



# Target Market and Product Governance Guide for Distributors

## Digital Retail Shop and Salon Insurance policy

### Who is this guide for and why are we issuing it?

- This guide is intended for intermediary use and reference only and is not for distribution to customers.
- We are issuing it to give guidance to intermediaries in respect of the target customer market for this product, types of customers or business for whom this product is not suitable, the value this product provides and the Product Governance we undertake to establish this.
- This guide does not contain the full terms and conditions of the Insurance contract and should not be used to compare Policy Coverage. More information about the product can be found within both the Retail Shop and Salon Summary, and full terms and conditions may be found within the Retail Shop and Salon Policy.

### What is this product and what customer need is met?

Digital Retail Shop and Salon Insurance Policy is a Commercial Lines General Insurance product which is Digitally traded and is designed for small to medium sized enterprises including Limited Companies, Partnerships and sole traders acting for their profession.

It meets the needs of customers who wish to protect owned assets and income generated from a retail business against fire and other damage including theft, who wish to insure their liability for their legal responsibility to third parties and who require insurance in order to meet compulsory requirements defined by the Employers Liability Act.

This product provides value by allowing customers to buy both standard and additional covers which meets their specific requirements such as:

- Stock and Contents
- Business Interruption
- Liabilities (Employers liability (compulsory) and Public / Products liability)
- Transit of own goods in own vehicles
- Frozen Food
- Legal Expenses cover
- Buildings if required

### Target Market - Who is this product designed for?

Digital Retail Shop and Salon Insurance Policy is designed for independently owned small to medium sized businesses based in the UK which:

- Own or lease a retail shop premises which they trade from
- Run a business up to £2,000,000 turnover – UK Sales
- Have a maximum Property and Business Interruption sum insured per location of £2,500,000
- Trade from a premises located within a high street or other busy footfall locations (business parks) within the UK where the public can visit and purchase goods and services.
- Are retail shops selling proprietary products; for example Grocery's to Household items and clothing
- Are Salons cutting hair or providing make up
- Are Salons providing a limited range of beauty treatments full details of which are contained within the policy wording
- Are Small cafés and coffee shops excluding deep fat frying
- Provided delivery, or light work away (flower arranging or hairdressing – only in addition to premises based trading)
- Operate from self-contained premises (including lockable units within shopping centres or malls)

## Who is this product not designed for?

Digital Retail Shop and Salon Insurance Policy is not targeted towards:

- Online retailers
- Market traders
- Concessions (stall or area within department store)
- Exports including US
- Restaurants, takeaways operating as such and other fast food outlets
- Professional work away activities (not limited to installation of blinds, carpet, kitchen/bathrooms) and businesses where the majority of turnover is earned from activities carried out away from the premises
- Businesses which operate from multiple (more than 10) locations
- Customers who wish to make multiple low value claims below the excess

In addition, the Digital Retail Shop and Salon Insurance Policy is not suitable for:

- Salons providing invasive beauty or medical treatments
- Offices or surgeries
- Manufacturers or wholesalers of products
- The Motor trade / Repair industry

## How have we valued this product?

Our product value assessment is based on the premium we charge for the cover and the services we provide. We take a wide range of factors into consideration, such as historical and expected claims frequencies, incurred and projected claims costs, plus scenario analysis along with customer feedback. This may include - but is not limited to - areas such as examination of complaints, claims, claim declinatures, policy cancellations, retention rates, loss ratio analysis and external analysis/benchmarking against existing products.

We also consider how the premium is affected by the commission we pay the placing intermediary for the activities they conduct on our behalf. Any additional charges within the distribution chain may potentially erode the intended value of our product.

We may from time to time request information from you to allow us to check that our products are being distributed correctly, are performing as expected and continue to offer fair value; examples of this could be evidence that the product has been sold to the right target market or complaints received relating to the product. We will endeavour to provide adequate notice where we seek this information from you.

Key Value information is included in the attached Appendix.

