

CARGO INSURANCE – PRODUCT VALUE ASSESSMENT

What is this Product and What is the Target Market?

Cargo insurance protects commercial customers against financial loss arising from physical loss or damage to their goods as a result of an Insured Peril whilst in transit by sea, air or land, or in storage.

Cover is provided as follows:

- Facultative cargo (one-off movements).
- Standard annual cargo policies covering the import, export or distribution of goods.
- Stock through put annual policies (import, export and distribution cover extended to include the storage of goods).
- Stand-alone stock policies covering storage but not transport.
- Project cargo covering multiple shipments for a specific project.
- Freight Forwarders cargo by which the freight forwarder can arrange cargo insurance for their customers using an on-line certificate system.
- Terrorism cover for static stock (which is excluded by standard cargo policies).
- Exhibition cover – to cover cargo in transit to/from and whilst at exhibitions.
- Excess of Loss for transit/stock risks where limits exceed primary layer.

What Customer Need is met by this Product?

The product protects customers from financial loss arising from loss or damage to their goods in transit or storage.

Which Customers are not in the Target Market?

The product is not designed for individual customers, or customers seeking to protect themselves against liability for damage to goods owned by third parties.

How is this Product Distributed?

This product is distributed via brokers who provide advice on a face-to-face, telesales or electronic basis. Freight forwarders cargo policies can also be purchased via an online system.

Eligibility and Conditions that may affect the Outcomes that Customers may reasonably expect

Policies issued are subject to various exclusions (including excluded goods, excluded causes of loss and excluded territories). Customers are required to take reasonable steps to minimise loss and preserve rights against third parties including carriers.

How is the value of the Product assessed?

The Product Oversight Committee of the insurer (Chaucer Group) has assessed the value of the product including cover provided (benefits and exclusions), whether the product is taken up by the target market, levels of service provided to customers, and price (including whether distributor remuneration is appropriate and proportionate to the value of the services provided to the customer by the distributor).

What was the Outcome of the Value Assessment?

Chaucer Group has determined that the Product is suitable to meet the objectives, interests and characteristics of customers in the target market and the distribution strategy does not negatively impact product value, and the product therefore provides fair value to customers.

What are the Obligations of our Distributors?

Our distributors must:

- Ensure that the total remuneration that they receive (including commissions, fees and other charges) does not have a detrimental impact on the fair value of a product to the customer;
- Regularly review their product distribution arrangements and their effect on product value, and notify us if they identify any concerns;
- If requested, provide us with remuneration information in connection with the distribution of a product; and
- Ensure that their distribution arrangements are in accordance with all applicable regulatory requirements.