

## Assessment of Product Value - BTE Products

Date of Assessment Updated: 21/09/22

### Overview

We are satisfied that the product provides fair value to customers in the target market at the present and for the long term.

In making this assessment we have used all necessary and appropriate information 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 and those where it may not be suitable:

Products -

- BTE - Employment and Group Employment

Small, medium and large size businesses who must have employees with direct employment contracts who require assistance with employment and HR advice. The product works alongside a retainer package with a law firm who will provide a legal helpline and annual audit of the employment procedures and processes.

- BTE - Health and Safety

Small, medium and large size businesses who must have employees with direct employment contracts who require assistance with Health and Safety advice. The product works alongside a retainer package with a law firm who will provide a legal helpline and annual audit of the health and safety procedures and processes.

- BTE - Commercial - Commercial

Small, medium and large sized businesses, the wide range of covers provided under the policy are designed to meet the likely disputes a small to medium size business will face for their day to day business dealings.

This product would not be suitable for personal lines customers or particularly niche organisations as the range of covers may not be relevant to their activities. It is also not suitable for very large businesses which may have an in-house legal department.

- BTE - Commercial - Commercial Combined

Essentially the same product as Commercial above and therefore share the same target audience and audience where the product may not be suitable.

- BTE - Commercial - Wellbeing

Micro and small sized businesses, typically instructors providing classes.

The range of covers provided under the product are designed to meet the likely disputes a micro to small size business without a formal legal department or retainer package with a law firm.

This product would not be suitable for personal lines customers or particularly niche organisations as the range of covers may not be relevant to their activities. It would also not be suitable for larger businesses

- BTE - Commercial - Group Professional

Professional individuals who require cover for their business and issues with the governing bodies.

The product would not be suitable for individual who are not members of a professional body or are not owners/managers of their business.

- BTE - Individual Regulatory Defence

Individuals employed to carry out functions that fall within the scope of the Senior Management and Certification Functions.

The product would not be suitable for individuals who are not employed to carry out functions that fall within the scope of the Senior Management Certification regime.

- BTE - Commercial - Landlord

Residential property owners with properties let on an assured short hold tenancy basis

The range of covers provided under the landlord product are designed to meet the likely disputes a residential landlord without a formal legal department or retainer package with a law firm would require for their day to day property dealings

This product would not be suitable for commercial businesses or personal customers not letting properties.

- BTE - Commercial - Tax

Small and medium sized businesses and self-employed contractors with or without employees. This would not be suitable to personal customers or larger businesses.

- BTE - Commercial - Professional Disciplinary

This is a bespoke produce tailored specifically for the British Dental Association's members and their needs. It could be utilised for other professional disciplinary audiences but would need to be amended accordingly. It is therefore not currently suitable for other professions.

- BTE - Personal Lines - Cycling

Individuals who cycle regularly as a hobby and are exposed to legal risks associated with this personal activity.

The range of covers provided under the policy are designed to meet the likely disputes an individual who participates regularly in cycling may encounter.

This product would not be suitable for commercial lines customers or individuals who do not own cycling equipment or use such equipment regularly.

- BTE - Personal Lines - Camera

Individuals who own photography equipment for their personal pleasure or a small business who earn income from photography services.

The range of covers provided under the policy are designed to meet the likely disputes an individual who own photography equipment may encounter

This product would not be suitable for individual who do not own photography equipment or where they do so it is not of sufficient value or use to them.

- BTE - Personal Lines - Static Caravan

Individuals who own or hire static caravans as their principal residence

The range of covers provided under the policy are designed to meet the likely disputes an individual who own or hire a static caravan may encounter

This product would not be suitable for individuals who do not own or hire a static caravan

- BTE - Personal Lines - Touring Caravan

Individuals who own touring caravans for their personal use

The range of covers provided under the policy are designed to meet the likely disputes an individual who own touring caravans may encounter

This product would not be suitable for individuals who do not own touring caravans.

## **Consideration of product benefits, quality and limitations**

All BTE products are designed to provide legal representation for the policyholder in the event of a legal dispute where prospect of success are likely to be in excess of 51%. Regardless of this benefit, all products provide access to 24 hour seven days a week legal advice helpline.

A counselling helpline is also provided for all BTE products.

In addition to the provision of legal representation, the Employment sections of cover provide cover for any compensation awarded in the event the legal action is not successful. The cover is available for the products whose has an audience includes businesses with employees.

The limitations of the product are that prospects of success must be above 51% and that for specific legal representation the dispute must fall under the sections of cover provided. However, the legal advice helpline can be utilised for any issue subject to fair usage.

The claims frequency for BTE product is low in comparison to other ATE products but the average claim cost is high in relation to the premium charged. The loss ratio for BTE products have therefore been subject to vitality due to the high average claims cost but lower net premiums to reflect the lower claims frequency. The availability of high quality legal advice at any time provided a key benefit to the policyholder while also ensuring that claims frequency and cost can be mitigated by the policyholder following the advice provided.

## **Type and quality of services**

The legal representation is independent of the insurance provider, available nationwide and is reflective of the legal dispute which is presented. Legal professionals who can give clear relevant advice to the target audience provide the legal helplines

The provision of the helpline services ensure that regardless of claim frequency or severity the product provides a guaranteed service at all time for the policyholders legal advice.

## **Pricing**

- BTE - Employment

Pricing is set by Temple as Co-Manufacturer. No commission is taken by solicitors distributing the product. Premium is based upon the wage roll of the policyholder with discounts based upon choice of excess or claims history. No new customer incentives by distribution. The premium is therefore purely reflective of the risk presented and represents fair value to the consumer. Pricing does not change in the period the product is utilised.

- BTE - Health and Safety

Same strategy as employment.

- BTE - Group Employment

Pricing is set by Temple as Co-Manufacturer. No commission is taken by solicitors distributing the product. Commission taken by introducing broker but does not increase selling price. Premium is based upon the number of employees of the policyholder. No new customer incentives by distribution. The premium is therefore purely reflective of the risk presented and represents fair value to the consumer. Pricing does not change in the period the product is utilised.

The distribution model will not change during the period the product is utilised

- BTE - Commercial - Commercial
- BTE - Commercial - Commercial Combined
- BTE - Commercial - Wellbeing

- BTE - Commercial - Group Professional
- BTE - Commercial - Landlord
- BTE - Commercial - Tax

The distribution model will not change during the period the product is utilised

- BTE - Commercial - Professional Disciplinary,

Net Pricing set by Temple as Co-Manufacturer.

The distribution model will not change during the period the product is utilised

- BTE - Individual Regulatory Defence

Net Pricing set by Temple as Co-Manufacturer.

The distribution model will not change during the period the product is utilised

- BTE - Personal Lines - Cycling,
- BTE - Personal Lines - Camera,
- BTE - Personal Lines - Static Caravan,
- BTE - Personal Lines - Touring Caravan
- BTE - Personal Lines - Park Home

For all Personal Lines products the distribution follows the same strategy.

Net Pricing set by Temple as Co-Manufacturer.

The distribution model will not change during the period the product is utilised

**Are there auto renewal increases:**

There are no auto renewal process on any BTE products

**Is retail premium finance offered?**

No retail Premium finance offered on any BTE Products

**Signed by Director: Yes - Laurence Pipkin**

**Last Reviewed and updated - 21/09/22 by Laurence Pipkin**