

MUM UK Professional Indemnity - Insurance Brokers

Date Fair Value Outcome Completed	Quarter 3 2024
Expected Date of Next Assessment	Quarter 3 2025

Outcome of the Product Review and Fair Value Assessment

As a result of the product governance activities undertaken across this product we can confirm:

1. The outcome of the fair value assessment found that this product provides fair value, which is based on Pen Underwriting Limited trading as Manchester Underwriting Management's (MUM) review of information related to sales practices and services, claims, complaints and market intelligence.
2. There is no evidence that the product is not suitable for the customers it is intended to be distributed to.
3. The intended distribution strategy remains appropriate, subject to distributors not charging customers additional fees that bear no reasonable relationship to the service(s) provided, or the overall cost of the product.

Target Market Statement

Product Type	Professional Indemnity which provides covers for professional negligence third party claims on Civil Liability and Errors and Omission basis.
What demands and needs are met by this product?	The product helps protect the insured against the cost of legal action if a client claims they have lost money or suffered reputational damage as a result of the insured's work, professional services or advice. It offers cover to an individual (in their professional capacity) or a company, in respect of third-party claims arising from professional negligence or a civil liability arising from professional services that have been provided.
Who is this product designed for?	The product is designed for UK domiciled, FCA regulated, general and life Insurance Brokers. The product is available for sole traders through to large insurance brokers which are multi disciplined and have multiple office
Who is this product not suitable for?	<p>This is a commercial product and is unsuitable for Insurance Brokers that are not FCA regulated or have offices that are not within the UK.</p> <p>It is not suitable for consumers or any company that is not involved in regulated insurance mediation activities.</p>

How do we expect this product to be distributed?

This product is only distributed by FCA regulated insurance brokers approved by Pen Underwriting Limited. It is suitable to be distributed via a variety of sales channels, such as face to face, via telephone, email, or by postal application by a Broker.

What are the distributor value considerations?

We expect all distributors in the chain to consider the following when selling MUM's products:

- The impact on product value of offering other products alongside this one, especially those with proportionally greater remuneration. For example, an ancillary product, elements of which may duplicate existing cover, or premium finance charged at an elevated rate of APR.
- Additional commission, fees or charges added as part of distribution processes must be proportionate to the service provided, in line with those charged elsewhere, and not affect the overall value offered by the product.
- Distributors must ensure there is no duplication of cover as a result of any add-on products sold, including premium finance cover, where appropriate cover is already provided by the policy.
- Distributors should consider the Consumer Duty requirements when dealing with policyholders.

Scope

This document is intended to provide an indicative summary of the target market for this product and is not a summary of coverage. Please refer to separate policy documentation for full details of the coverage provided by your product.

Fair Value Outcome Statement

Product Fair Value Outcome – Methodology

MUM has completed Fair Value Assessment work on products we manufacture. This is based on groupings of products which may be similar in features and are intended to be distributed to similar target markets. This Product Fair Value Outcome Statement is not intended to replicate our Fair Value Assessments, but sets out the approach taken and the outcome of the assessment.

Product Information

The product helps protect the insured against the cost of legal action if a client claims they lost money or suffered reputational damage as a result of the insured's work, professional services or advice. It offers cover to an individual (in their professional capacity) or a company, in respect of third-party claims arising from professional negligence or a civil liability arising from professional services that have been provided

Key Coverage

- Civil Liability cover for loss in respect of claims made against the insured arising out of the ordinary conduct of the insured's professional business, this includes negligent error, negligent act, negligent omission, negligent misstatement or negligent misrepresentation
- Libel and Slander
- Dishonest and Fraudulent Act
- Loss of Client Money
- Involvement in any joint venture
- Liability for Loss of Documents
- Ombudsman Award
- Regulatory Investigation Costs
- Defence costs and expenses
- Court attendance expenses
- Binding and Delegated Authority cover

Product Limitations

Limit of Liability and Excess is determined on individual cases factoring in the risk profile, turnover and claims history of the firms.

Limitations apply in relation to the maximum limit per insuring clause.

Key Exclusions

- Claims that should be covered elsewhere under other types of policies, for example employers' liability, public/product liability, directors' & officers' liability, cyber liability and data law, property and motor
- Claims arising from the sale of goods, manufacture and construction, your own environmental, nuclear, pollution, war & terrorism risks
- Claims for an amount not exceeding the excess
- Claims arising from any work done before the retroactive date shown on the policy schedule or notified more than 7 days after the expiry of the policy
- Prior or known claims and circumstances
- Certain conduct matters including deliberate acts, losses arising after discovery of the dishonesty, obscenity, money laundering, breach of tax or competition laws, losses relating to negotiable instruments, incoming employees' breach of prior employment restrictions

Key Exclusions (continued)

- Fines, penalties and punitive damages
- Claims by connected parties unless emanating from a third party
- Claims relating to breach of contractual duty more onerous than implied by common law or statute
- Trading losses, claims regarding infringement of patents or trade secrets
- Claims to be determined by an adjudicator unless you notify us within 2 working days
- Your insolvency or that of third parties including insurers and other financial institutions
- Financial services business
- Insolvency of third parties including insurers and other financial institutions
- Unauthorised activities
- Appointed Representatives acting outside authority
- Improper volume or profit share agreements

Optional Products

No products are sold alongside this core product by MUM.

Further details can be found in our policy wordings available to brokers.

Distributor Remuneration

MUM agrees commission rates with each distributor and as part of the Fair Value Assessment process has requested details of any additional fees that may be added in the distribution chain. The fee details received have been analysed and if MUM considers these could impact the value of the product this would be raised directly with distributors.

All distributors should be able to:

- Confirm annually that the commissions and fees they charge are reasonable relative to the service(s) they provide and the total cost of the product to the customer; and
- Justify that commissions and fees they charge are fair, and support the intended value of the product.

How MUM Mitigates Risks to Product Fair Value

MUM's commission structure is intended to ensure that it reflects product features and benefits and the services we provide, which support product fair value. MUM does not benefit from distributors increasing or decreasing their own commissions/fees.

MUM has taken steps to validate that distributor commissions/fees charged are within a reasonable range and in line with usual market practice, in order to ensure the value of our products is not diluted.

How MUM Assesses Value

MUM'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 following areas:

Target market	<ul style="list-style-type: none"> • Target market reviewed to ensure the product meets the needs of the customer and will continue to do so for the life of the product • Identify the impact on vulnerable customers where applicable
Distribution strategy	<ul style="list-style-type: none"> • Appropriateness of the distribution channel, services offered and remuneration • Remuneration does not negatively impact the overall value offered by the product
Market assessment	<ul style="list-style-type: none"> • Market scrutiny to ensure the product aligns with current market trends
Product design/lifecycle	<ul style="list-style-type: none"> • Pricing • Regulatory requirements • Fees and charges • Product documentation • Performance of the product • Product changes
Customer journey	<ul style="list-style-type: none"> • Quality Assurance • Feedback from distribution
Claims	<ul style="list-style-type: none"> • Frequency and trends • Loss ratio trends
Complaints	<ul style="list-style-type: none"> • Feedback is reviewed to ensure the product continues to offer good benefit for customers • Reasons for complaints and volumes • Outcomes of complaints: whether they are upheld, not upheld • Identification of trends and root causes • Redress payments: volume and timescales • Financial Ombudsman Service: volume and outcomes