



Engineering Machinery

Review Type:	Product Approval (Year 2)
Review Completed:	Q2 2023
Review Period:	2022/23
Next Review:	2024





Product Target Market Statement (TMS) (1/2)

Engineering Machinery

What is this Product?

- Engineering Machinery Insurance is a Commercial Lines Product designed to cover for Sudden and Unforeseen Damage (S&UD) to machinery and plant at the premises of the Customer, and/or the Deterioration of Stock (DOS) held in a cold store by the Customer.
- It also provides an option to insure a Customer's Business Interruption following a S&UD insured Event on either a Gross Profit or Revenue Basis (not applicable to DOS).
- The Customer may include:
 - Machinery Breakdown;
 - Deterioration of Stock (also available in isolation); and
 - Business Interruption (not available without Machinery Breakdown).
- Cover is arranged on an annual basis.

What Customer need is met by this Product?

- This Product is designed to protect owners and operators of process machinery and plant against loss, damage and consequential loss.

Who is this Product designed for?

- This Product is designed for commercial Customers who have installed machinery and equipment and/or hold a stock of perishable foodstuffs, which are held in a controlled temperature environment.
- Machinery may include boiler and pressure plant, cranes and lifting machinery, lifts and hoists, electrical and mechanical plant.

Who is this Product not designed to support, or are there any features that you should be aware of when offering this Product to Customers?

- Consumers.
- Customers with premises outside of the United Kingdom of Great Britain and Northern Ireland, the Channel Islands, and the Isle of Man.

- Customers that have an existing policy in place providing the same cover and whereby purchasing this Product would give dual cover.
- Customers subject to any Economic Financial or Trade sanctions imposed by the European Union or United Kingdom or any other prohibition or restriction imposed by law or regulation of the country of which the policy is issued or would otherwise provide cover.

Can this Product be sold with or without advice?

- This Product is only to be sold with or without advice by Brokers (Distributors) and in accordance with FCA regulation.
- This Product is supported by a Policy Summary.

How can this Product be sold?

- This Product can be sold face to face, via telephone or email.
- The sales journey must identify Customer eligibility and that the Product, and any optional elements, are consistent with Customer's demands and needs. The sales journey must also ensure that key risk details are presented to the Customer in a timely manner that allows informed decisions to be made.

Eligibility and conditions, exclusions and excesses that may impact the outcomes that Customers may reasonably expect

- The Distributor must always consider whether they have the correct product to meet the Customer's needs.
- Policies for this Product are individually underwritten, so cover is restricted to those activities described in the Business Description stated in the Policy Schedule, and subject to Policy Limits, exclusions, and excesses.
- RSA will overlay eligibility and risk acceptance criteria that will restrict access to certain risks that the Product may be suitable for however are outside of RSA's current strategy and risk appetite.



Product Target Market Statement (TMS) (2/2)

Engineering Machinery

How is the value of this Product assessed?

- We assess Product Value using quantitative (i.e. metrics) and qualitative information (e.g. processes and controls), including data from our Distributors relating to service and remuneration¹, as appropriate.
- This Product has been approved in line with RSA's Product Governance processes, including consideration of:
 - the value of the RSA Product: this includes: (i) Cover – whether the level of benefits and relevant exclusions offers value to the Customer, (ii) Utility – whether the Product is being used by the Customers of the intended target market, and (iii) RSA Service – whether the type and quality of services being provided is reasonable for the Customer.
 - the impact of distribution on the value: this includes whether Distributor remuneration is appropriate and bears a reasonable relationship to the services provided to the Customer by the Distributor. If there are concerns, RSA will follow up with the relevant Distributors to agree remedial action.

Based on the assessment performed, we have established that this Product is compatible with the objectives, interests and characteristics of Customers of the intended target market and that the distribution strategy is not detrimentally impacting overall Product Value. We have therefore concluded that this Product provides fair value to Customers.

What are the obligations of our Distributors?

- Manufacturer notification – all intermediaries must review their product distribution arrangements at least every 12 months and consider the impact of remuneration against the intended value of their products. Distributors must notify the Manufacturer as soon as practically possible if there are any value concerns for which remedial action is required.
- Remuneration – Distributors must ensure that any remuneration received for an insurance product does not result in the product ceasing to provide fair value to the Customer.
- Provision of information – if so requested, Distributors must provide the Manufacturer with: (i) information on the Distributor's remuneration in connection with distribution of the insurance product; (ii) information on ancillary products or services that may impact the intended value of the Manufacturer's primary insurance product; and (iii) confirmation that the distribution arrangements are consistent with the obligations of the firm under the FCA Handbook including SYSC 10 (Conflicts of Interest) and SYSC 19F.2 (IDD Remuneration).
- Price optimisation – if the Distributor is a price-setting intermediary, unless there is a reasonable basis, firms should not increase the price of the insurance product based on: (i) policies being subject to auto renewal compared to policies that are not subject to auto renewal; (ii) the Customer's vulnerability or any protected characteristics (unless the firm can rely on them under the Equality Act 2010); and (iii) where Customers purchase the policy using Retail Premium Finance.

1. Remuneration includes: commissions, fees, charges, payments, and other economic or non-economic benefits.