

UK Retail Product Fair Value Summary

Product group	Commercial Property Insurance
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. We have only assessed one product in this case. This summary is not intended to replicate this work but sets out the approach taken and high level findings but if our distributors would like to have more information, please contact us.

Product information

This is a commercial property insurance designed to provide a range of protection for commercial property owners. This is a commercial lines general insurance product. This product is open to both new and renewal customers

Distributor remuneration

Gallagher agrees commission rates with each distributor. It is our expectation that all distributors are able to evidence 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 that these are fair, and support the intended value of the product.

In the case of these products, we have reviewed commission arrangements, including those made to distributors and other counterparties 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 which is distinct from that carried out by Gallagher where Gallagher is not the retail intermediary.

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 believe remuneration is within a reasonable range and in line with usual market practice for this sector in order to ensure the value of our products is not diluted. We have also written to retail distributors to gather information about administration fees and any other costs which might be added by distributors, such as charges for premium finance and any ancillary products sold alongside this product and we have not seen evidence of any outliers for this product group.

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 are aware of particular FCA interest in commission payments to all those parties involved in real estate residential and mixed use distribution activity and we are committed to ensuring that any remuneration reflects activity carried out, and that this is transparent. 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. This product would offer less value to someone not requiring the limits set out.



Gallagher

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.