

## Product Value – Information sharing Template – January 2022

<b>Carrier Name</b>	Beazley Furlonge Ltd
<b>Coverholder Name</b>	Spring Insure Ltd
<b>Product Name</b>	Financial Institutions
<b>Reference / UMR Binder</b>	Risk reference: <b>B8155X23APDF</b> UMR: <b>B4070SIL2023</b>
<b>Reference / Class of</b>	D&O
<b>Date</b>	September 2023

### **Manufacturer Information**

*The fields below should be completed by the carrier. The information provided should be sufficient for distributors in the chain to understand the value of the product, the intended target market and those to whom the product should not be marketed. Other information should be included (if relevant) to advise distributors of how their known or expected actions might affect the value of the product.*

#### **Product Information**

The coverage under this binder:

*Director and Officers (D&O)* product for Financial Institutions (FI) which provides the customer with cover to protect directors, officers and their employing companies - Protection for directors and officers, as well as other individuals, against claims arising from actions made in their corporate role, as well as protection for the company. The product is not cancellable by the customer and is only cancellable by the insurer for non-payment of premium. Underwriters have advised this is standard practice in the FI market.

*Errors & Omissions/Professional Indemnity:* This policy will pay on behalf of the insured any loss resulting from a claim first made against the insured during the policy period for actual or alleged act, error or omission; loss of documents; or loss of personally identifiable customer information, in the performance of or failure to perform professional services by any insured or by any other person or entity for whom the insured is legally liable.

The policy also includes coverage extensions for dawn raid costs of the company, regulatory costs of an insured person and mitigation costs of an insured.

*Financial Institutions Blanket Bond, Electronic & Computer Crime, Commercial Crime and Similar Allied Coverages:* this policy is designed to offer comprehensive crime protection to financial institutions and private entities (Commercial Crime) and includes covered losses of the insured resulting from claims first discovered during the policy period arising out of employee dishonesty and third-party frauds, theft, and physical and cyber extortion.

The policy also includes coverage extensions for data security breach costs, software removal or reconstitution costs, legal costs, and corporate identity fraud costs.

*Cyber Insurance:* This policy comprises protection for losses arising out of cyber incidents suffered by the insured organisation on a claims made basis. Main features include Breach Responses Services for any information security incident or privacy incident which is first discovered during the policy period and First Party Data losses as a direct result of a data loss which is first discovered during the policy period and directly caused by a failure of computer security to prevent a security breach.

The policy also includes coverage extensions for PCI fines, expenses and costs, which the insured shall become legally obligated to pay because of a cyber claim.

The product is sold in the traditional broker/underwriter negotiation method. This product uses conduct approved wordings. These wordings contain the claims contact information and clearly articulate how a customer can make a compliant.

The policy wording has been subject to a conduct review. In line with our embedded conduct risk framework, any proposed changes to these wording – with particular focus on where coverage for the end customer may change – will be subject to conduct team review and approval. Significant changes which alter the product offering, geography and value will be subject to CRG review and approval before the product can continue to be distributed.

There is acknowledgement that whilst the customer type may be a micro enterprise, they are a sophisticated customer, regulated by the FCA, some wording is required from a legal perspective and the sale will involve a broker who can assist the customer with any additional explanations required.

The product is distributed on a 'limited binder' basis.

Policy fees may be charged, typically GBP250, more than half of the time. Exceptions downwards purely on a case by case basis and would be due to commercial reasons in negotiation with the broker. Underwriters

## Product Value – Information sharing Template – January 2022

have advised that a policy/admin fee is very common in the MGA/binder market (particularly professional and financial risks) and is charged by the MGA. These are always disclosed to the broker at the point of quotation and the broker includes them in the quotation to the end Insured. The amounts are modest in comparison with premium levels. The maximum policy fee would be £750. This would be for larger or more complex policies. Overall, the increase in fee is proportionate to the increase in premium and can be justified by the complexity of the work which supports the complexity of the risk which is then reflected in a higher premium. This is an annual charge. Distinct from underwriting matters, it covers policy production and administration at the inception of the policy and as necessary, throughout the period. The level of this administration resource would typically be consistent each year.

This product is distributed to consumers (micro enterprise business) domiciled in the UK, Jersey, Isle of Man, Guernsey, Cayman Islands, British Virgin Islands and Luxembourg.

This product is not considered to be niche and if Beazley were to exit this class of business coverage could be provided across the market.

