

HSB Machinery and Technology Combined Insurance

# 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 Machinery and Technology Combined (MTC)
<b>Reference/UMR (Binder):</b>	POL-UKG-MTC-002-TRA POL-ROI-MTC-003-TRA POL-UKG-MTC-001-ETR POL-ROI-MTC-001-ETR
<b>Reference (class of business):</b>	Equipment damage and breakdown, deterioration of stock and loss of business income insurance including inspection services.
<b>Date:</b>	August 2023

## 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

HSB Machinery and Technology Combined responds to changing equipment risks, exposures and applicable health and safety regulatory requirements by providing an equipment breakdown insurance policy and inspection service all in one.

Our transactional product (*note: not the e-trade version*) additionally offers deterioration of stock cover and for financial loss resulting from an equipment failure or loss of stock, the product provides a comprehensive solution for UK businesses operating machinery and equipment.

### Part A – Machinery and Technology Insurance

The product provides insurance cover for:

- Equipment damage and breakdown – including operator error and electronic derangement; failure during its normal operation; in transit; or while it is temporarily removed for the purposes of operation or repair;
- Deterioration of stock (*transactional product only*) – cover for the deterioration of the stock resulting from a change in the temperature of a chamber, or caused by the action of refrigerant fumes that have

escaped from the chamber. Extra cover is available for the cleaning and disinfecting of chambers; removing, disposing and replacement of deteriorated stock;

- Loss of income (*transactional product only*) - cover for financial loss as a result of equipment breakdown and damage or deterioration of stock, including increased costs of working. Cover also available for contractual obligations to pay direct customers and suppliers if they suffer financial loss due to an insured event.

For our transactional product all three sections of insurance cover are available to the customer however in order to have the cover provided by section 3 (Loss of income), the customer must have first selected cover under section 1 (Equipment damage and breakdown) or section 2 (Deterioration of stock). The policy offers flexibility so that different levels of cover can be selected within the three sections.

For our digital trading product, only section 1 (Equipment damage and breakdown cover) is available and compliments the Inspection services.

### Part B – Inspection Services:

The product provides support for a wide range of businesses of all sizes and industry types with their compliance to applicable health and safety legislation. Impartial inspection services are provided in the role of ‘Competent Person’ to assist with statutory inspections across a vast range of plant and equipment.

A network of competent, multi-skilled Engineer Surveyors can help businesses to achieve regulatory compliance for the following classes of plant and equipment:

Equipment category	Applicable legislation (UK)	Applicable legislation (ROI)
Boiler/pressure	Pressure System Safety Regulations 2000 (PSSR)	S.I. No. 445 of 2012: Safety, Health and Welfare at Work (General Application) (Amendment) Regulations 2012
Lifting	Lifting Operations and Lifting Equipment Regulations 1998 (LOLER)	S.I. No. 299 of 2007: Safety, Health and Welfare at Work (General Application) Regulations 2007
Electrical/mechanical	Provision and Use of Work Equipment 1998 (PUWER)	S.I. No. 299 of 2007 (Regulation 30): Safety, Health and Welfare at Work (General Application) Regulations 2007
Local exhaust ventilation	The Control of Substances Hazardous to Health Regulations 2002 (COSHH)	Health & Safety Authority: Local Exhaust Ventilation (LEV) Guidance document
Power presses and associated machinery	Provision and Use of Work Equipment 1998 (PUWER)	S.I. No. 299 of 2007: Safety, Health and Welfare at Work (General Application) Regulations 2007
Fixed electrical wiring	Electricity at Work Regulations 1989 (EAWR)	S.I. No. 299 of 2007 (Part 3): Safety, Health and Welfare at Work (General Application) Regulations 2007

### 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 invited (by the carrier via 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 with corporate complaints handling procedures.
- **Inspection services** – are provided by HSB Engineering Insurance Services Limited.
- **Carrier fees** – None.

### Target market

The HSB Machinery and Technology Combined product is a commercial product designed to cater for the needs of customers who operate fixed mechanical and electrical equipment and installations and premises based mobile equipment across small to large production and process occupations or which form part of fixed services in commercial and residential buildings. Additionally for commercial customers needing to protect perishable goods or products stored in temperature controlled chambers.

### 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

#### General

#### Restrictions

Care of insured property and insured stock must be taken (for example, keep it maintained and inspected, keep records of maintenance procedures, and not use the insured property after damage).

#### Exclusions (what is not insured)

- Damage caused by cyber perils.
- Loss or damage resulting from infectious agents or pandemics.
- Loss or cost resulting from your intentional act or failure to act.

## **Section 1 – Equipment damage and breakdown (Transactional and Digital Trading)**

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

Damage caused by:

- property perils (for example fire, water damage or theft);
- intentional overloading, testing, experiment or deliberate misuse;
- solidification, unless resulting from damage; or
- wear and tear.

## **Section 2 – Deterioration of stock (Transactional only)**

### **Restrictions**

Records of regularly taken temperature readings are required.

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

- Losses resulting from a deliberate act of any utility supplier.
- Deterioration caused by property perils (for example fire, water damage or theft).
- Damage to the temperature controlled chamber itself.

## **Section 3 – Loss of income (Transactional only)**

### **Restrictions**

Losses must result from a claim made under section 1 or section 2.

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

- Financial loss resulting from the deliberate act of a utility supplier.
- Financial loss resulting from cancellation of contracts, penalties or performance guarantees.

## 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>	Q3 2023
<b>Outcome of last fair value assessment:</b>	Fair Value
<p><b>Comments</b></p> <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>	Q3 2024



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DPI-GEN-MTC-001-TRA-1.00

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