

# Co-manufacturer Fair Value Assessment outcome



## SEIB – Horsebox Scheme Motor Fleet Product

**Includes AXA Commercial Product Target Market Statement**

AXA Commercial has undertaken a Product Review and Fair Value Assessment as the co-manufacturer of this product, in accordance with both our obligations under PROD 4.2 and the co-manufacturer contract with SEIB.

<b>Date of most recent Product Review and Fair Value Assessment</b>	<b>August 2022</b>
<b>Date of next Product Review and Fair Value Assessment to be completed by</b>	<b>Within the next 12 months*</b>

*\*We continuously monitor our products and apply a risk-based approach to our product governance; the next review and assessment may take place before this date and this document updated accordingly.*

### Outcome of the Product Review and Fair Value Assessment

As a result of the product governance activities undertaken across this product we can confirm:

- 1.The product remains consistent with the needs of the identified target market**
- 2.The product remains consistent with the fair value assessment**
- 3.The intended distribution strategy remains appropriate**

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#### Product Description

This is a motor insurance product designed to cover single and multiple vehicle risks for customers transporting horses and ponies using horseboxes.

This product is only available through SEIB.

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#### Product Type

This is a Commercial Lines general insurance product which is suitable for business customers (and consumers in relation to equestrian transport).

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#### Product Status

This product is open to new and renewal business.

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#### Who is the product designed for?

Commercial customers and consumers (in relation to equestrian transport) based within Great Britain, the Channel Islands and the Isle of Man.

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**Who is the product not appropriate for?**

Non-Commercial customers, businesses looking for insurance that isn't equestrian transport, and businesses with fleets of the following types:

- Self-drive hire
- Hazardous waste transportation
- High performance vehicle fleets

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**What are the mandatory product features that will meet the needs, characteristics, and goals of the target market?**

This product provides motor cover up to specified limits, providing extensive cover on a comprehensive, third party only or third-party fire and theft basis.

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**Does the product include optional covers?**

- Loss or damage to the insured vehicle
- Replacement vehicle cover
- Windscreen replacement and repair
- Replacement locks up to £500
- Personal effects up to £100
- Medical expenses up to £500
- Personal accident up to £5,000
- Temporary vehicle hire costs up to £1,000 for the recovery of horse(s)
- Business use (equestrian occupations only)
- Hire and Reward

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**How should this product be distributed?**

This product should be sold with the active assistance and guidance of an Insurance Intermediary to select the appropriate level of cover. This product should not be sold directly to customers without this assistance.

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**What should distributors do to ensure the product provides fair value to the end customer?**

To ensure the customer receives fair value for this product, care must be taken to ensure no duplicate cover exists or is caused by an add-on where that cover is already provided by the policy. Commission, fees, or charges passed onto the customer must be proportionate to the service provided and provide fair value. The distributors should ensure that the sums insured are adequate for the risk insured.

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**Additional Product Literature**

This document is to be read in conjunction with the appropriate policy wording and policy summary.

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## Further information about the Product Review and Fair Value Assessment

When completing our Product Reviews and Fair Value Assessments we have reviewed and assessed information provided by you as our co-manufacturer partner, together with the data we hold about this product, and also information on our own standard AXA product where appropriate and relevant to assessing value to end customers.

Where indicators and measures were outside AXA Commercial’s tolerance, we investigated these to ensure that the product continues to remain suitable for the target market, delivers value for customers and operates in line with customer expectations. Details of any key actions taken can be found below.

Review / Assessment Area	Key Indicators and Measures	Summary outputs and actions
<p><b>Product Performance</b></p>	<ul style="list-style-type: none"> <li>• Target Market review</li> <li>• Customer vulnerability considerations</li> <li>• Loss ratio</li> <li>• COR Performance</li> <li>• Cancellations</li> <li>• Claims ratio</li> <li>• Complaints root causes</li> </ul>	<ul style="list-style-type: none"> <li>• Target Market Review – we reviewed information we hold based on regular interactions with you about this product, and relevant data on our standard AXA product.</li> <li>• Loss Ratio relating to this product has been used in this review. The loss ratio is a little low however we have no concerns in relation to this measure.</li> <li>• The COR is a little low however we have no concerns from a customer value perspective.</li> <li>• Claims ratio (and other measures relating to claims) are operating within expected tolerances, and we have no concerns.</li> <li>• We have noted the low levels of complaints that have been recorded in relation to this product over the last 12 months and have no concerns.</li> </ul> <p>Our assessment of these measures in relation to product performance has confirmed the ongoing fair value of this product.</p> <p>Based on feedback from SEIB and our own review, we have made some updates to the overall Target Market Statement to ensure the information provided is clear.</p> <p>We have identified opportunities to enhance the customer journey and the service provided to customers which we are taking forward.</p>
<p><b>Price</b></p>	<ul style="list-style-type: none"> <li>• Commission levels</li> <li>• Cost and Impact of any Add-Ons</li> <li>• Cost and Impact of Premium Finance</li> </ul>	<ul style="list-style-type: none"> <li>• The commission levels in relation to this product are within tolerance.</li> <li>• We acknowledge receipt of the co-manufacturer information request and Fair Value questionnaire in relation to Add-ons and Premium Finance. We are aware that both these areas are applicable to this product. We have no immediate concerns.</li> </ul>

Review / Assessment Area	Key Indicators and Measures	Summary outputs and actions
		<p>Our assessment of these measures in relation to pricing has confirmed the ongoing fair value of this product.</p>
<b>Service Delivery</b>	<ul style="list-style-type: none"> <li>• Claims Service Metrics</li> <li>• Complaints Service Metrics</li> <li>• Operational Service Metrics</li> <li>• Customer Feedback</li> </ul>	<ul style="list-style-type: none"> <li>• When looking at the claims, complaints, and operational service metrics we have found no issues in relation to this product.</li> <li>• Customer feedback has also been reviewed, (based on the information provided). After reviewing we haven't identified any issues.</li> </ul> <p>Our assessment of these measures in relation to service delivery has confirmed the ongoing fair value of this product.</p>
<b>Distribution</b>	<ul style="list-style-type: none"> <li>• Review of Distribution Strategy</li> <li>• Commission levels</li> <li>• Charges/Fees</li> <li>• Add-on/Ancillary Products sold alongside this product</li> </ul>	<ul style="list-style-type: none"> <li>• Based on the completion of this information questionnaire/interview, our assessment of these measures confirmed that the distribution strategy for this product remains appropriate.</li> <li>• See above sections for Commission, Add-ons and Premium Finance</li> </ul> <p>We continue to work with our partners to obtain and assess information, and agree actions as required, to ensure the ongoing value of this product.</p> <p>Our assessment of these measures in relation to distribution has confirmed the ongoing fair value of this product.</p>
<b>Assurance Activity</b>	<ul style="list-style-type: none"> <li>• Results of previous assessments of this product</li> <li>• Review of Significant Adaptations</li> <li>• Review of Risks or Incidents associated with this product</li> <li>• Review of other relevant Monitoring and Oversight activity relating to this product</li> </ul>	<ul style="list-style-type: none"> <li>• Previous assurance/governance activity has been reviewed, (including any actions relating to this activity, if applicable). There were no issues identified and no open or delayed/late actions.</li> <li>• There have been no significant adaptations to this product over the last 12 months.</li> <li>• There have been no risks or incidents raised in relation to this product.</li> <li>• There have been no issues raised by any other monitoring or oversight across this product.</li> </ul> <p>Our assessment of these measures in relation to assurance has confirmed the ongoing fair value of this product.</p>