

HSB Construction Annual Insurance (e-trade)

# HSB Distributor Product Information

Information for distributors of  
HSB insurance products only



A Munich Re company

This document has been produced by HSB in accordance with our regulatory responsibilities as a Product Manufacturer. This document provides high level information on the product, including information on the main features and exclusions, target market, fees, commissions, distribution channel, as well as Fair Value outcome and Consumer Duty regulations. It is intended for use by our Distributors and not for customers or operational staff. For more information, please speak to your HSB representative.

It is not a sales or marketing tool and should not be used as such.

Requests for insurance coverage should always be placed under the most suitable product based on the Insured's needs and in their best interests.

<b>Carrier name:</b>	HSB Engineering Insurance Limited
<b>Broker name:</b>	As stated in TOBA
<b>Product name:</b>	HSB Construction Annual Insurance (e-trade)
<b>Reference/UMR (Binder):</b>	POL-UKG-CIA-003-ETR POL-ROI-CIA-004-ETR
<b>Reference (class of business):</b>	Construction including Contract Works, Contractors Plant and Employees Tools.
<b>Date:</b>	March 2024

## Product information

### Product oversight and governance

HSB Engineering Insurance Limited has an established Product Approval Process that covers the entire product lifecycle, from new product development to product review. The following elements are included within the process:

- Extensive research of the product concept is undertaken to identify an appropriate target market.
- Customer type, distribution channel, charging structure as well as the wider market and legal developments are identified and considered.
- Risk assessments and regulatory reviews are undertaken to ensure fairness to customers and that any risks to the identified target market are appropriately managed.
- Product marketing, training and technical support ensures knowledge of the product is accurately assessed and competence is evidenced prior to distribution of the product.
- Post launch, the overall product performance is interrogated and reviewed. This includes claims reports, systems reviews and customer feedback being processed to identify on-going product and market suitability.

### Product summary

A commercial product designed to cater for the specific requirements of customers ranging from small-end building and machinery installation contractors through to large scale civil engineering contractors. The policy provides cover for:

- materials from the commencement of loading for despatch to site (including transit and incidental storage);
- contract works during the construction period (including automatic continuation of cover for ongoing contracts that increase in contract price; up to 125% of the sum insured);
- maintenance and defective design;
- free issue materials where these are included in the declared values; and
- private dwelling houses and commercial buildings during the construction period, once completed and also pending sale.

Cover can be extended to include damage to owned and hired in contractors' plant and for loss of or damage to the customer's employees' tools and personal effects (ETPE).

All four sections of cover are available to the customer however in order to have the cover provided by section 2 (Contractors' plant – owned), section 3 (Contractors' plant – hired in) or section 4 (ETPE), the customer must have first selected cover under section 1 (Contract works). The policy offers flexibility so that different levels of cover can be selected within the four sections.

By offering a standalone E-trade Construction annual Insurance product our customers have the additional market choice of separating out the casualty sections (public liability and employers liability) and exploring different price with corporate and cover options for their construction risks rather than packaging all covers into a contractors combined product.

#### Other information

- **Territorial limits** – the product is available only to customers domiciled in the UK and Republic of Ireland (ROI).
- **Policy renewal** – policy renewal is not automatic but renewal is normally requested by the distributor as a policy approaches the end of the current period of cover.
- **Claims notification** – all claims are notified to the carrier whose claims team manages the lifecycle of each claim in line with corporate claims handling procedures.
- **Complaints notification** – all complaints are notified to the carrier whose complaints team manages the lifecycle of each complaint in line complaints handling procedures.
- **Carrier fees** – None.

#### Target market

The HSB Construction Insurance (annual) e-trade policy is a commercial product designed to cater for the needs of micro and SME building contractors and machinery installers to large national contractors including light civil engineers.

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

The product is not suitable for consumers or retail customers.

#### Distribution Strategy

This product is designed to be delivered to customers via UK and ROI open market brokers. As well as traditional transactional distribution and digital trading, the product maybe distributed via approved exclusive broker arrangements and approved delegated authority arrangements

## Any notable exclusions or circumstances where the product will not respond

### Section 1 – Contract works

#### Restrictions

A condition of cover under section 1 is that there are specific precautions which must be taken by the customer (or contractors and/or sub-contractors) when open heat sources or naked flames are used during the course of the contract works.

#### Exclusions (what is not insured)

- Damage to contract works for any contract which exceeds the maximum contract price or maximum contract period specified by the customer.
- Loss or damage to any part of the contract works which is in a defective condition following defective design, plan, specification, materials or workmanship; or damage to any part of the contract works damaged to enable repair or rectification of this defective condition.
- The cost of repairing damage covered by any manufacturer's warranty or maintenance contract.
- Damage to any property which forms part of a structure that existed on the contract site prior to commencement of the project.

