

GROUP PERSONAL ACCIDENT AND BUSINESS TRAVEL FAIR VALUE ASSESSMENT

This document is for reference only and does not contain the full terms and conditions of the product, which can be found in the Policy Summary and Keyfacts documents on our website: <https://uk.cntaiping.com/documents-commercial/>

Target Market

We have been providing Group Personal Accident insurance in the UK for decades, with a special focus on the Chinese community. For this product design, we have drawn upon decades of experience in underwriting and servicing commercial Chinese interests companies in the UK, always with an eye to the market needs and business requirements of our target clients, so as to ensure our products add value and deliver a relevant, bespoke peace of mind and legislation compliance insurance solution to our target market.

Group Personal Accident and Business Travel is a commercial line general insurance product designed for organisations in the UK wishing to insure risks associated with the accidental injury or commercial travel undertaken by their directors, employees, trustees and volunteers.

Our target market is UK based Chinese interests small to medium enterprises who may require a bespoke offering and an underwriting and claim service in Mandarin.

The product is not suitable for consumers, as a commercial product, or businesses with the below characteristics:

- Based outside the United Kingdom
- Unfavourable claims experience or poor management
- Any company where the proprietor, partner or director of the business, whether in a personal capacity, or as the proprietor, partner or director of any other business, has been served with a CCJ or equivalent, been declared bankrupt, has criminal convictions, has been involved in a business which went into liquidation, administration or voluntary wind up, has had insurance declined, cancelled or special terms applied or has been disqualified from holding a directorship.

Product Design

The product is designed to respond to specific needs of a business who wishes insure its employees for personal accident, any overseas medical and travel expenses, loss or damage to money, passport, baggage and/or personal effects, personal liability, cancellation and curtailment, Missed Departure or

Hijack. All sections are optional, meaning the product is not sold as a package, so that it can be tailored to individual needs.

To ensure we relate to all our customers, we continue to run a triple English, Mandarin and Cantonese language underwriting and claim service during working hours, so as to allow our customers to speak the language they are most comfortable with in particular during what can be the stressful process of making a claim.

Fair Value Assessment

We would envisage that fair value may not be provided through this product to any business outside the target market.

A conflict may be experienced by customers who regularly make a high number of attritional claims as this may impact the terms offered at subsequent renewals. If any material facts are not correctly disclosed to us, the insured may experience a loss of value as the policy may not respond in full or at all, depending on specific circumstances.

The product is largely distributed directly from the company to our customers, other than a few exceptions where intermediaries may be involved. Where the product is distributed through intermediaries, we ask our brokers to advise us of the level of admin fees charged on our products and revise these amounts yearly against our own acceptability criteria, including any commission charged for intermediated activities, as we recognise that additional charges above what is factored into the product pricing process, as well as the product distributed through different channels, may potentially impact the intended fair value delivered by our product.

We have assessed this product through an analysis of cover and services provided in combination with the premium charged for the insurance, all whilst continuously benchmarking our offering against competitors and customer feedback.

The pricing of this product has been derived from a range of factors such as an analysis on own past claims, both by type and average claimed amounts, the past and expected targeted loss ratio, the fixed and variable costs involved in, for example, the provision of the underlying capital, claim and underwriting services as well as infrastructure and IT services, any relevant levy, inflation changes and a desired target profit margin. There are no disguised charges within the product and China Taiping itself does not charge any admin fees or provides any product add-ons at a charge or any premium finance services.

We confirm that the product is not offered on an auto renewal basis and our price does not change according to customer's vulnerability or any protected characteristic(s).

Where the product is distributed through intermediaries, we only select distributors that have the necessary knowledge, expertise and competence to understand the features of this product and the identified target market.

We have undertaken a product review and assessed the balance of the product costs, price and value as '**Good**' and we have concluded that this product remains consistent with both the fair value assessment and the needs of the target market and that the intended distribution strategy remains appropriate for a reasonably foreseeable period. We plan to further enhance this product and a market benchmarking analysis, as well as customer surveys, will be carried out in the near future to begin this process.

How have we reached this conclusion?

We have combined our analysis with information from our distributors and we continuously monitor our products applying a risk based approach whilst we commit to address any trends we identify with the relevant parties. We expect our distributors to carry out their own fair value analysis to establish whether any costs added onto our risk price, including commission and other charges, offers fair value to the target market.

In order to assess product value we have considered the below:

- Target Market profile and needs
- Claims data such as past and expected frequency and average value, number of repudiations, cancellations and outcome of any referrals to FOS
- Product Performance including loss ratios, retention rate, commission levels, complaints numbers and cause, risk incidents and audit outcomes relevant to this product
- Distribution fee charges where relevant, to ensure that these are proportionate to the services provided such as:
 - commission levels, so as to establish whether these are in line with the market and are not increased beyond what is agreed with us
 - admin fees
 - premium finance
 - client fees, where the product is sold on this basis instead, so as to ensure that these are not charged as well as commission and that these are not higher than what commission would have been
 - add-on charges, to ensure these are in line with the company's own Fair Value Policy
- Any potential conflicts or barriers to claim, complaint or amend cover mid-term