Average claims costs can be seen to far exceed average premiums demonstrating that when called upon the policy provides value to customers.

Declinatures include claims settled at Nil.

The low complaints frequencies also show that customers are satisfied with the product performance and may rely on the product when required.

In distributing this product you should be satisfied that it meets the fair value expectations of your customers' requirements. Should you have any concerns that this product is not offering fair value, please contact MS Amlin without delay.

## Who can distribute this product and via what method?

Digital Commercial Combined policy is designed for digital distribution by insurance intermediaries that hold agency facilities with us for the Acturis platform or the MS Amlin Eplace extranet or where agreed the Brokers retail website.

Sales may be either face to face, by telephone or via a Brokers retail website and may be advised or non-advised based on your own preference and any FCA regulation applicable, but should always be by persons who have the appropriate level of understanding about the risks and exposures faced by their customers in the operation of their businesses.

For UK broker use only, for full terms, conditions and exclusions please refer to policy wording.

MS Amlin Insurance SE, UK Branch with the company registration number FC038781 and offices at The Leadenhall Building, 122 Leadenhall Street, EC3V 4AG, tel. +44 (0)20 7746 1000. MS Amlin Insurance SE is authorised and regulated by the National Bank of Belgium. Authorised by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority and the Financial Conduct Authority are available from us on request.

Product	
Distribution	Retail Brokers via Acturis software system and MS Amlin Eplace or where agreed, Brokers retail website.
IPID/Summary	Attached
Policy Document	Attached
Review Period	Annual
Date Fair Value interim assessment completed	September 2024
Expected date of next full assessment	September 2025
Key Value Measures	
Claims frequency	6%
Decline rate %	11.4%
Average claim value	£5,697
Average time to settle	143 days property; 226 days casualty
Average Premium	£493
Complaints (TOTAL)	
Claims (cover)	14
Claim (handling)	111
Claims (settlement)	5
Other complaints	1
Overall frequency	0.73%
Upheld rate	80%
Remuneration approach	<p>Product is provided at a Gross rate to Brokers. Brokers are unable to net down the commission taken nor to increase beyond system maximum. The differences between Maximum overall commission and Average overall commission is due to different products which fall under the overall definition of retail shop and salon having different standard commission levels.</p> <p>Value assessment is made based upon maximum commission payable.</p>
Maximum Overall Commission	35%
Average Overall Commission	27%
Fee's chargeable	NONE
Reasonable Period Assessment	
Insured values and degradation of sum insured or limits	Policy values and limits are set or selected by the Insured at new business and at each renewal. Core cover limits are therefore not automatically reduced at first or subsequent renewals
Price changes at renewals and premium vs benefit	<p>Policy pricing is based upon values declared by the Insured. The premium charged may increase or decrease based upon risk factors present at the time but is based upon the values declared by the Insured. Premiums are calculated by various factors but are generally small percentages of the total sum insured or limit of liability provided, even when several years premiums are aggregated.</p> <p>All risks are individually priced based on their personal risk factors presented to MS Amlin and confirmed by the issue of a statement of fact document. At renewal, the premium charged may increase or decrease based upon our periodically revised assessment of an individual risk factor and/or where age based rating applies. MS Amlin does not apply new business incentives that would breach the FCA fair pricing regulations, hence no renewing client would pay more than their equivalent new business price.</p>
Reduction in ability to claim or expected value of claim over time	Main cover values are selected by the Insured each year and are not inhibited at subsequent renewals. Individual policies may have specific terms and conditions applied depending on circumstances but there is no systemic reduction or removal of limits at subsequent renewals
Additional Products	None by MS Amlin. If you provide additional products to customers which mirror or overlap the cover provided herein, then the value to the customer may be affected.
Automatic renewal	No automatic renewal facility
Actions by you or other distributors which may affect value	<p>If commission is rebated in order to charge a higher equivalent fee in lieu.</p> <p>If you charge for additional services already provided by the product.</p>