

Product Governance Value Measures - Assessment Report



Insurance Product	Motor Breakdown
Review Date	20 July 2024
Next Review Date	30 September 2025
New or Existing Product	Existing

Product Risk - Proportionality & Appropriateness	Response
Complexity of Insurance Product	Simple
Product Type	Motor Breakdown Insurance Service
Sales Method	Stand-alone but Intermediaries will sell alongside motor policies, whether issued by TLIC or another motor capacity provider
Policy Period	Up to 12 months
Level of Underwriting Authority	Delegated per agreed rating guides
Claims	Outsourced claims handlers
Complaints	Outsourced to claims handler (Hadleigh Breakdown) - redress to TLIC Gibraltar/FOS

Target Market	Response
Customer Type(s)?	Private Individuals
Territories?	UK and British NATO forces overseas (when motor policy issue under NATO rules)
Identified Target Market?	Car or Motorcycle Owners
What customer need is met by this product?	To provide immediate Roadside Assistance and if necessary Recovery following a Breakdown
Who is the product designed for?	Car or Motorcycle Drivers who have suffered a roadside breakdown
Key Eligibility Criteria?	Customers must be eligible, and applying, for a Car or Motorcycle policy via the intermediary
Who is the product not designed to support?	Customers who are not motor policyholders - whilst stand-alone, the product cannot be purchased without a motor policy via the relevant intermediary - or whose motor vehicle has already broken down. Policy also warrants that vehicle is in good working order and in regular use
Can this product be sold with or without advice?	Simple product but benefits from explanation by broker
How can I offer this product to the customer?	Alongside motor insurance new business or renewal
Does the insurance product remain consistent with the needs of the identified target market?	Yes - Customers identify that with any motor vehicle a mechanical fault mid-journey is always a possibility, and the need for recovery or repair is clearly apparent.

Product Testing	Response
What assessments have been carried out relating to the performance and risk profile of the product to ensure it meets the needs, objectives of the target market?	The claims frequency demonstrates that there is a need for the product: the cost of recovery resources to the motorist is widely known and acknowledged, which creates an obvious need. The cover and benefits compare favourably with other schemes available.

Pricing	Response
Financial Promotions?	None
Broker Remuneration?	The majority of business is via Adrian S Flux Insurance Services-related companies and are net-rated, and those intermediaries are remunerated on a fee basis; a small part of the business (80%+) is from other intermediaries, who are remunerated on a commission basis. Average proportion of fees/commissions to customer price is 16%
Are the costs and charges of the product compatible with the needs, objectives of the target market?	Yes
Is the charging structure of the product appropriately transparent for the target market, such as that it does not disguise charges or is too complex to understand?	Yes
Do the charges undermine the return expectations of the insurance product?	No.

Distribution	Response
Distribution Chain?	Brokers and some Wholesalers
Distribution Method?	Via Motor Insurance Brokers
What are the distribution channels for this product and how do we ensure that they are appropriate to the target market ?	Motor Insurance Brokers - suitable as the product is usually sold alongside motor insurance
Does the intended distribution strategy remain appropriate and consistent with the target market?	Yes
What reasonable steps need to be taken to ensure the product is distributed to the target market?	Product should only be sold to customers who own motor vehicles. There are no other underwriting restrictions.

Checklist	Response
Have we made all information available about the product features, exclusions, risks, costs and conflicts of interest to all distributors?	Yes
Have we made available all appropriate information from the product approval process to the distributors?	Yes - IPID's provided
Have we made available information regarding the identified target market of the product and target market assessment to all distributors?	Yes - Car or Motorcycle owners
Conflicts of Interest information?	None
How does the Underwriter consider this product to be of fair value?	Given the low cost, add-on nature and either the low absolute amount, and/or percentage amount relative to customer price, of broker remuneration, we consider this product to be fair value and not to offer customer harm.