

**Product Value
Assessment**

Commercial Fleet



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or email us brokermanagement@markerstudy.com

Commercial Fleet Product Value Assessment

Product review overview

- Date of review:
 - April 2023
- Product/Proposition name:
 - Commercial Fleet
- Product class:
 - Commercial Fleet
- Base Product/Policy Wording that is being used:
 - Accredited - Commercial Fleet Policy wording MISLFLEET08/21 – please [CLICK HERE](#) to view the policy book.
 - West Bay – Commercial Fleet Insurance Policy wording MISLZMF01/21 please [CLICK HERE](#) to view the policy book.
- Are Markerstudy Insurance Services Limited (MISL) acting as a manufacturer or co-manufacturer?
 - Co-manufacturer
- Name of the underwriter:
 - Accredited Insurance Europe Ltd – UK branch as Insurer and Co-Manufacturer.
 - West Bay Insurance Plc as Insurer and Co-Manufacturer.

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Product Governance overview

MISL has an established and robust Product Governance framework in place. This sets out in detail to Product Owners the steps that the firm must consider when launching a new product, making significant changes to an existing product, or withdrawing a product. In addition, the framework sets out the methodology for the annual review of existing products. The methodology will require the completion of a number of forms and artefacts, which will provide sufficient detail (from qualitative and quantitative data) for an assessment of whether the product is providing good customer outcomes and fair value.

All new products, changes, withdrawals, and reviews are presented to our Product Governance Meeting chaired by the Head of Product Governance and supported by senior managers representing all areas of the business. The Head of Broker Management and Product Governance will sign off the product value assessment and, in the case of an annual review, any actions agreed. When a product review has been signed off, a summary will be prepared and provided to the MISL Board.

MISL has a schedule of Product Reviews in place throughout the year agreed by the Product Governance Meeting. This schedule will be subject to periodic review. This product review forms part of that schedule.

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Target market

Target risks will cover fleets of cars, vans, commercial vehicles, self-drive hire and minibuses. Specific target attributes such as occupations, fleet size and postcodes are clearly explained via a RAG rating matrix. This matrix will also identify those risks not suitable for this product and is summarised below.

The end customers will in the main be commercial enterprises with the policy being held in the name of the business. Cover can also be provided to "retail" customers where the policy will be held in the name of an individual.

Commercial Fleet

Suitable for:

- Private Car, Van, Commercial Vehicle and Minibus fleets.
- Drivers aged between 21 and 75 years old. Up to the age of 80 years old possible on referral.
- Low rated postcodes.
- Low frequency (excluding glass).
- Lazy vans & cars (i.e. those parked up for significant time whilst workmen at job).
- 5+ years fleet experience.
- Positive risk management.
- Industry sector samples sought include engineering, tradespeople, vets and the leisure industry.

Unsuitable for:

- NI/Jersey/IOM/Guernsey.
- Under 21.
- Coaches.
- Fleets with a high proportion of Performance and/or Prestige vehicles.
- Industry sector decline samples include pubs and clubs entertainment.

Self Drive Hire

Suitable for:

- Drivers aged between 25 and 75 years old (some flexibility on higher age limit for the right risk).
- Motorhomes are a speciality.
- 2+ years' experience or 5+ years' fleet experience.
- Low frequency (excluding glass).

Unsuitable for:

- Inner city postcodes.

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Main features and benefits

The main benefits taken from the IPID/Policy Summary documents that are provided as companions to the main wording.



Third Party Only Cover:

- Legal liability for death or injury to any other person, including passengers.
- Legal liability for damage to other people's property caused by the motor car up to £20,000,000. This limit is reduced to £5,000,000 if caused by any other class of vehicle.
- Foreign use. Motor car and goods carrying vehicles with a gross vehicle weight up to 3,500 kgs.
- Legal liability to others whilst towing a trailer or caravan.
- Manslaughter Defence costs.
- Corporate Manslaughter and Corporate Homicide cover up to a limit of £5,000,000 (applies to policies in the name of a company only).