Our conduct risk framework, along with the accountabilities and responsibilities of all parties within Beazley, ensures that we not only offer products that meet the needs of their intended market, but that there is evidenced customer challenge of these products before they are distributed. This product is reviewed on a cyclical basis to ensure that they continue to be offered to the customers they were intended for and in the locations they were agreed to be distributed. Our conduct risk framework means that we have continued oversight through a 'spotlight' process which looks at what the product is doing in reality vs what was agreed at the time it was approved for distribution for the intended customer types. There is regular reporting to agreed internal committees on our approach to fair outcomes and annual reporting to the board. This includes a review of the conduct risk framework and the board approval of this for the following year. These products are also subject to oversight as part of the annual binder renewal process.

### Target market

This product was developed to meet the requirements of the target market, this being micro enterprise business consumers.

#### Parameters

- <£20m revenue - last financial period. Once on the facility, they can stay covered if they grow.
- FCA Regulated (or equivalent regulation).
- Private companies only.
- Territories - United Kingdom, Jersey, Isle of Man, Guernsey, Cayman Islands, British Virgin Islands, Luxembourg, Republic of Ireland. Netherlands and Malta.
- Sectors: Asset Managers/Corporate Finance/Crowdfunding/Fintech/FX Brokers/Traders/AIS PIS Firms/Introducers & Arrangers/Investment Advisory/Private Equity & Venture Capital/Wealth Managers/EMI / API Firms.
- Exclude SPACS & de SPACS

### Types of customer for whom the product would be unsuitable

This product is only offered to the customer type it is targeting.

#### Excluded classes

- Minimum investment amount below £10k
- Public Companies listed on recognised stock exchanges
- Companies whose activities involve:
  - o Retail investment managers (suggest minimum investment threshold of £100k)
  - o CSP/Trusts
  - o Challenger Banks – PRA Regulated firms.
  - o Life Settlement Funds
  - o Litigation Funding
  - o Cryptocurrency, initial coin offerings or similar
  - o Film Finance
  - o The Cannabis industry
  - o UK Self-Invested Personal Pensions (SIPP) – management thereof on behalf of third parties – Any kind of SIPP exposure will need to be excluded
  - o Independent Financial Advisers (IFAs)
  - o Firms offering any other form of Regulated Retail advice
  - o Firms involved in trading/storage of Cryptocurrency
  - o FCA umbrella firms

## **Product Value – Information sharing Template – January 2022**

<ul style="list-style-type: none"><li>o Clearing Banks / Investment Banks / Insurance Companies</li><li>o Fund administration</li><li>o Quant funds</li><li>o Bureaux De Change (physical cash exchange i.e. retail/shopfront)</li><li>o Issuers of pre-paid credit and debit cards</li><li>o Peer to peer lending platforms (Retail only excluded)</li><li>o Insurance broking</li><li>o Risks domiciled in territories outside of the - United Kingdom, Jersey, Isle of Man, Guernsey, Cayman Islands, British Virgin Islands, Luxembourg. Republic of Ireland</li><li>o Risks domiciled in Sanction countries</li></ul>	
<b>Any notable exclusions or circumstances where the product will not respond</b>	
<p>D&amp;O: bodily injury and property damage; conduct; prior claims; insured events and circumstances; company vs insured (USA), and professional services.</p> <p>Errors &amp; Omissions/Professional Indemnity: include but are not limited to bodily injury and property damage; contractual liability; dishonesty; infrastructure; insured vs insured; prior claims and circumstances; duties to employees; RICO and intellectual property.</p> <p>Financial Institutions Blanket Bond, Electronic &amp; Computer Crime, Commercial Crime and Similar Allied Coverages: include but are not limited to bodily injury and property damage; contractual liability; dishonesty; infrastructure; insured vs insured and prior claims and circumstances.</p> <p>Cyber Insurance: include but are not limited to bodily injury and property damage; contractual liability; dishonesty; infrastructure; insured vs insured; prior claims and circumstances; trading losses and monetary transactions; RICO and intellectual property.</p>	
<b>Other information which may be relevant to distributors</b>	
In order to ensure that a fair value assessment can be undertaken, in line with regulatory, mandatory requirements then all distributors are required to complete all applicable sections of this information sharing template.	
Date Fair Value assessment completed	22/09/2023
Expected date of next assessment	22/09/2024

We advise that we have completed the fair value assessment. We have reviewed the available data and the information provided by the distributor(s) and are comfortable to confirm that there is value in the product.