u></p> <p>Coverage includes:</p> <ul style="list-style-type: none"> Employers' Liability Public and Products Liability Material Damage and Business Interruption Combined |
| <p><u>GB Underwriting Liability – Contractors Policy</u></p> <p>Coverage includes:</p> <ul style="list-style-type: none"> Employers' Liability Public and Products Liability Contractors All Risks (not Insured Pen) Essential Business Legal (not Insured Pen) |
| Target market <i>Please provide as much information as possible</i> |
| <p>SME</p> |
| 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> |
| <p>This is a commercial product and unlikely to be sold to vulnerable customers.</p> |
| Any notable exclusions or circumstances where the product will not respond <i>Please provide as much information as possible</i> |
| <p>Policy excesses per the policy schedule</p> |

- Employers' Liability – GBP 10,000,000 any one occurrence, unlimited in the period of insurance. Limited to GBP 5,000,000 in respect of terrorism and asbestos.
- Public Liability - GBP 10,000,000 any one occurrence, unlimited in any period of insurance, excluding terrorism and asbestos
- Products Liability - GBP 10,000,000 any one occurrence and in the aggregate, excluding terrorism and asbestos
- Material Damage and Business Interruption combined - GBP 3,000,000 sum insured hereon any one location but up to GBP 10,000,000 sum insured hereon if agreed by PEN

Other information which may be relevant to distributors

Please provide as much information as possible

As an MGA we provide underwriting Services.

How does the intended distribution arrangements support, and not adversely affect, the intended value of the product.

Please provide as much information as possible

Total Commission deductions are based on the Gross Premium. The Coverholder may also charge an Admin fee.

Coverholder has no authority to amend Policy product unless agreed by Pen. The only area a Coverholder can adjust is their commission if they decide to sacrifice some/all of it.

Pen has no direct contact with the customer and are not part of the selling journey.

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| Date Fair Value assessment completed | 08/08/2022 |
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| Expected date of next assessment | 2023 |
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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?

“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 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.”

Based on the above information and our review of information around sales, claims, complaints and customer documentation we believe that this product provides fair value to customers.

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

Conduct Risk Returns

Please demonstrate what has been undertaken and completed

Coverholders complete quarterly conduct risk returns. The information received is then reviewed by the Pen Risk and Governance team, the appropriate underwriting team, the Insurer, and the Pen Risk Committee on an ongoing basis.

Due Diligence

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

Due diligence is completed for all new Coverholder trading relationships to Pen in line with Gallagher Group policy. 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. The review of due diligence information is completed by the GGB UK Partner Assurance team to ensure independent oversight.

File Reviews

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

Underwriting File reviews

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.

Product Governance Reviews

- A review of the updated Product Risk Assessment Tool.
- A review of claims and sales data.
- A comprehensive review of the documentation suite including the Policy Wording, Policy Summary, Statement of Facts and Schedules ensuring that the documents are in line with expectations within our compliance checklist.
- Complaints data

- Fair Value Checklist

Payment of Premiums and Outstanding Debt

Please confirm the current position and any issues that have arose

Customer pays a producing Broker who pays the Coverholder, who then pays Pen in line with DUA contracts.

Audits

Please confirm the outcome of these

There have been no audit findings to suggest that the product(s) in question do not provide fair value to Pen customers.

Coverholder Information

The fields below should be completed for all distributors in the chain. Distributor 1 should be the distributor in direct contact with the carrier and the highest distributor number should be the distributor in direct contact with the customer. The information provided should include the type and amount of remuneration (including fees and commissions) of each distributor, where this is part of the premium or otherwise paid by the customer, for the product. See page 1 for further guidance.

Distributor 1 – GB Underwriting Lts T/A MX Commercial

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Explanation of services provided – select all that apply

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| Direct – The product is distributed directly to insureds. The Coverholders role is to understand the demands and needs of the insured and then obtain quotations from insurers. | | No |
| Wholesale - The Coverholder works on the producing Brokers/Appointed Representative instructions paying due regard to the best interests of the end client. | Yes | |
| Advised – the product is sold on an advised basis | | No |

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| Non-Advised – the product is sold on a non-advised basis | Yes | |
| Claims – the Coverholder provides claims first notification of loss | Yes | |
| Other – please describe | | |
| 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 (not provided by Pen) |
| 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 | | |
| None | | |
| It is confirmed that the above remuneration paid by the customer is consistent with the regulatory obligations of Distributor 1. | Yes | No |
| | Yes | |
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| Do you comply with the FCA Principles for 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.

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

- A review of the updated Product Risk Assessment Tool.
- A review of claims and sales data.
- A comprehensive review of the documentation suite including the Policy Wording, Policy Summary, Statement of Facts and Schedules ensuring that the documents are in line with expectations within our compliance checklist.
- Complaints data
- Fair Value Checklist

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?

If there are no changes the risk mid-term, the premium at quote stage stands for the 12 month policy term. Each year the rating engine will apply the current rates.

Risk acceptance may alter meaning at renewal the policy is no longer available, in this instance Pen would decline to quote via Coverholder.

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?

None arranged by MX Commercial

Underwriter Commentary

Product Governance Commentary

The products reviewed are all liability products where the claims history for recent years of account is understood to be limited, and subject to development given the classes covered. We have reviewed current GWP, incurred claims and complaints data for the coverholder dating to the 2020 YOA, and have not identified any material risks to product value.