Third Party Fire & Theft Cover (TPFT):

In addition to the cover shown above the following also applies:

- Loss or damage to the insured vehicle caused because of fire or theft up to the market value.
- Loss or damage to in-vehicle sound reproduction & communications equipment caused as a result of fire or theft, up to a limit of £500 and cover is subject to the policy excess.
- New car replacement for motor cars less than one year old.
- Theft of keys - £1,000 limit applies.
- Suspension of cover to Laid Up Fire & Theft.



Comprehensive Cover:

In addition to the cover shown above the following also applies:

- Loss or damage to the insured vehicle caused accidentally, or as a result of malicious damage, up to the market value.
- Loss or damage to in-vehicle sound reproduction & communications equipment caused accidentally, or as a result of malicious damage, up to a limit of £500 and cover is subject to the policy excess.

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Main features and benefits continued

- Glass repair or replacement when arranged through Glassline. A limit of £150 will apply where repair or replacement is NOT arranged through Glassline.
- Medical Expenses - £250 limit applies in respect of each person injured while they are in the vehicle.
- Personal Accident Benefits (up to age 69) – If you, or one of your employees are injured or die within three months of an accident in your vehicle we will pay up to:
 - a) For death – £2,500
 - b) For loss of any limb – £2,000
 - c) For permanent blindness in one or both eyes – £2,000.
- Personal Belongings – £100 limit applies.

Please **CLICK HERE** to view the full features and benefits detailed in our Product Summary.

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Key constraints and exclusions

- The Excess shown in the Schedule or in the Document of Insurance.
- Loss or damage to trailers owned by or in the care of the customer, custody or control but details of which have not previously been notified to us.
- Loss or damage caused intentionally or maliciously by the customer, any business partner, any director or any person employed by the customer or any person covered under this policy or any member of their family, or loss or damage someone else causes with the customer's permission or encouragement.
- Loss of or damage to any drawbar trailer unless notified to, and agreed by the underwriters.
- Any liability to others, or loss or damage to any vehicle covered by this insurance when:
 - The vehicle is being used for the carriage of hazardous goods.
 - The vehicle is being used as a tool of trade. For example, a fork lift truck will be covered while being driven on roads, however will not be covered while loading/unloading goods as part of the trade.

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Significant product changes in the review period

No significant product changes applied during the review period.

Pricing & remuneration strategy

- The Underwriting team will calculate a "base exposure rate" for different vehicle types that may make up a fleet. This exercise is completed at the beginning of the year. This rate will form the starting point for calculating a price especially for new risks where there is limited claims history.
- Claims inflation projections (supplied by the actuarial team) plus other costs will then be applied to provide an indicative premium.
- Where the risk has a claims history (5 years+) this will be used to allow adjustments to the price to reflect the actual burning cost for the fleet.
- Adjustments will always be compared back to the base exposure rates to ensure that the adjustments are sensible.
- The Underwriters will be competing against other insurers within the London market and therefore a feel for competitiveness of the rates produced relies on Broker feedback and Underwriters' own experience.

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Customer outcomes and product value assessment

A value assessment has been completed and the findings are detailed below:

KEY PERFORMANCE FIGURES	
Net Claims Ratio Emerged 2022	52.56%
Net Claims Ratio Emerged Loss ratio 2023 YTD	12.64%
Claims frequency	16.92%
Claims acceptance rate (over period of review)	99.91%
Key to Key time (average number of days)	17.4 days
% of claims complaints closed (informal)	22.00%
% of formal complaints closed within 4 weeks	0.00%
% of formal complaints closed between 4–8 weeks	57.00%
% of complaints upheld	84.00%
% of formal complaints closed over 8 weeks	43.00%

■ Key points as follows:

- Target market is well defined and underwriting reviews are in place to ensure acceptance criteria are being met.
- Usage rates provide comfort that customers are claiming and are within expectations
- Claims acceptance rates are at an acceptable level.
- Claims service levels are improving, particularly since the introduction of the Fleet and Agriculture claims line.
- Loss ratios demonstrate that the product is well used by customers even if they are not meeting target commercially.

