



Product Fair Value Assessment

Product Name	Gallagher Absolute 2016
Product Type	Directors & Officers
Date Fair Value Assessment Completed	27 February 2023

Introduction

Gallagher has completed Fair Value Assessment work on those products it manufactures. This is based on groupings of products which may be similar in features and are intended to be distributed to similar target markets.

This summary is not intended to replicate this work but sets out the approach taken and high level findings and if any distributor would like further information about the specific work carried out, please do not hesitate to contact us

Product Information

This product is designed for mid –corporate and large commercial entities with a turnover of more than £250m, across a wide range of industries. The product is not suitable for customers such as small enterprises, consumers, charities and trusts, financial institutions, public limited companies and US domiciled/traded businesses.

Product coverage

The product provides protection against legal defence costs and possible settlements in the event of a civil, criminal or regulatory action including investigations against the management or company. Liability covers provided include Corporate Legal Liability (CLL) protection, Pension Trustees Liability (PTL) and Employment Practices Liability (EPL).

Cover limits ranging from £100,000 to £5,000,000 may be selected depending on the demands and needs of the customer.

Product limitations

Certain sub-limits under the CLL section may apply depending on the nature of a claim. CLL, PTL and EPL covers are subject to minimum deductibles.

Distribution approach

This is a commercial lines general insurance product, which is open to both new, and renewal business. Customers are supported by purchasing this product through either email or face-to-face sales channels on an advised basis.

Optional Products

Optional ancillary products are not suited to being sold alongside this product with the possible exception of Premium Finance which may be utilised by a small number of customers.

Distributor remuneration

This product is sold either directly via the Gallagher Specialty Directors & Officers team or through a group of retail brokers which includes those in the Gallagher Group.

It is our view that the commission is reasonable, in particular given the cost to the policyholder of this product and the sophistication of a purchaser of this type of product and in particular, where the commission is split between more than one party, where each party is providing a different activity.

When sold directly by Gallagher, we do not charge administration fees and where, distribution is undertaken via a broker, they are remunerated out of the core commission agreed with the insurer.

As product manufacturer, Gallagher specialty have a distribution strategy whereby the product may be sold to policyholders directly (by ourselves) or via retail brokers (within the Gallagher network or otherwise) but that it must always be placed into the market with panel insurers via our team in London Specialty to ensure that the placement is appropriate for the customer.

How Gallagher mitigates risks to fair value

Our overall approach to product governance and remuneration is designed to ensure that our remuneration reflects product features and benefits and the services offered by Gallagher as manufacturer, as well as considering elements such as the services provided, the arrangements in the sector, any precedent and the price of the product.

Does this product type provide fair value?

We believe, based on a review of information in respect of sales practices and services, claims, complaints and market intelligence, that this product provides fair value to policyholders. We carefully review the value and suitability of our products in conjunction with the Target Market Statements (TMSs); subject to products being sold in line with the direction of our TMSs, there is no evidence that would lead us to believe that the product is not suitable for the policyholders it is intended to be distributed to.

How we assess value

Our 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 policyholders. These reviews consider the target market, distribution strategy, remuneration, marketing, product information, product performance, product design (including wordings), and any feedback received from distributors or policyholders. We also consider sales, claims and complaints data, and risk metrics related to these factors.

We believe that this product provides fair value to its intended target market, subject to distributors not charging additional fees (including the cost of premium finance) that bear no reasonable relationship to the service(s) provided, or the overall cost of the product.