

UK Retail Product Fair Value Summary

Product group	Commercial Combined
Date fair value summary completed	September 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.

Product information

Commercial combined insurance products are designed to meet the needs of businesses who are seeking to protect their business against unexpected losses.

This type of product is those who do not own or operate a commercial enterprise.

Product features

This product type can offer protection to businesses who are seeking to protect their buildings and/or contents from a wide range of insurance perils, these may include (but are not restricted to) fire, flood, storm, theft and escape of water. The product can also provide cover for business interruption, goods in transit, money & assault, employers liability, public & products liability, specified all risks, refrigerated stock, loss of licence and personal accident.

Product limitations

Limitations apply on a per-product basis, this detail is provided in Target Market Statements and supporting policy summaries/wordings.

Distribution approach

This is a commercial lines general insurance product, which is open to both new, and renewal customers. This product may be sold on either an advised or non-advised basis and distributed through a variety of channels including, telephony, face-to-face.

Optional Products

We believe optional ancillary products could be sold alongside this core product without diluting its value, subject to ancillary products being sold at a reasonable price in line with sector norms.

Distributor remuneration

Gallagher agrees commission rates with each distributor. 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 policyholders; and
- Justify that commissions and fees they charge are fair and support the intended value of the product.

In the case of this product, remuneration payments are made to distributors out of the core commission agreed with the insurer. It is our view that this is warranted by, and in proportion to, the activity carried out by distributors.

How Gallagher mitigates risks to fair value

Our commission structure is designed to ensure that it reflects product features and benefits and the services offered by Gallagher.

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

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 these products provide 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; and
- Ensuring that where appropriate cover is already provided by the policy, there is no duplication of cover as a result of either add-on products sold, or any policies held separately by the policyholder.