MSIG EUROPE

Target Market and Product Governance Guide for Distributors

Digital Commercial Combined policy

Who is this guide for and why are we issuing it?

- This guide is intended for intermediary use and reference only and is not for distribution to customers.
- We are issuing it to give guidance to intermediaries in respect of the target customer market for this product, types of customers or business for whom this product is not suitable, the value this product provides and the Product Governance we undertake to establish this.
- This guide does not contain the full terms and conditions of the Insurance contract and should not be used to compare Policy Coverage. More information about the product can be found within both the Digital Commercial Combined policy summary and full terms and conditions may be found within the Digital Commercial Combined policy.

What is this product and what customer need is met?

Digital Commercial Combined policy is a Commercial Lines General Insurance product which is Digitally traded and is designed for small to medium sized enterprises including Limited Companies, Partnerships and sole traders acting for their profession.

It meets the needs of customers who wish to protect owned assets and income generated from a manufacturing, wholesaling or service business against fire and other damage including theft, who wish to insure their liability for their legal responsibility to third parties and who require insurance in order to meet compulsory requirements defined by the Employers Liability Act.

This product provides value by allowing customers to buy both standard and additional covers which meets their specific requirements such as:

- Stock and Contents
- Machinery and plant
- Business Interruption
- Liabilities (Employers liability (compulsory) and Public / Products
- Transit of own goods
- Legal Expenses cover
- Buildings if required

Target Market - Who is this product designed for?

Digital Commercial Combined policy is designed for independently owned small to medium sized business based in the UK which:

- Own business assets
- Own or lease a business premises which they trade from
- Have a maximum Property and Business Interruption sum insured per location of £10,000,000
- Are UK registered businesses that trade from a premises located within the UK
- Are businesses wholesaling goods, selling services or manufacturing products
- Provide printing services
- Generate the majority of their turnover from the manufacture and sale or wholesale of goods from their premises and not from work at external locations
- Operate from self-contained premises

Who is this product not designed for?

Digital Commercial Combined policy is not targeted towards:

- Leisure Industries (not limited to Gymnasiums, Restaurants, Takeaways, hotels/hospitality)
- Multi-national corporate businesses
- Contractors where the majority of turnover is generated from undertaking work at external locations and not the Insureds own premises
- Manufacturers or Wholesalers of hazardous or flammable goods
- Businesses involved in the provision of products for: aircraft or aerospace; Ministry of Defence or other military use; safety – critical applications; medical products designed to be left inside the body
- Businesses with US Exports exceeding 10%
- Shared premises
- Premises with Non-standard construction
- Premises with high proportions of composite panel construction

In addition, the Digital Commercial Combined policy is not suitable for:

- High street retailers
- Waste storage or recycling industries
- Chemical Industries
- Education establishments

How have we valued this product?

Our product value assessment is based on the premium we charge for the cover and the services we provide. We take a wide range of factors into consideration, such as historical and expected claims frequencies, incurred and projected claims costs, plus scenario analysis along with customer feedback. This may include - but is not limited to - areas such as examination of complaints, claims, claim declinatures, policy cancellations, retention rates, loss ratio analysis and external analysis/ benchmarking against existing products.

We also consider how the premium is affected by the commission we pay the placing intermediary for the activities they conduct on our behalf. Any additional charges within the distribution chain may potentially erode the intended value of our product.

We may from time to time request information from you to allow us to check that our products are being distributed correctly, are performing as expected and continue to offer fair value; examples of this could be evidence that the product has been sold to the right target market or complaints received relating to the product. We will endeavour to provide adequate notice where we seek this information from you.

Key Value information is included in the attached Appendix.

Average claims costs can be seen to far exceed average premiums demonstrating that when called upon the policy provides value to customers.

The low complaints frequencies also show that customers may rely on the product when required.

In distributing this product you should be satisfied that it meets the fair value expectations of your customers' requirements. Should you have any concerns that this product is not offering fair value, please contact MSIG Europe SE without delay.

Who can distribute this product and via what method?

Digital Commercial Combined policy is designed for digital distribution by insurance intermediaries that hold agency facilities with us for the Acturis platform or the MSIG Europe SE Eplace extranet.

Sales may be either face to face or by telephone and may be advised or non-advised based on your own preference and any FCA regulation applicable, but should always be by persons who have the appropriate level of understanding about the risks and exposures faced by their customers in the operation of their businesses.

For UK broker use only, for full terms, conditions and exclusions please refer to policy wording.

MSIG Europe SE, UK Branch with the company registration number FC038781 and offices at The Leadenhall Building, 122 Leadenhall Street, EC3V 4AG, tel. +44 (0)20 7746 1000. MSIG Europe SE is authorised and regulated by the National Bank of Belgium. Authorised by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority and the Financial Conduct Authority are available from us on request.

Product	Digital Commercial Combined policy
Distribution	Retail Brokers via Acturis software system and MSIG Europe SE Eplace extranet.
IPID/Summary	Attached
Policy Document	Attached
Review Period	Annual
Date Fair Value assessment completed	September 2026
Expected date of next assessment	June 2027
Key Value Measures	
Claims frequency	1.59%
Decline rate %	5.35%
Average claim value	£15,506
Average time to settle	153 days property; 291 days Liability
Average Premium	£1,459.00
Complaints (TOTAL)	**75**
Claims (cover)	21
Claim (handling)	46
Claims (settlement)	8
Other complaints	0
Overall frequency	0.16%
Upheld rate	44%
Remuneration approach	Product is provided at a Gross rate to Brokers. Brokers are able to net down the commission taken but are unable to increase beyond system maximum. Value assessment is made based upon maximum commission payable.
Maximum Overall Commission	39%
Average Overall Commission	30%
Fees chargeable	None by MSIG Europe SE.

Product	Digital Commercial Combined policy
Reasonable Period Assessment	
Insured values and degradation of sum insured or limits	Policy values and limits are set or selected by the Insured at new business and at each renewal. Core cover limits are therefore not automatically reduced at first or subsequent renewals.
Price changes at renewals and premium vs benefit	Policy pricing is based upon values declared by the Insured. The premium charged may increase or decrease based upon risk factors present at the time but is based upon the values declared by the Insured. Premiums are calculated by various factors but are generally small percentages of the total sum insured or limit of liability provided, even when several years premiums are aggregated. All risks are individually priced based on their personal risk factors presented to MSIG Europe SE & confirmed by the issue of a statement of fact document. At renewal, the premium charged may increase or decrease based upon our periodically revised assessment of an individual risk factor &/or where age based rating applies. MSIG Europe SE does not apply new business incentives that would breach the FCA fair pricing regulations, hence no renewing client would pay more than their equivalent new business price.
Reduction in ability to claim or expected value of claim over time	Main cover values are selected by the Insured each year and are not inhibited at subsequent renewals. Individual policies may have specific terms and conditions applied depending on circumstances but there is no systemic reduction or removal of limits at subsequent renewals.
Additional Products	None by MSIG Europe SE. If you provide additional products to customers which mirror or overlap the cover provided herein, then the value to the customer may be affected.
Automatic renewal	No automatic renewal facility.
Actions by you or other distributors which may affect value	If commission is rebated in order to charge a higher equivalent fee in lieu. If you charge for additional services already provided by the product.