

HSB UK Terrorism 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>	UK Terrorism Insurance
<b>Reference/UMR (Binder):</b>	CIA-0002 – UK Terrorism (Construction Annual) CIP-0004 – UK Terrorism (Construction Project) CPI-0001 – UK Terrorism (Contractors’ Plant) COM-0019 – UK Terrorism (Computer)
<b>Reference (class of business):</b>	Optional ‘add-on’ to commercial ‘all risks’ products
<b>Date:</b>	June 2023

<b>Product information</b>
<p><b>Product oversight and governance</b></p> <p>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:</p> <ul style="list-style-type: none"> <li>▪ Extensive research of the product concept is undertaken to identify an appropriate target market.</li> <li>▪ Customer type, distribution channel, charging structure as well as the wider market and legal developments are identified and considered.</li> <li>▪ Risk assessments and regulatory reviews are undertaken to ensure fairness to customers and that any risks to the identified target market are appropriately managed.</li> <li>▪ Product marketing, training and technical support ensures knowledge of the product is accurately assessed and competence is evidenced prior to distribution of the product.</li> <li>▪ 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.</li> </ul> <p><b>Product summary</b></p> <p>An ‘add-on’ to specified commercial products which provide cover for property related (all risks) perils. Currently this is limited to the following HSB products:</p> <ul style="list-style-type: none"> <li>▪ HSB Construction Insurance (annual)</li> <li>▪ HSB Construction Insurance (Project)</li> <li>▪ HSB Contractors’ Plant Insurance</li> <li>▪ HSB Computer Insurance</li> </ul> <p>This ‘add-on’ provides additional cover to these products in respect of damage caused by an act of terrorism. Cover is limited to the coverage or policy limits provided by the underlying policy.</p>

An act of terrorism is defined as follows:

*An act or threat any person or group (whether acting alone or in connection with any organisation or government) commits for political, religious, ideological or similar purposes, including to influence any government or frighten the public where such act has been certified as an act of terrorism by His Majesty's Government.*

#### Other information

- **Territorial limits** – the product is available only to customers domiciled in the UK (N.B. cover excludes Northern Ireland).
- **Policy renewal** – where the underlying policy is annually renewable, policy renewal is not automatic but is normally invited (by the carrier via the distributor); or requested by the distributor (where distributed by e-trade); as a policy approaches the end of the current period of cover. Where the underlying policy is a single-period policy and the period of cover is extended the distributor must request an extension of the terrorism cover also.
- **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.
- **Carrier fees** – None

#### Target market

The HSB Terrorism policy is an 'add-on' to specified HSB products which provides cover for property related (all-risks) perils e.g. fire, the product can only be sold to commercial customers.

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

The product is not suitable for consumers or retail customers.

#### Distribution Strategy

This 'add-on' product is designed to be distributed through UK open market brokers and attached to the commercial products noted above.

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

In addition to the restrictions and exclusions of the underlying policy to which this add-on product attaches, the following exclusions apply.

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

Damage or any other loss whatsoever directly or indirectly caused by or happening through or in consequence of the following:

- Riot or civil commotion.
- War, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution insurrection, or military or usurped power.
- Electronic and cyber risks;
  - the alteration, modification, distortion, corruption of or damage to any computer or other equipment or component or system or item which processes, stores, transmits or receives data or any part thereof whether tangible or intangible (including but without limitation any information, programs or software); or
  - any alteration, modification, distortion, erasure, corruption of data processed by any such computer or other equipment, component, system or item;
  - whether the property of the insured customer or not, caused by, contributed to, arising from, occasioned by or resulting from virus or similar mechanism, hacking, phishing or denial of service attack.
- Nuclear risks - damage to any nuclear installation or nuclear reactor and all fixtures and fittings situated thereon and attached thereto and all pipes wires cables drains or other conduits or service media of any description which are affixed or connected to or in any way serve such nuclear installation or nuclear reactor.

### Other information which may be relevant to distributors

This 'add on' product cannot be purchased in isolation.

The terms and conditions and policy limits of the underlying policy apply.

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>	Q2 2023
<b>Outcome of last fair value assessment:</b>	Fair Value
<b>Comments</b> <p>This 'add-on' 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 this 'add-on' 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>	Q2 2024

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