

Contractors All Risks

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.

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

Key Coverage

Contractors' All Risk insurance, also referred to as Contract Works Insurance or Construction Insurance

This is a non-standard insurance policy that provides coverage for accidental physical loss or damage that occurs to a property insured during the construction period.

It covers the contract works undertaken by the contractor and sub-contractors.

This product is normally sold alongside Casualty insurance.

Key Exclusions

- Airborne
- Waterborne Risks
- Breakdown
- Corrosion
- Defective Design

Excesses vary from £1,000 upwards

Full details are provided within the policy wording.

Optional Products

No products are sold alongside this core product by MUM.

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