



## **DISTRIBUTOR ANNUAL PRODUCT REVIEW & FAIR VALUE ASSESSMENT**

This document comprises the following sections;

- **Executive Summary**
- Section one (**General information**)
- Section two (**Information required from manufacturer**)
- Section three (**Distribution and remuneration information**)
- Section four (**Service information**)

## EXECUTIVE SUMMARY

The product assessment has taken into account:

- The value of the product (including core and any add-ons)
- The impact of the distribution on value (commission, fees, any add-ons, any premium finance)
- The impact of any service on value.

Taking these into account the product is delivering fair value.

We have determined the next steps are to monitor and review products on a regular basis

## SECTION ONE: GENERAL INFORMATION

Firm name	CRK Commercial Insurance Services Ltd
Name of product grouping	Commercial Combined
Date of review	June 2023
Date of last review and outcome	N/A
Date of sign off	June 2023
Approved by [in accordance with the relevant policy]	CRK Commercial Insurance Services Ltd

### Product Summary

Role in distribution chain	Distributor
Main characteristics of the product	This product is a multi-sectional package policy providing clients with covers to protect their business and may include the following sections; Public and Products Liability, Employers Liability, Buildings, Contents, Business Interruption, All Risks and Goods In Transit. Others section may be available on request.
Target market summary	Commercial entities, partnerships and sole traders established in the United Kingdom that typically fall into the small to medium enterprise (SME) category. The main exposures for these clients will usually come from working either at their own premises or from working away from their own premises on 3 <sup>rd</sup> party sites. These clients would typically have heightened risk of injury and/or damage caused to employees and third party persons and their property. Demonstration of a good level of health and safety awareness and risk management is desirable.
Vulnerable customers summary	CRK Commercial Insurance Services Ltd have a Vulnerable Customers policy
Add ons, optional extras, premium finance	Commercial Legal expenses Premium Finance
Main parties in distribution chain	Manufacturer – Insurer Distributor 1 – CRK Commercial Insurance Services Ltd Distributor 2 – Wholesale risks
Summary of pricing strategy	Distributor 1 - CRK Commercial Insurance Services receive a fixed % commission from the Manufacturer. A £100 standard portfolio fee is also charged. Where another distributor is involved (Distributor 2 onwards) CRK may pass some of the commission earned on to the next Distributor, up to 10%.

## SECTION TWO: INFORMATION REQUIRED FROM MANUFACTURER

### Overview

Information provided by manufacturer	Main characteristics and features of the insurance product	YES
	Product approval process	YES
	Target market	YES
	Their fair value assessment	YES
	Any effect distributor may have on intended value which the manufacturer has not taken into account	NO

### Target Market

Summary of target market	Commercial entities, partnerships and sole traders established in the United Kingdom that typically fall into the small to medium enterprise (SME) category
Description of group of potential customers whose objectives and characteristics are compatible with the product features (taking into account the characteristics, risk profile, complexity and nature of the insurance product)	Commercial entities, partnerships and sole traders established in the United Kingdom that typically fall into the small to medium enterprise (SME) category. The main exposures for these clients will usually come from working either at their own premises or from working away from their own premises on 3 <sup>rd</sup> party sites. These clients would typically have heightened risk of injury and/or damage caused to employees and third party persons and their property. Demonstration of a good level of health and safety awareness and risk management is desirable.
Who is the product not suitable for?	Consumers – persons carrying out activities unrelated to their declared business description / trade type or profession. Customers established or employing persons based outside of the United Kingdom

### Vulnerable customers

Any features of product that deliberately or inadvertently exploit customers in vulnerable circumstances	NO	If yes, describe
Any features of the product designed specifically to deliver positive outcomes for vulnerable customers	NO	If yes, describe
How information needs of vulnerable customers are being met so customers understand the purpose and risks of the product	CRK Commercial Insurance Services Ltd are aware of the groups that vulnerable customers may fall in to. CRK Commercial Insurance Services provide specific training to staff so that we should be able to identify a Vulnerable Customer.	
How distribution strategy is appropriate for ensuring the needs of potentially vulnerable customers	CRK Commercial Insurance Services Limited only supply products to commercial entities, thereby reducing the potential.	

### Claims analysis

Are claims overall delivering value?	YES	Complaints information confirms that claim outcomes are not considered to be providing poor outcomes.
Are there any outliers that require further investigation?	NO	N/A

### Market analysis

Commercial Combined is a scheme product that CRK Commercial Insurance Services have marketed for a significant number of years and ongoing awareness and analysis of the market continues to confirm that the product offer value for money.

### Product value conclusion

Statement	Yes or Limitations
We have sufficient information to understand the characteristics of each insurance product	YES
We have sufficient information to understand the identified target market of each insurance product.	YES
We have sufficient information to identify any potentially vulnerable customers	YES
We have sufficient information to understand the manufacturers distribution approach	YES
On the information provided we have not identified any issues raised that could impact the value of the product	YES

## SECTION THREE: DISTRIBUTION AND REMUNERATION ARRANGEMENTS

### Description

Method by which product is distributed	Telephone, Email and Face to Face
Use of sub-brokers	CRK Commercial Insurance Services do have agreements in place to transact wholesale business.
Advised / non-advised	Direct Business – Advised Wholesale Business – Non-Advised
Any additional service provided	First contact for Claims including ongoing advice. General administration of policies including undertaking adjustments.

