

ITIC: Fair Market Assessment / Product due diligence

1st June 2025 – 31st May 2026

- (i) Target market/clear definition of what risk is to be insured.**
ITIC offers a single insurance product (professional liability insurance) which is tailored to the needs of the insured. The product is errors and omissions insurance for businesses servicing the marine and transport industry, predominantly ship agents, ship brokers, ship managers, marine surveyors, naval architects, and businesses in the aviation and offshore industries.
- (ii) Assessment of ITIC's authority to underwrite this class of insurance.**
ITIC has permission to provide this insurance from the Prudential Regulatory Authority (PRA). EEA business is underwritten by ITIC's subsidiary - International Transport Intermediaries Insurance Company (Europe) Limited ("ITIICE"). ITIICE has permission to provide insurance from the Cypriot Ministry of Finance.
- (iii) Analysis of demand from target market.**
ITIC currently insures c. 3,750 members, with approximately 350 new members joining each policy year.
- (iv) Insurance market assessment of**

 - (a) claims trends:** over last 5 years there have been, on average, 506 indemnity claims per policy year and 325 debt collection in addition to 190 general advice files. The Combined Loss Ratio, after application of the continuity credit, is around 100% reflecting the mutual nature of the product.
 - (b) policy wording development:** Whilst historically ITIC would update the ITIC Rules every 3 or 4 years, new Rules versions of the Rules were created in 2022, 2023 and 2024. The changes in 2022 and 2023 were principally due to the clarification of cover in relation to cyber, sanctions and pandemics. The 2024 Rules were principally created due to the formation of ITIICE – which started underwriting risks in February 2024. During 2024 ITIC and ITIICE issue their Aviation Rules – a set of Rules which are based on the standard Rule book but bespoke to aviation risks, ie remove the unnecessary references to marine. Policies bound or renewing after 1st June 2024 are subject to the applicable 2024 Rules.
 - (c) profitability:** As a mutual insurer, the insurance provided by ITIC is underwritten "at cost" with any surplus (profit) being returned to the members by way of a continuity credit. Also, note combined ratio above.
- (v) Testing of policy wording using both internal and external expertise.**
This is not applicable as the product has existed since 1992. Member and broker feedback is considered during policy wording development.
- (vi) Analysis of operational requirements.**

 - (a) IT Specification:** ITIC has a bespoke underwriting system, Blur. It is well established and has ongoing upgrades throughout the year, especially in advance of the new policy year, starting each 1st June.
 - (b) Underwriting expertise, rating and risk assessment:** Experienced team of 14 underwriters having a combined service time in close to 150 years. The current rating model was established in 1992 and

has periodic reviews in relation to insured service adjustments and wordings. Risk assessment is addressed via ITIC's underwriting policy and guidelines.

- (c) **Claims handling resource and experience:** Dedicated legal team of 4 with a combined services time in excess of 25 year who support the 14 underwriters listed above. Underwriters also have a claims handling responsibility in their capacity account executives, which increases the total number of years claims handling experience to 170 years.
- (d) **Sales resource and distribution channels:** The 14 account executives are responsible for sales and marketing in their designated geographical regions. A worldwide network of insurance brokers forms the distribution channel and provide 73% (by number) and 81% (by premium) of ITIC's business. The support of insurances brokers demonstrates that the product is fit for purpose and fairly priced.
- (vii) **Appropriate reinsurance arrangements in place with reinsurance brokers and re-insurers:** Long-term relationships have been established with the London reinsurance markets. The structure of ITIC's reinsurance programme and its cost are reviewed annually. The targeted 10 year loss ratio is less than 65%.
- (viii) **Authority obtained from ITIC/ITIICE board where required:** All Rule revisions are approved by the ITIC/ITIICE board before implementation. The board also approves any changes to reinsurance structure and acceptance of quoted renewal terms.
- (ix) **Post implementation reviews to monitor performance.**
 - (a) Claims activity (monthly review at claims team meeting)
 - (b) Premium income & pricing (monthly review at underwriting team meeting)
 - (c) Sales performance (monthly review at marketing team meeting)
 - (d) Summary of overall performance (regular item for report to ITIM board every other month)
 - (e) Full KPI and finance items at each ITIC board meeting.
- (x) **Integration into Own Risk & Solvency Assessment.**
The product is integral to ITIC's ORSA.
- (xi) **Assessment of fair value (eg. is any commission paid to a broker or intermediary proportionate to the premium)**
To ensure against inappropriate commission payments there is a quarterly review of total commission paid on any one policy by the Chief Underwriting Officer and this is reported to the compliance and risk officer. See items (iv) and ((vi)d)) for further statements on fair value.
- (xii) **Do any endorsements to the product meet the requirements above?**
ITIC offers additional insurance through the following endorsements to the professional indemnity insurance policy, dependent on insured services. The following endorsements are available (depending on insured service and location): Directors' & Officers' insurance, loss of commission insurance, cash to master/cash in safe insurance and unanticipated port disbursements insurance.