

Product Value Information Exchange		Internal Sign Off	
Carrier name	Probitas 1492	PVIE Completion Date:	15/09/2023
Broker name	Multiple London Wholesale/Retail Brokers	FVA Completion Date:	15/09/2023
Product name	Probitas International & UK Open Market Insurance	Completed by:	Martin Thomas
Reference/UJMR [Binder]	N/A	Role:	Head of Underwriting Management
Reference [Class of Business]	N/A		
Date	01/09/2023		

Fair Value Assessment

This checklist provides an approach which may be adopted in relation to the requirements introduced into PROD 4 by PS21/5 to carry out a Fair value assessment as part of the product approval process. This checklist is not designed to cover the considerations which must be taken into account for a full product approval process and the requirements for reviewing Value Measures Products (4.5.3). Managing agents should already have in place an appropriate product approval process in accordance with the pre PS21/5 requirements of PROD and MS9. Minimum information which we should consider using in carrying out a Fair Value assessment: Internally available information including: (i) customer research (ii) claims information such as handling times, frequency, severity of claims costs (including total costs and average per claim), claims ratios, rates of and reasons for claim acceptance/declinature, both expected for the product and/or any actual information from a comparable product (iii) complaints data (including root cause analysis and handling times), both expected for the product itself and/or any actual information from a comparable product. Public information or information obtainable by the firm from external sources including: analysis of similar insurance products available from other firms and, where relevant, data published as part of the FCA's work on value measures in the general insurance market. Information available to the firm specifically from persons in the distribution arrangements, including: (i) remuneration and its impact on the value of the product, package or component part (ii) levels or quality of service provided by any person in the distribution arrangements (iii) any results of monitoring and oversight of the processes of any persons in the distribution arrangement (for example, call monitoring or file checks) including in relation to other products that person distributes. Additional Products: Is this product to be distributed with one or more additional products for which we are the manufacturer? If yes please complete questions for the core product and each additional product. (4.2.14B / 4.2.14H (4))