### Section 2 – Contractors' plant - owned

#### Restrictions

A condition of this cover where the insured plant is hired out is that it must be hired out under conditions no less onerous than the standard conditions of the Construction Plant-hire Association (or equivalent in ROI).

#### Exclusions (what is not insured)

- Excluded equipment types (see below).
- Cyber-attack damage resulting from an external network failure.
- Damage to consumable parts.

### Section 3 – Contractors' plant – hired in

#### Restrictions

Cover under this section is conditional upon the following:

- The insured hired in plant must be hired in under conditions no more onerous than the standard conditions of the Construction Plant-hire Association (or equivalent in ROI).
- Where the insured hired in plant is then hired out by the insured customer it must be hired out under conditions no less onerous than the standard conditions of the Construction Plant-hire Association (or equivalent in ROI).

#### **Exclusions (what is not insured)**

- Excluded equipment types (see below).
- Damage to consumable parts.
- Damage to any plant or equipment on a hire purchase lease agreement or which is on free loan.

#### **Both Contractors' plant sections (2 and 3) – excluded equipment types**

- Agricultural machinery, tractors, combine harvesters, balers and conveyors.
- Scrap metal processing machinery, shredders, balers, fragmentisers and compactors.
- Timber and forestry equipment, harvesters and forwarders.
- Combustible waste processing machinery.
- Wood shredders.
- Quad bikes.

#### **Section 4 – Employees' tools and personal effects**

##### **Restrictions**

There is a maximum claim amount we will pay per employee.

##### **Exclusions (what is not insured)**

Loss of or damage to gold or silver articles, jewellery or watches.

#### **Other information which may be relevant to distributors**

Cover under this product may be affected where:

- a fair presentation of the risk is not provided to the carrier;
- a delay in the notification of a claim prejudices the position of the carrier;
- the requirements of any condition precedent (an important term which sets out a step or action that the customer must take) are not met.

## Consumer Duty and Fair Value

In accordance with the FCA PROD4 rules and consumer duty requirements, a product review and fair value assessment are completed annually for this product.

The requirements of these annual exercises consider good customer outcomes based upon the following areas:

- Product and services
- Price and value
- Consumer understanding
- Consumer support

For each of the four key areas, we have assessed what we understand the customer would consider a good outcome. These identified outcomes are:

### **Product and Services**

- Customers are provided with a product that meets their needs
- Customers are provided with a product where the policy limits are appropriate and sufficient
- Customers are provided with a product where the policy coverage meets their expectations
- Customers are provided with clear and easy to understand policy and associated documentation

### **Price and Value**

- Customers are provided with a product where the cost price is fair
- Customers are provided with a product where the distribution costs do not adversely affect the product's value

### **Consumer Understanding and Consumer Support**

- Customers view marketing content that is clear, fair and not misleading
- Customers deal with intermediaries that are well informed and understand our product
- Customers that are vulnerable are identified and appropriate adjustments made
- Customers are provided with all the necessary information to make an informed decision
- Customers receive relevant documentation in a timely manner
- Customers individual needs are considered when they need to use their policy
- Customers can understand all of the terms and conditions of their policy and understand their obligation
- Customers are responded to a timely manner in an appropriate way
- Customers clearly understand how to make any adjustments to their policy and what happens next
- Customers clearly understand how to make a claim and what happens next
- Customers have easy access to making a claim and are well informed throughout the claims process
- Customers are satisfied how they are dealt with when making a claim
- Customers clearly understand how to make a complaint and what happens next
- Customers have easy access to making a complaint and are well informed throughout the complaint process

The review and assessment include insight from the monitoring of key reporting indicators surrounding but not limited to the following areas:

- Customer satisfaction surveys/market research
- Broker feedback
- Service delivery data
- Product reviews including testing of the customer journey
- Fair value assessments
- Retention rates
- Cancellation rates
- Complaints data
- Claim acceptance rates
- Declinature rates
- Frequency of claims
- Loss ratios
- Call handling data



<b>Date of last fair value assessment:</b>	Q1 2024
<b>Outcome of last fair value assessment:</b>	Fair Value
<b>Comments</b> <p>The product provides fair value to customers and is working as designed. Key metrics on usage and product value are monitored and there are no concerns that the product cannot be used or that there are any barriers to claim.</p> <p>This product meets the needs within the Target Market Statement (as noted above)</p> <p>The product has been subject to HSB Engineering Insurance Limited's full product review process and signed off by our authorised approvers as representing fair value to customers and may continue to be marketed and distributed.</p>	
<b>Expected date of next fair value assessment</b>	Q1 2025

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