

## DISTRIBUTOR PRODUCT GUIDE

# Small Business Legal Expenses

- This guide is for intermediary reference only.
- It doesn't contain the full terms and conditions of the contract of insurance.
- Full terms and conditions are within the policy documents; you can request to have a copy of these.

### Product design

We've provided commercial legal expenses solutions to businesses for over 35 years and work with industry experts such as the Association of British Insurers (ABI), in addition to our global partners across the Allianz Group. We draw upon this experience and insight, as well as customer research to ensure our products continue to add value and meet the evolving needs of our customers.

Small Business Legal Expenses is a Commercial Lines General Insurance product designed for UK based sole traders and small to medium sized businesses that want before the event legal expenses insurance protection for their business from a range of events, such as; defence of employment disputes brought by employees, contract disputes, prosecution defence, licence protection and for compensation brought against the business by employees or third parties.

The product also provides additional services including 24 hour 365 day access to legal advice for all business related matters and access to legal documentation templates such as contracts of employment.

### Target market

The target market for our Small Business Legal Expenses product is established UK based sole traders and small to medium sized enterprises with a turnover up to £2 million across a broad spectrum of manual and non-manual trades including:

- wholesale and retail, manufacturing, warehousing, service providers, office based businesses, metalworking & precision engineering, construction trade sectors and tradesman
- sole traders, partnerships and limited companies that have a good claims experience and a positive approach to risk management.

We're able to provide insurance solutions for a broad range of businesses and are happy to consider those that sit outside of these parameters, however this product is **not** targeted towards:

- non UK businesses
- customers wanting covers for less than twelve months
- retroactive covers.

This product isn't suitable for:

- legal disputes arising from a person acting for purposes outside their trade, business or profession
- non-going concerns or the retired
- businesses with connections or links to sanctioned individuals or countries
- property owner businesses
- risks based outside of the UK and which require a global insurance solution.

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### SMALL BUSINESS LEGAL EXPENSES

We will not look to write risks:

- which have been previously declined or insurer cancelled or have a history of non-disclosure / misrepresentation
- in some specific trade sectors, due to our own internal governance underwriting standards, reinsurance limitations or for reputational reasons.

We wouldn't expect this product to provide fair value to:

- businesses with in-house legal departments or solicitor firm retainers
- customers with ongoing legal disputes which would ordinarily be covered under this policy
- motor traders who require both commercial and road risks based legal expenses insurance
- mid-corporate businesses.

#### Product value assessment

Our September 2023 assessment has concluded that our Commercial Legal Expenses Products, including its charging and distribution structure, is compatible with the needs, objectives and characteristics of the target market and provides fair value.

Our product value assessment is based on the premium we charge for the cover and the services we provide. In addition to the identified needs, characteristics (including vulnerabilities) and objectives of the target market we take a wide range of other factors into consideration, such as historical and expected claims frequencies, incurred and projected claims costs, plus scenario analysis along with customer feedback.

We also consider how the intended value of the product may be affected by its distribution with the conclusion of our product value assessment based upon our distribution strategy as set out below and that:

- the level of commission is in line with market proximate commission levels and is not being increased from what we have agreed with the placing distributor for the policy. Please refer to your commission schedule and traded commissions for your own distribution / value assessment purposes
- our product does not form part of a packaged offering
- no other additional charges or remuneration are being received in connection with the distribution of our product other than referenced above or received from us

- All and any parties in the distribution arrangement are able to confirm that their remuneration is consistent with their regulatory obligations.
- Where distributors operate on a fee-in-lieu (of commission) basis, such fees are expected to be proportionately lower than the equivalent commission would be for that same policy
- Administration fees of any other additional fees are only levied where commission income is not sufficient to cover any of those respective costs and is commensurate with the activities undertaken; and
- Ancillary products (including premium finance arranged by the distributor) are only being offered where requested by the customer and when appropriate to their demands and needs. The total charge to the customer for any ancillary products, and any directly related remuneration (whether commission or fee) is commensurate with the benefit/services provided and activities undertaken.

#### Distribution strategy

Our Small Business Legal Expenses product has been designed for distribution by brokers who hold commercial agency facilities with us. They must have the appropriate level of understanding about the risks and exposures faced by their customers in the operation of their business.

#### Product Value Feedback

If you have any concerns about an Allianz Commercial product not delivering its intended value, including in relation to potential adverse customer or product value impacts from the distribution arrangement, please notify us of the relevant details by sending an email to:

[regulatory\\_standards@allianz.co.uk](mailto:regulatory_standards@allianz.co.uk)

