

Product Governance and Fair Value Assessment

This summary document has been created to fulfil our responsibilities under fair value regulations and this document should not be used as a sales or marketing tool.

The client facing broker must act in the best interests of each client individually when deciding whether to recommend a particular policy or not.

Product	Latent Defects
Version Number	TMSCLDI1

Assessment

Most Recent Review	August 2022
Product Type	Mixed use Latent Defects Insurance for commercial and domestic dwellings
Manufacturer / Co-manufacturer	Thomas Miller Specialty – Construction Capacity Provider : Aviva Insurance
Territorial Limits	For buildings situated in England, Wales, Scotland, Northern Ireland, The Isle of Man, The Channel Islands and Gibraltar
Target Market	Commercial Clients This product is designed to provide Latent Defects coverage for buildings of mixed use properties for developers, owners, financial institutions, landlords, tenants and leaseholders
Outside Target Market	Clients with properties already built and not of a mixed use type This product is also not suitable for consumers as defined by the FCA, unless an incidental part of a larger scheme, the policy endorsed accordingly and an IPID supplied to the consumer through the developer. A consumer is classed as any person who is acting for purposes which are outside their trade or profession.
Characteristics of the product aimed at meeting the needs of the target market	This product has been subject to the TMS full product review which is supported by Aviva and has been approved and can continued to be marketed and distributed as the product continues to present fair value to clients. The Latent Defects product is soundly establish in the construction space with the insurance needs of the client well understood. The product remains to be a reliable form of insurance which has a proven track record within the market to provide insurance value. This is mainly due to the cover being transferrable to future owners, no unnecessary barriers to claiming and a fair risk rating to price the product. The pricing structure is produced on heavy reflection of the sum insured with an initial rate calculated prior to the construction phase. This is then subject to further review during the build process and then confirmed once the completion survey has been finalised by an engineer. Add ons : There are no add-on covers available to purchase separately under this product however an Engineering policy can be bought separately via an Insurance consultant if desired.
Distribution Strategy	This product is intended for distribution via regulated Insurance Brokers and Solicitors. Intermediaries must be approved by us and enter into our Terms of Business Agreement. Sub-broking is not permitted without express written consent as it is outside of our risk appetite.

Commission	<p>We will agree a commission rate with each distributor. All distributors should be able to demonstrate that commission received bears a reasonable relationship to the actual cost of their contribution/level of involvement or benefit added by them to the distribution arrangement.</p> <p>We may ask you to justify your commission rate and if we are not satisfied that it is appropriate we may seek to amend it.</p>
Other Remuneration	<p>Should there be any additional fees levied these will be notified during the risk assessment process to ensure transparency.</p> <p>We may ask you to provide details of remuneration you earn in connection with the sale of our policy. This includes any fees, premium finance earnings, earning from non-insurance products or add-ons sold alongside our policy.</p> <p>You must ensure that your arrangements are consistent with the FCA rules on conflicts and incentives. You should review all remuneration arrangements at least annually and share the outcome of that review upon request.</p>
Fair Value Review	<p>Our product governance process requires a full review of all products at least annually to determine if the product offers fair value to the end customer.</p> <p>These reviews consider the target market, distribution strategy, remuneration, marketing, product information, product performance, product design and feedback from distributors and customers.</p> <p>We also monitor conversion rates, renewal retention, cancellations, loss ratios, claims and complaints as part of this review process.</p> <p>We are satisfied that the product offers fair value to its intended Target Market subject to distributors</p> <ul style="list-style-type: none"> ▪ not charging customers additional amounts over and above the gross premium plus underwriting fees quoted by us without first determining that they do not have a detrimental effect on the value of the product. ▪ Ensuring that no duplicate cover exists or is caused by an add-on where that cover is already provided by the policy
Clients for whom the product is not expected to provide fair value	This product would not be expected to provide fair value to policyholders/risks that fall outside the Target Market.
Relevant documents available via our website	<p>Broker Product Summary</p> <p>Policy Wording</p> <p>IPID available upon request</p>
Next assessment date	August 2023

Providing Feedback

As an organisation TMS is committed to conducting its business in a fair, honest and open manner and we ensure that we have appropriate product oversight and governance systems and controls in place to offer products that have been assessed as providing fair value to customers that are within the appropriate target market and welcome any feedback from our distributors on the performance of our products. All feedback will be considered in our next product review.

If you believe that your staff would benefit from additional training on this product, please let us know by contacting : contactus.tmsc@thomasmiller.com