

## Product Governance and Fair Value Assessment

Castel Underwriting Agencies has appropriate product oversight and governance arrangements in place to ensure that our products are offered to the appropriate target markets and offer fair value to the end customer. This statement is issued in accordance with our regulatory obligations under PROD 4 and is intended for use by our distributors.

<b>Product Name</b>	SquarePegs Business Insurance
<b>Manufacturer / Co-Manufacturer</b>	Castel Underwriting Agencies Limited/ Chaucer Insurance Company DAC and Arc Legal

<b>Target Market</b>
<ul style="list-style-type: none"> <li>SME's and Micro businesses including sole traders, LLP's and Limited companies</li> <li>Entities domiciled in the UK, including Northern Ireland.</li> </ul>
<b>Outside Target Market</b>
<ul style="list-style-type: none"> <li>Consumers – The product is unsuitable for household insurance requirements and similar domestic needs.</li> <li>Overseas policyholders – those domiciled outside of the UK.</li> <li>Clients requiring employer's liability for staff resident permanently overseas.</li> </ul>
<b>Product Characteristics</b>
<p>The product is a commercial combined / business insurance product. Insurance coverage can be tailored to the client's needs and can comprise cover for Public Liability, Products Liability, Professional Liability Extension, Contractors All Risks and Legal Expenses, Material Damage, Business Interruption, Deterioration of Stock, Employee Theft, Goods In Transit, Loss of Licence, Money.</p> <p><b>Notable Exclusions:</b></p> <ul style="list-style-type: none"> <li>Standard market exclusions apply.</li> <li>Notable non-standard exclusion include: <ul style="list-style-type: none"> <li>Cyber and data liability / losses</li> <li>Theft losses, where the client has not complied with the minimum security standard</li> <li>Theft from vehicles overnight</li> <li>Theft from vehicles at any time, where the client's vehicle does not comply with the minimum security standard</li> </ul> </li> <li>Alarm condition - if the carrier has been advised there is an alarm, or the carrier has required one, it must be set and in operation for theft cover to apply. Otherwise, the insurance may not provide cover fully or at all.</li> <li>Communicable disease losses, including business interruption claims, are not covered</li> <li>Conditions precedent are present and feature in the policy documentation, dependent on customer's sophistication it may be appropriate for the distributor to bring these to the insured's attention</li> </ul> <p><b>Optional Covers:</b></p> <p>Commercial Legal Expenses is offered as an optional policy section. Cover is never automatically included, but must be requested.</p>

Claims are handled by a third-party claims handling firm, Broadspire (Crawford and Company), who are appointed by Chaucer.

**Relevant Documentation related to this Product**

- Policy Wording
- Insurance Product Information Document, (IPID)

**Distribution Strategy**

This product is intended for distribution via FCA regulated firms that are authorised to distribute contracts for insurance. All brokers will need to have entered into a formal Terms of Business Agreement, (TOBA), with us.

**Distributors Obligations**

We agree commission rates with each of our distributors and require that they disclose additional fees charged via a Product Value Information Exchange form distributed to each distributor.

All distributors are required to:

- Justify that commissions and fees they charge are fair, and support the intended value of the product.
- Act in the best interests of their clients.

**Fair Value Review**

This product has been subject to our Product Oversight and Governance, (POG), process and has been reviewed and signed off by our POG panel. This is in light of a review of the following MI:

- Cancellation data
- Claims and complaints data
- Declinature rates
- Loss ratios
- Wordings review (technical and Plain English)
- Breaches of Lloyd’s/FCA benchmarks and tolerances
- Root cause analysis
- Product Value Information Exchange forms returned by distributors

We are satisfied that the product offers fair value to its intended Target Market subject to distributors:

- Not charging additional / undisclosed 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.

**Date Fair Value assessment completed** | 18/09/2023

**Expected date of next assessment** | 18/09/2024