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Customer outcomes and product value assessment continued

- Complaint uphold rates are higher than tolerances and reflect the challenges in the claims service areas. The claims as a % of registered claims percentage of 2.77% is within tolerances however 43% of complaints taking over 8 weeks to resolve is a concern. This is due to resource and is being addressed with the recruitment of 8FTEs for complaints team.
- Commission levels and remuneration levels (and that are built into the prices) have been reviewed across each part of the supply chain and no concerns given the specialist nature of this insurance.
- Risk events are causing issues for customers with a number of customers having vehicles impounded for non-insurance. This was due to a system issue causing vehicle details not being transmitted to the MID and has now been addressed.

Overall Value Assessment Fair Value across the whole proposition

Product is fit for purpose and provides customer with good value, but moderate actions identified which must be completed within 3-6 months

■ Date of next product review:

- April 2024.

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Value assessment

RAG RATING	GREEN	AMBER	RED
1. Identified Target Market.	Target market fully articulated.	Target market partially articulated.	Target market cannot be articulated.
2. Product Design: Coverage and service proposition meets target market demands and needs.	Product design meets all or the majority of target market requirements.	Product design meets most of target markets needs but evidence of some potential gaps.	Evidence that product design does not meet significant customer needs.
3. Product Design: Add-ons are aligned with primary product, with no overlap in covers that reduce value of either add-on or primary product.	No overlap or impact on primary product value.	Potential for minor reduction in value identified.	Significant overlap & potential for reduction in value of both the primary and add-on product.
4. Market Comparison: Customer will receive cover in line with their expectations when compared to similar products available in market.	In line or exceeds peer group.	In some areas offers less features/cover than majority of peer group.	Offers significantly less features/more restrictions than peer group companies.
5. Product Servicing: Claims are dealt with and settled with in reasonable timescales.	Service levels in line or exceed SLA tolerances.	Service levels regularly below target SLAs.	Service levels always below target SLAs over review period.
6. Product Servicing: Complaints are dealt within reasonable timescales and always within FCA regulations.	Service levels in line or exceed internal SLA tolerances.	Service levels regularly below internal target SLAs and never exceed FCA timescales.	Service levels always below target SLAs over review period and/or regularly exceed FCA timescales.
7. Product Servicing: QA Scores provide customers re-assurance that their policy/claim is being handled properly (including treatment of vulnerable customers).	QA scores regularly in line with target levels.	QA scores below targets up to 50% of the time.	QA scores below target levels > 50% of time/not measured.

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RAG RATING	GREEN	AMBER	RED
8. Complaints: Root Cause Analysis (RCA) completed to ensure regular review of customer outcomes and value concerns (including treatment of vulnerable customers).	Complaints RCA completed on a regular basis.	Ad hoc complaints RCA completed.	No RCA completed.
9. Complaints to Claims Ratio: Are at levels that indicate whether customers are regularly suffering poor outcomes or poor value.	Always within tolerance levels.	Outside of tolerance levels up to 50% of the time.	Outside of tolerance levels >50% of the time.
10. Complaint themes/RCA: Findings that may indicate unfair customer outcomes or poor value (including impacts on vulnerable customers).	No or minor indications from complaints of issues impacting product value.	Indication from complaints of issues impacting product value but mitigating actions in place.	Major issue(s) raised in respect of impact on product value.
11. Usage Rates: Key metrics indicate usage rates in line with expectations for product and no issues that may indicate there are systemic barriers to claims.	Metrics within tolerances through review period.	Metrics outside of tolerances but actions in place to ensure value returned to customer.	Metrics outside of tolerances through review period and no evidence of actions taken to correct impact on value.
12. Commission/Remuneration Levels: Reflect distributors' input to the product design, management and customer journey.	Commission levels appropriate across the Broker network and are reflective of the value of the distributor.	Commission levels generally appropriate across the Broker network but some areas of concern identified.	Commission levels have not been set at levels which are appropriate or are reflective of the value of the distributor.
13. Clarity of Communications: The information provided through the customer journey allows the customer to make informed decisions about making a claim.	Complaints regarding terms and conditions/ product coverage/ repudiation rates within tolerance >95% of time during review period.	Complaints regarding terms and conditions/ product coverage/ repudiation rates within tolerance 90-95% of time during review period.	Complaints regarding terms and conditions/ product coverage/ repudiation rates within tolerance <90% of time during review period.