

# Product Value - Information Exchange Document



## Background

To ensure the FCA regulated entities that comprise PIB Group meet the requirements of Distributors under the FCA PROD rules (PROD 4.2.14 P) in relation to information exchange, we have prepared this document which follows the structure and content set out in the 'LMA9197 - Product Value – Information Exchange Template' as created by BIBA, IUA, LIIBA, LMA and MGAA.

## Our Methodology and Approach

PIB operate a robust Product Governance and control framework.

We remain committed to ensuring that the products we distribute offer fair value to our customers throughout the lifecycle of the policy. This is embedded within our Product Governance Framework and our Code of Conduct and Sales Conduct policies and procedures. Putting customers first is at the heart of everything we do and our approach to distribution value assessments is designed to support that commitment.

Our product distribution reviews have been completed prior to completing this information exchange document. These reviews form part of our overall Product Governance Framework and are designed to ensure that:

- > we undertake a review on products we distribute at least annually
- > we undertake an assessment for ourselves and the distribution chain between us and the end customer where one exists
- > the assessment we undertake includes certain mandated elements relating to the FCA's value measures rules
- > we ensure Product Manufacturer's fair value assessments are understood to enable appropriate distribution
- > we report value measures related data to the FCA via their periodic reporting; and
- > we make all reasonable efforts to ensure that firms in the distribution chain comply with requests for information from us.

## Scope

This product information exchange document has been prepared in relation to the following regulated entities by colleagues responsible for product governance within those entities. When exchange information refers to 'we' or 'us' it refers to all the entities shown below; exceptions will be identified in the relevant section below.

### **PIB Risk Services Limited (FRN 308333)**

The distribution reviews were undertaken during the period May 2022 – August 2022 and this information exchange document was completed on the 20th September 2022.

# Information Exchange Data

## Distribution Arrangements

In the vast majority of cases we distribute directly to customers on an advised basis either face to face, via telephone or distance sale.

However, a number of policies are distributed on a non-advised basis predominantly where a third party is involved in the distribution chain. In circumstances where commission is ceded to a third party this does not impact the insurance premium paid by the customer. As part of our downstream distribution assessment we have obtained details of any additional remuneration arrangements and have requested positive affirmation that any supplementary services provided do not detract from the product value to the end customer.

Certain products are offered under a delegated authority arrangement which are subject to a defined governance framework and distributed as above.

As part of the services offered to customers it is usual for us to provide claims services including FNOL and ongoing claims support where required and appropriate.

## Remuneration Arrangements

Our remuneration arrangements are summarised below:

### Commission

Our main method of remuneration is via insurer derived commission.

This document does not include specific commission information that you already hold.

### Broking fees in lieu of commission ('FIL')

For certain clients we agree not to receive commission from the insurer but rather charge an agreed fee in lieu of commission. This fee reflects the anticipated work involved in servicing the client and is completely transparent being negotiated and agreed with the client at each new business/renewal stage.

As part of our Product Distribution reviews we have identified that the average FIL charged across any one product group does not exceed 20% and we do not consider this detracts from product value.

### Broking fees in addition to commission

In some instances, the basic commission level received from the insurer may not be considered sufficient to cover the costs involved in servicing the client. In such circumstances an additional fee is agreed with the customer commensurate with our expected work.

## Administration Fees

Where Administration Fees are charged, they are done so in line with the table below:

- > For all **Commercial policies** with Premium payable including IPT up to £10,000 the following administration fees apply:

Transaction	Fee
New business	£50
Renewal	£50
MTAs*	£30
Cancellations	nil

- > **Personal lines** policies with Premium payable including IPT up to £2,000 the following administration fees will apply:

Transaction	Fee
New business	£50
Renewal	£50
MTAs*	£30
Cancellations	nil

- > Administration Fees will NOT be charged on any Ancillary products (Legal Expenses, Breakdown, etc unless they are sold as a stand-alone product) nor on cases where a fee in lieu of commission is charged.
- > Administration Fees charged in excess of the standard rate or fees charged in lieu of commission must be agreed with the client.
- > \*An MTA is defined as a change in policy cover and/or schedule that results in the production of new or additional insurer documentation
  - > It does not include a written record (email, letter or otherwise) of oral advice provided

## Other remuneration

Additional remuneration arrangements are in place with certain insurers which are agreed centrally and accounted for at group level.

These are disclosed on customer documentation in line with regulatory requirements. Such arrangements do not impact product value to customer.

## Premium finance

We have premium finance arrangements in place with Premium Credit Ltd and Close Brothers.

A matrix of rates at which premium finance is offered is utilised and depends on a number of factors including the amount of premium being funded, the number of instalments and payment date of the premium to ourselves.

A typical example of premium finance with a 10 month payment profile would equate to a flat rate of 6% (APR 15.45%)

Finance is offered to customers where there is an obvious benefit to them, for example:

- > allows the client to spread the cost of their premiums which improves cashflow and working capital for the client
- > offers the ability to fund multiple policies and admin/broking fees under one agreement
- > fixed interest charges to allow for easy budgeting
- > offers 'off balance sheet' financing

Where available, the insurer's own premium finance offering is discussed with the client and a recommendation is made where this is more suitable for the client's needs.

### Add-ons/Ancillary products

Optional add-on products can sometimes be offered alongside core products where relevant and only where product value to the customer is enhanced.

The following is not an exhaustive list but most commonly includes:

- > Legal Expenses (commercial and personal)
- > Motor Legal Expenses / Uninsured Loss Recovery
- > Motor breakdown
- > Gap Insurance
- > Claims assistance – Loss Adjuster services
- > Risk Management Services

### Product Governance Overview

We have undertaken reviews on the products we distribute on behalf of insurers to identify that the following value statements are correct:

1. The distribution strategy remains appropriate and is likely to do so for the next 12 months.
2. There is no evidence that the product has been distributed outside of the intended target market.
3. The use of any retail premium finance arrangement remains appropriate, provides fair value, and is likely to do so for the next 12 months.
4. Where add-ons are sold alongside this product, each component and the package as a whole provides fair value to customers.
5. The price of the product and the way it is distributed represents fair value to the customer.
6. Claim frequencies (and other claims metrics where applicable), indicate that value in the distribution arrangement is maintained.
7. Complaints and customer feedback do not provide any indication of poor value in the distribution arrangements.
8. Any business / staff incentives throughout the distribution chain do not conflict with the duty to act in the customers best interests.

### Regulatory confirmation

We confirm that our distribution arrangements are consistent with our regulatory obligations.