No.	Questions	Core Product	Additional Product 1								
1	Please provide details of the nature of the product.	Standard UK and International Individual and Combined Property and Casualty coverages - providing coverage under separate sections for coverages including, but not limited to, Employers' Liability, Public and Products Liability, Property Damage and Business Interruptions, Financial Institutions, Management Liability, Professional Indemnity and Cyber.	Not Applicable								
2	What coverage does the product provide?	Typically coverage for property damage, business interruptions resulting from property damage, legal liability for bodily injury and associated claims for damages caused by the negligence of the insured. Probitas product offering to include an individual or combination of: <table border="1"> <tr> <td>Property</td> <td>All Risks including Catastrophe perils as appropriate</td> </tr> <tr> <td>Casualty</td> <td>Comprehensive General Liability, Public Liability, Products Liability, Employers' Liability and any other coverages normally associated with this line of business.</td> </tr> <tr> <td>Financial Lines</td> <td>Professional Indemnity, Management Liability (D&O Insurance), Crime, Financial Institutions and any other coverages normally associated with this line of business.</td> </tr> <tr> <td>Cyber</td> <td>1st and 3rd party standalone cyber and cyber/tech PI blend and other coverages normally associated with this line of business.</td> </tr> </table>	Property	All Risks including Catastrophe perils as appropriate	Casualty	Comprehensive General Liability, Public Liability, Products Liability, Employers' Liability and any other coverages normally associated with this line of business.	Financial Lines	Professional Indemnity, Management Liability (D&O Insurance), Crime, Financial Institutions and any other coverages normally associated with this line of business.	Cyber	1st and 3rd party standalone cyber and cyber/tech PI blend and other coverages normally associated with this line of business.	Not Applicable
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Cyber	1st and 3rd party standalone cyber and cyber/tech PI blend and other coverages normally associated with this line of business.										
3	Who is the Target Market?	Large Commercial, Small/Medium Enterprises, and Micro Enterprises involved in professional services in the UK, EEA and International Territories as licenced by Lloyd's of London subject to the laws and regulations of those territories. Clients who have appointed a Lloyd's Approved Broker to place business within the Lloyd's of London market.	Not Applicable								
4	Types of customer for whom the product would be unsuitable	Consumers and those not involved in professional services. Organisations not looking to procure insurance products and/or services. Organisations based in or with exposures in Territories not licenced or authorised by Lloyd's of London. Organisations currently subject to trade sanctions. Clients not operating through a Lloyd's Approved Broker.									
5	What limitations apply in relation to coverage? (this should include inter alia consideration of (i) exclusions (2) limits of liability (3) excesses)?	Exclusions of coverage can include, but not limited to, NCBR, Cyber, War, Terrorism, Asbestos, RTA claims, or any other bespoke terms and conditions befitting Lloyd's open market business. Certain policies written on an Excess of Loss basis will also contain a Policy Excess which is captured in the Primary coverage	Not Applicable								
6	Please provide details of the type and quality of services to be provided?	Provision of insurance and claims handling to the standards ordinarily provided by Probitas.	Not Applicable								
7	Please confirm whether this product is net priced (note that if yes full details below are still required)	Pricing structures vary depending on the individual arrangements with the placing broker. Some cases are priced on a net basis, while others include placement commissions at market rates. This is agreed with the broker at the outset of the pricing process.	Not Applicable								
8	Please provide details of the total price to be paid by the customer.	Varies by policy depending on a number of individual risk factors. Pricing is calculated via a rating model or matrix.	Not Applicable								
9	Please provide details of the pricing model used to calculate the risk premium: (i) for the initial policy term; and (ii) any future renewal	New and Renewal business submissions are run through a pricing model to take account for the varying complexity of the risk	Not Applicable								
10	Please provide a breakdown of the overall cost to the firm of the insurance product (including the underwriting and operating of the product) and, where relevant, any other components of a package.	Probitas do not charge additional administration or operational charges in addition to gross premium. Premium is calculated on the basis of net premium (to include all operation and claims administration fees) and external brokerage and/or third-party commissions and all applicable taxes.	Not Applicable								
11	Please provide details of the price paid for the insurance product, including any additional features which are part of the same non-investment insurance contract.	Price of the insurance product clearly stated in the schedule as calculated by the pricing model or matrix. Additional features or "ad-ons" are not supplied by Probitas and not considered part of the Probitas Product Offering	Not Applicable								
12	Please provide details of the price paid for any additional products, including retail premium finance, offered alongside the insurance product.	No additional products or paid services are offered by Probitas	Not Applicable								
13	Please provide details of the remuneration of each party in the distribution chain where this is part of the premium or otherwise paid directly by the customer.	Wholesale remuneration as declared by the placing broker ranges depending on risk complexity but has been deemed fair value by the insurer. Additional fees, where disclosed to the insurer has been deemed fair value and inline with insurer expectations.	Not Applicable								
14	Please provide details of the services provided by each party in the distribution chain. (note this should include distribution arrangements where the final decision on setting the price is taken by another person).	For open market business the price is always determined by the insurer. All parties in the distribution chain must adhere to the gross premium price charged by the insurer. Additional fees charged by stakeholders in the distribution chain must be disclosed to the insurer as part of the General Insurance Pricing Practices and information received at the time of this assessment has shown all remuneration outside of gross premium to be in line with fair value guidelines.	Not Applicable								
15	Please provide justification for each party's remuneration by reference to the type and quality of services being provided.	Remunerations are in line with the quality of service provided to the client in the form of risk management services, insurance coverage advice, market negotiations and insurance placement.	Not Applicable								
16	Please confirm in relation to each firm in the distribution arrangements whether confirmation has been obtained that any remuneration is consistent with their regulatory obligations including SYSC 19F.2 (IDD remuneration incentives)?	Not Applicable as UK consumer business is out of scope for this product.	Not Applicable								
17	Are any changes expected to the total price a customer will pay during the period that they hold the product (including at the first or any subsequent renewal or any other point in time)?	The price for the policy is based on policy holder estimates of exposure values which are used to calculate the policy premium. Policies can also be written on an 'adjustable basis' which allows the premium to be more accurately calculated in the event that exposure values fluctuate significantly during the policy period. The rates by which the policy will be adjusted (if the policy is structured in this way) will be clearly identified on the policy schedule. Other amendments to the pricing may be made during the policy period, however these would normally relate to policy changes requested by the policy holder via their broker - i.e. a request to increase the policy indemnity limit, or add in a newly acquired operation etc. would be subject to discussion and negotiation potentially mid-term. The changes would not be made without client agreement to the additional terms or conditions imposed.	Not Applicable								
18	Is any change to the insured risk expected over time, for example to the nature, financial value or a customer's usage of an underlying good to which the insurance relates?	Not expected	Not Applicable								
19	Is the number of expected claims that may be made, or financial value of any such claim, expected to change over time due to the nature of the product, the customer's needs or any relevant features of the insured risk, for example: (i) as a result of expected depreciation in the value of the insured asset; (ii) where the customer's need, or eligibility, for certain cover may change including as a result of changes to the insured risk, for example in the nature, financial value or a customer's usage of an underlying good to which the insurance relates, or where claims have been made?	No	Not Applicable								
20	Could the total premiums expected to be paid over the length of time a customer would hold the product exceed the benefits that could be received from claims for example due to cover limits applying across the foreseeable period (taking into account any deductions permitted by the contract such as any relevant policy excess for such claims)?	That is entirely depended upon whether the client has claims. Some clients will remain claims free for a 5 year period, but would not expect to have the insurance issued without a payment of premium. The benefit in this case is that the coverage provided enables the business to trade with the knowledge the uncertainty around physical damage loss to their business assets is covered by their insurers.	Not Applicable								

21	Could benefits offered by the policy at inception not be available at subsequent renewals, due to exclusions or claims limits, without any commensurate reduction in the premium?	That is dependent upon the performance of the risk. Poor performance, outside the initial expectation levels could result in increased premiums and excesses, withdrawal of certain covers, or reductions in limits. In such situations, the insured is free to explore other options, with no barrier to exit.	Not Applicable
22	Could customers be discouraged from or unable to renew due to the level of ongoing premiums including increases at renewal meaning they may not be receiving the full intended benefits of the product (where these are intended to be spread across the reasonably foreseeable period)?	The renewal terms would represent a fair view of the future risk presented. Customers are free to seek alternatives with no barriers to exit.	Not Applicable
Questions 22 - 24 to be completed if retail premium finance is being offered by us or arranged by us.			
21	Please provide details of the total price the customer will pay including the applicable APR for the retail premium finance.	Premium financing is not a service offered on this product	Not Applicable
22	Please provide details of the quality of the retail premium finance including any relevant factors and features.	Premium financing is not a service offered on this product	Not Applicable
23	Does the retail premium finance provide Fair Value balancing the cost against the benefits it affords?	Premium financing is not a service offered on this product	Not Applicable