

Date of Assessment - 19/08/22

Overview

We are satisfied that the product provides fair value to customers in the target market, now and for a reasonably foreseeable period.

In making this assessment, we have used all necessary and appropriate information available to it, including:

- solicitor / broker feedback
- claims information (handling times, frequency, severity of claims costs, claims ratios, rates of and reasons for claim acceptance/declinature)
- complaints data
- analysis of similar insurance products available

Consideration of target market

The product is sold to individuals and businesses to cover a wide variety of legal disputes. The target market is legal disputes brought by claimants where the limit of indemnity required is up to £1million. The product would not be suitable to claimant who already have existing before the event insurance or where the premium is not recoverable the damages awarded are not proportionate to provide payment for the premium due.

Consideration of benefits, quality and limitations

The main benefit of ATE insurance is that it puts the insured on a financially level playing field with the defendant who will usually have liability insurance. It allows access to justice for individuals and companies who would otherwise be put off from running a case because of the financial risk of losing.

The quality of the product is high.

- The policy wording is clear and is reviewed at least annually.
- All policies are underwritten by RSA which has credit ratings of A2 (Moody's) and AA- (Fitch).
- The claims acceptance is high, which demonstrates that the product offers value for money.
- A key feature of the product is that the insured only pays for the insurance in the event that their case is successful.
- Limits of indemnity are always considered carefully at the outset to ensure coverage is sufficient for the case to proceed to trial if necessary.

There are few limitations to the product; the exclusions are clear and proposals are considered using underwriting criteria that ensure that the product is fit for purpose.

Type and quality of services

Temple provides underwriting (premium, policy wording, consent), claims handling and complaints handling services. There is no direct contact with the insured as the policy is sold through solicitors either by a delegated authority scheme or as a one-off sale.

Policies can be provided by solicitors where Temple is satisfied that the solicitor has sufficient expertise in the relevant area to provide a quality service to the client. Temple provides information to the solicitor to pass on to the client. Sales are usually face-to-face with the client.

Temple carries out annual audits on the solicitor firms to ensure that the information provided by the solicitor to the insured and to Temple is accurate.

Pricing

ATE insurance is a single policy, purchased in the event that a proposer has instructed a solicitor to pursue or defend a legal action. The policy ends when the legal action concludes which on average is three years.

There are no additional products offered alongside the insurance that would affect the price.

Premiums cannot be set or adjusted by solicitors or brokers.

All premiums are set by Temple, taking into consideration the following factors:

- i actual loss ratios for the different types of legal dispute and the subcategories of dispute
- ii target loss ratios for the different types of legal dispute and the subcategories of dispute
- iii frequency and severity of claims for the different types of legal dispute and the subcategories of dispute
- iv the level of premium as a percentage of the insured's damages
- v the fact that the premium is only paid by the insured in the event that the legal action is successful. (There is a limited number of claims where the premium, or part of the premium is paid by the losing opponent which is not considered in this assessment).
- vi the level of premium as a percentage of the limit of indemnity
- vii the stage in the legal action at which the policy is incepted
- viii the likely stage in the legal action at which the case will settle
- ix the prospects of recovering a premium
- x the likelihood of the case proceeding to a full trial
- xi any endorsements to the standard wording
- xii competitor prices.

Are there auto renewal increases?

ATE Policies do not renew, they expire at the conclusion of the legal action.

Is retail premium finance offered?

No retail Premium finance offered on any ATE Products