

**DISTRIBUTOR ANNUAL**

**PRODUCT REVIEW & FAIR VALUE ASSESSMENT**

This document comprises the following sections;

* **Executive Summary**
* Section one **(General information)**
* Section two **(Information required from manufacturer)**
* Section three **(Distribution and remuneration information)**
* Section four **(Service information)**

**EXECUTIVE SUMMARY**

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| The product assessment has taken into account:   * The value of the product (including core and any add-ons) * The impact of the distribution on value (commission, fees, any add-ons, any premium finance) * The impact of any service on value.   Taking these into account the product is delivering fair value.  We have determined the next steps are to monitor and review products on a regular basis |

**SECTION ONE: GENERAL INFORMATION**

|  |  |
| --- | --- |
| Firm name | CRK Motor Insurance Services Ltd |
| Name of product grouping | Commercial Combined |
| Date of review | June 2023 |
| Date of last review and outcome | N/A |
| Date of sign off | June 2023 |
| Approved by [in accordance with the relevant policy] | CRK Motor Insurance Services Ltd |

**Product Summary**

|  |  |
| --- | --- |
| Role in distribution chain | Distributor |
| Main characteristics of the product | This product is a multi-sectional package policy providing clients with covers to protect their business and may include the following sections; Public and Products Liability, Employers Liability, Buildings, Contents, Business Interruption, All Risks and Goods In Transit. Others section may be available on request. |
| Target market summary | Commercial entities, partnerships and sole traders established in the United Kingdom that typically fall into the small to medium enterprise (SME) category. The main exposures for these clients will usually come from working either at their own premises or from working away from their own premises on 3rd party sites. These clients would typically have heightened risk of injury and/or damage caused to employees and third party persons and their property. Demonstration of a good level of health and safety awareness and risk management is desirable. |
| Vulnerable customers summary | CRK Motor Insurance Services Ltd have a Vulnerable Customers policy |
| Add ons, optional extras, premium finance | Commercial Legal expenses  Premium Finance |
| Main parties in distribution chain | Manufacturer – Insurer  Distributor 1 – CRK Motor Insurance Services Ltd |
| Summary of pricing strategy | Distributor 1 - CRK Motor Insurance Services receive a fixed % commission from the Manufacturer. A £125(per £10,000 premium) standard portfolio fee is charged. |

**SECTION TWO: INFORMATION REQUIRED FROM MANUFACTURER**

**Overview**

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| --- | --- | --- |
| Information provided by manufacturer | Main characteristics and features of the insurance product | YES |
| Product approval process | YES |
| Target market | YES |
| Their fair value assessment | YES |
| Any effect distributor may have on intended value which the manufacturer has not taken into account | NO |

**Target Market**

|  |  |
| --- | --- |
| Summary of target market | Commercial entities, partnerships and sole traders established in the United Kingdom that typically fall into the small to medium enterprise (SME) category |
| Description of group of potential customers whose objectives and characteristics are compatible with the product features (taking into account the characteristics, risk profile, complexity and nature of the insurance product) | Commercial entities, partnerships and sole traders established in the United Kingdom that typically fall into the small to medium enterprise (SME) category. The main exposures for these clients will usually come from working either at their own premises or from working away from their own premises on 3rd party sites. These clients would typically have heightened risk of injury and/or damage caused to employees and third party persons and their property. Demonstration of a good level of health and safety awareness and risk management is desirable. |
| Who is the product not suitable for? | Consumers – persons carrying out activities unrelated to their declared business description / trade type or profession.  Customers established or employing persons based outside of the United Kingdom |

**Vulnerable customers**

|  |  |  |
| --- | --- | --- |
| Any features of product that deliberately or inadvertently exploit customers in vulnerable circumstances | NO | If yes, describe |
| Any features of the product designed specifically to deliver positive outcomes for vulnerable customers | NO | If yes, describe |
| How information needs of vulnerable customers are being met so customers understand the purpose and risks of the product | CRK Motor Insurance Services Ltd are aware of the groups that vulnerable customers may fall in to. CRK Motor Insurance Services provide specific training to staff so that we should be able to identify a Vulnerable Customer. | |
| How distribution strategy is appropriate for ensuring the needs of potentially vulnerable customers | CRK Motor Insurance Services Limited are aware of vulnerable customer categories and have a Vulnerable Customer Policy. For products supplied to commercial entities, the potential risk is reduced. | |

**Claims analysis**

|  |  |  |
| --- | --- | --- |
| Are claims overall delivering value? | YES | Complaints information confirms that claim outcomes are not considered to be providing poor outcomes. |
| Are there any outliers that require further investigation? | NO | N/A |

**Market analysis**

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| --- |
| Commercial Combined is a scheme product that CRK Motor Insurance Services have marketed for a significant number of years and ongoing awareness and analysis of the market continues to confirm that the product offers fair value. |

**Product value conclusion**

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| --- | --- |
| Statement | Yes or Limitations |
| We have sufficient information to understand the characteristics of each insurance product | YES |
| We have sufficient information to understand the identified target market of each insurance product. | YES |
| We have sufficient information to identify any potentially vulnerable customers | YES |
| We have sufficient information to understand the manufacturers distribution approach | YES |
| On the information provided we have not identified any issues raised that could impact the value of the product | YES |

**SECTION THREE: DISTRIBUTION AND REMUNERATION ARRANGEMENTS**

**Description**

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| --- | --- |
| Method by which product is distributed | Telephone, Email and Face to Face |
| Use of sub-brokers | CRK Motor Insurance Services do not have agreements in place to transact wholesale business. |
| Advised / non-advised | Direct Business – Advised |
| Any additional service provided | First contact for Claims including ongoing advice.  General administration of policies including undertaking adjustments. |