### Commission analysis

Any potential conflicts of interest	NO	If yes, describe
Controls in place to avoid conflicts	YES	
Justification for any variable commission rates	As a scheme broker, CRK Insurance will only place a risk outside of scheme options when the scheme facility cannot accommodate the risk.	

### Ancillary products or services (including insurance add-ons, non-insurance additional products – excluding Retail Premium Finance which should be detailed below)

Manufacturer	List the Ancillary Products/Services/Add-Ons	Price
1 DAS Insurance	Commercial Legal Expenses	£157.81 inc IPT (up to £10m Turnover)
2		
3		

### Ancillary Products/Add-ons analysis

Are add ons and ancillary products appropriate?	YES	The product provides additional cover to that which the core product provides
Do add ons and ancillary products have consistent markets?	YES	DAS Insurance for Commercial Legal Expenses
Are they consistent with customers' demands and needs?	YES	
Have you satisfied yourself about customer understanding of the add on?	YES	
Have you conducted an analysis of the value of the add on and the impact of the remuneration arrangement?	YES	
Have you considered the impact of the add on to the value of the product?	YES	

## Fees

Direct Business - £100 standard portfolio fee charged increasing if commission income is significantly reduced. All Fees are advised to the insured prior to cover. Wholesale Business - £100 standard portfolio fee charged and up to 10% of commission.
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## Fees analysis

Justification of fees against the levels of service provided	CRK Commercial Insurance Services Ltd charge a standard portfolio fee which is to cover the cost of providing a computer platform, underwriting expertise and issuing bespoke documentation.
Any rules or exceptions to fees	Fees may be altered if the product provided represents a significant reduction against average commission income levels. The amount of any fee charged is always disclosed prior to cover.
If fees are standard irrespective of premium size how have you justified that they are providing value in all cases?	The cost of maintaining a broking platform does not alter significantly because of premium level.
Are there any fees in lieu of commission?	None

## Retail Premium Finance

Flat Rate plus providers set up fees	Due to the uncertainty of interest rates, please refer to our Insurance Presentation Summary of Cover (New Business and Renewals) for the current flat rate % applicable to the premium finance option.
Margin	An over-rider is applicable to agreements, currently 2% but is subject to change.

## APR analysis

Do additional costs of retail premium finance have a material determinantal effect on the value of the product with which it is combined?	Premium finance allows the insured to spread the cost instead of paying up front which can significantly help with a company's cash flow which they would take into account.  CRK Commercial Insurance Services Ltd offer a single premium finance package for all policies / CRK Commercial Insurance Services Ltd do not offer products where the insurer offers their own finance options.
Are you satisfied that you can justify the APR in light of the credit risk?	YES – CRK Commercial Insurance Services Ltd believe the rate charged to be in line with the market.
Do you have enough information on premium finance provider's fair value assessment?	YES

## Distribution and remuneration arrangements conclusion

Statement	Yes or Limitations
We are satisfied there are no conflicts of interest in our arrangements	YES

We are satisfied any add-ons are appropriate and priced appropriately	YES
We are satisfied that any retail premium finance is appropriate and priced appropriately	YES
We are satisfied the level of remuneration is reflective of costs incurred	YES
We are satisfied I have considered the impact of our remuneration and distribution arrangements and they don't have a detrimental effect on the overall value of the insurance product to the customer.	YES



## SECTION FOUR: SERVICE INFORMATION

### Service information

Summary of services provided	Information gathering to assess the customers Demands & Needs for both new and renewal customers Marketing of information gained to offer best option Sales are Advised to Direct Customers and Non-advised for Wholesale business Provision of advice and administration during the course of the policy Provision of claims first contact and advice on an ongoing basis	
Complaints information As at 01/06/2023	Number of complaints made in the last 12 months	7
	Complaints not closed within 8 weeks	2
	Complaints upheld	0
	Complaints per 1,000 policies sold	2.5
	FOS complaints	1
Customer outcomes testing	Every portfolio / policy undergoes a standard audit by the Administration Department. Additionally, there are on average 28 policies audited in depth by the Operations Manager including listening to call recordings. Customer Satisfaction questionnaires are sent to every New Business and Renewal client.	
Service performance measures	No standard service performance measures are in place, however we would assess the service if Complaints and Customer Satisfaction responses highlight any deficiencies.	
Satisfaction surveys	96% of respondents were 100% satisfied the service provided.	

### Service information conclusion

Statement	Y or Limitations
We are satisfied the complaints data does not indicate a poor level of service that may impact the value of the product	YES
We are satisfied any customer outcomes testing has not identified any issues that may impact the value of the product	YES
We are satisfied we have not identified any other service issues that may impact the value of the product	YES
We are satisfied that the complaints data does not highlight any concerns about the Distribution Strategy or Distribution Channels'	YES