**Commission analysis**

|  |  |  |
| --- | --- | --- |
| Any potential conflicts of interest | NO | If yes, describe |
| Controls in place to avoid conflicts | YES | |
| Justification for any variable commission rates | CRK Motor Insurance Services Ltd will only place a risk with an insurer that they deem to offer good quality cover at a fair price. | |

**Ancillary products or services (including insurance add-ons, non-insurance additional products – excluding Retail Premium Finance which should be detailed below)**

|  |  |  |
| --- | --- | --- |
| Manufacturer | List the Ancillary Products/Services/Add-Ons | Price |
| 1 DAS Insurance | Commercial Legal Expenses | £157.81 inc IPT (up to £10m Turnover) |
| 2 |  |  |
| 3 |  |  |

**Ancillary Products/Add-ons analysis**

|  |  |  |
| --- | --- | --- |
| Are add ons and ancillary products appropriate? | YES | The product provides additional cover to that which the core product provides |
| Do add ons and ancillary products have consistent markets? | YES | DAS Insurance for Commercial Legal Expenses |
| Are they consistent with customers’ demands and needs? | YES | |
| Have you satisfied yourself about customer understanding of the add on? | YES | |
| Have you conducted an analysis of the value of the add on and the impact of the remuneration arrangement? | YES | |
| Have you considered the impact of the add on to the value of the product? | YES | |

**Fees**

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| --- |
| Direct Business - £125 per £10,000 premium standard portfolio fee charged increasing if commission income is significantly reduced. All Fees are advised to the insured prior to cover. |

**Fees analysis**

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| --- | --- |
| Justification of fees against the levels of service provided | CRK Motor Insurance Services Ltd charge a standard portfolio fee which is to cover the cost of providing a computer platform, underwriting expertise and issuing bespoke documentation. |
| Any rules or exceptions to fees | Fees may be altered if the product provided represents a significant reduction against average commission income levels. The amount of any fee charged is always disclosed prior to cover. |
| If fees are standard irrespective of premium size how have you justified that they are providing value in all cases? | The cost of maintaining a broking platform does not alter significantly because of premium level, until premiums reach a significant level. |
| Are there any fees in lieu of commission? | None |

**Retail Premium Finance**

|  |  |
| --- | --- |
| Flat Rate plus providers set up fees | Due to the uncertainty of interest rates, please refer to our Insurance Presentation Summary of Cover (New Business and Renewals) for the current flat rate % applicable to the premium finance option. |
| Margin | An over-rider is applicable to agreements, currently 2% but is subject to change. |

**APR analysis**

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| --- | --- |
| Do additional costs of retail premium finance have a material determinantal effect on the value of the product with which it is combined? | Premium finance allows the insured to spread the cost instead of paying up front which can significantly help with a company’s cash flow which they would take into account.  CRK Motor Insurance Services Ltd offer a single premium finance package for all policies / CRK Motor Insurance Services Ltd may offer products where the insurer offers their own finance options. |
| Are you satisfied that you can justify the APR in light of the credit risk? | YES – CRK Motor Insurance Services Ltd believe the rate charged to be in line with the market. |
| Do you have enough information on premium finance provider’s fair value assessment? | YES |

**Distribution and remuneration arrangements conclusion**

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| --- | --- |
| Statement | Yes or Limitations |
| We are satisfied there are no conflicts of interest in our arrangements | YES |
| We are satisfied any add-ons are appropriate and priced appropriately | YES |
| We are satisfied that any retail premium finance is appropriate and priced appropriately | YES |
| We are satisfied the level of remuneration is reflective of costs incurred | YES |
| We are satisfied that we have considered the impact of our remuneration and distribution arrangements and they don’t have a detrimental effect on the overall value of the insurance product to the customer. | YES |

**SECTION FOUR: SERVICE INFORMATION**

**Service information**

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| --- | --- | --- |
| Summary of services provided | Information gathering to assess the customers Demands & Needs for both new and renewal customers  Marketing of information gained to offer best option  Sales are Advised to Direct Customers  Provision of advice and administration during the course of the policy  Provision of claims first contact and advice on an ongoing basis | |
| Complaints information  As at 01/06/2023 | Number of complaints made in the last 12 months | 0 |
| Complaints not closed within 8 weeks | 0 |
| Complaints upheld | 0 |
| Complaints per 1,000 policies sold | N/A |
| FOS complaints | 0 |
| Customer outcomes testing | * Every portfolio / policy undergoes a mini-audit. Additionally a ull audits will be undertaken on a selection of policies on a regular basis.. * Customer Satisfaction questionnaires are sent to every New Business and Renewal client. | |
| Service performance measures | No standard service performance measures are in place, however we would asses the service if Complaints and Customer Satisfaction responses highlight any deficiencies. | |
| Satisfaction surveys | Customer satisfaction surveys will be sent with effect from 01/08/2023 | |

**Service information conclusion**

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| --- | --- |
| Statement | Y or Limitations |
| We are satisfied the complaints data does not indicate a poor level of service that may impact the value of the product | YES |
| We are satisfied any customer outcomes testing has not identified any issues that may impact the value of the product | YES |
| We are satisfied we have not identified any other service issues that may impact the value of the product | YES |
| We are satisfied that the complaints data does not highlight any concerns about the Distribution Strategy or Distribution Channels' | YES |