

FinTech Insurance

→ Distributor Guide
September 2024

**This guide is for intermediary
reference only:**

It does not 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.

Background

Markel International is the leading provider of insurance to fintech companies and our product caters for the wide variety of companies being set up in this space.

By taking the time to understand the activities of our insureds and to subsequently identify the specific exposures faced, we are at the forefront of insuring a variety of diverse risks, many of which are complex.

Product design

Our FinTech policy is split into four sections, Professional Liability, Directors and Officers, Theft and Cyber Liability & Loss.

The policy has been built as a modular policy giving our insureds the flexibility to pick and choose which insuring clauses they wish to purchase. The policy also allows insureds to purchase different levels of limits of liability for each insuring clause, depending on how they view these exposures to their business.

Cover is provided on a 'claims made' basis, where the policy is designed to respond to claims that are made during the period of insurance, regardless of when the wrongful act that caused the claim took place (subject to any retroactive date that may apply).

Limits apply on an aggregate basis for the period of insurance.

Our policy provides comprehensive coverage to help fintech businesses manage the exposures they face on a daily basis.

Target market

In general, the target market for our FinTech product are commercial customers who meet the following criteria:

- ⬢ Financial Technology companies

We are 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 suitable for:

- ⬢ Individuals
- ⬢ Crypto Assets / Cryptocurrencies / Initial Coin Offerings / Stablecoins / Decentralised Finance (DeFi) platforms

Scope of cover

The only compulsory insuring clause of the Markel International FinTech policy is Professional Liability. However, the intention is for it to be sold alongside the other insuring clauses offered by the policy, which are Directors and Officers, Theft and Cyber Liability & Loss cover. Alongside the core cover provided by the insuring clauses are a number of different extensions to enhance the protection offered to fintech companies that are insured via this policy. An example of this is the Crisis Management Costs extension which offers the insured access to a team of legal, IT and PR specialists in the event of a cyber attack.

We tailor all aspects of each policy specifically to the individual risk, ensuring that you have the right cover for your client's exact needs.

We can offer cover for:

- ✧ Negligence/breach of professional duty
- ✧ Negligent misstatement/misrepresentation
- ✧ Breach of confidence, misuse of information
- ✧ Loss or damage of documentation
- ✧ Intellectual property infringement litigation
- ✧ Libel or slander
- ✧ Dishonesty of employees
- ✧ Actions of contractors or consultants for whom the insured is responsible
- ✧ Extortion
- ✧ Regulatory Investigations
- ✧ Cyber Liability
- ✧ Business Interruption arising from a cyber event

Product value assessment

Our product value assessment includes the cost to Markel International of providing the product, through the distribution channel which the product is sold, and a review of the product performance and the type and quality of services provided to the end customer.

We take into account the nature of the product and its cover, benefits and any limitations, the price paid by the end customer, together with any services provided. A wide range of factors are considered including historical and expected claims frequencies, declinatures, incurred and projected claims costs, plus scenario analysis including likely economic and climatic trends, along with customer feedback and complaints and any other relevant information.

We also consider how the premium is affected by the commission we pay the placing intermediary together with any fees that we may pay for additional services received.

This also applies where an add-on product (including premium finance) not manufactured by us is sold alongside, or forms a package with the distribution of our products. These may affect the value to the end customer and will need to be taken into your own consideration of value and must be proportionate to the benefits, cost and service provided.

This product may not be suitable for policyholders/risks that fall outside the target market. Please refer to the target market noted above.

Our assessment is that the product is overall suitable for the target market. There are exclusions and indemnity limits that apply and when distributing the product you need to ensure that the needs of individual policyholders are considered and that the policyholder can make an informed decision on whether the product is suitable for them and where applicable discuss individual policyholder requirements that may be outside of the standard exclusions or limits with underwriters.

We have grouped products together for the assessment where they are intended to deliver a similar outcome and the target markets are consistent. If any of our fair value assessments result in an outcome where we believe the product is not offering fair value to the end customers, we will engage with the relevant distribution channels to agree appropriate actions.

Distributor / partner remuneration and costs

- Commission levels agreed prior to placement
- Fee for Service arrangements should they be entered into between both parties
- No additional costs or fees applied, except for local taxes (where applicable)
- Any additional charges within the distribution chain may potentially erode the intended value of our product

Distribution strategy

Our FinTech insurance product has been designed for distribution by insurance intermediaries / partners that hold commercial agreements 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.

The distribution strategy is considered appropriate for the target market with customers having the option to purchase these products through a distributor of their choice. These products are considered suitable for advised and non-advised sales, where seen and agreed appropriate by suitably skilled persons.

Conflicts of interest

On the basis that we:

- Have not delegated any claims handling duties to you
- Have not delegated any underwriting authority to you
- Are not remunerating you beyond the flat rate commission or fee for services provided, agreed between parties

We confirm that the product is free from any innate conflict of interest that would compromise you from putting customers interests first.

Where a commercial agreement exists which contravenes any of the above, we confirm that the potential for any conflicts of interest will have been appropriately mitigated pre-agreement.

Distributors / partners responsibilities

You are reminded to assess fair value to your customers where you charge additional fees or where commission rebating takes place. Distributors / partners should consider whether their customers who are purchasing a Markel International product are being charged any additional fees that are not funded by the premium paid. If customers are being charged additional fees by any party in the distribution chain, this could impact the outcome of the fair value assessment.

If a distributor / partner identifies that a product is not providing fair value and this has been caused by the distributor's / partner's distribution arrangements, including its remuneration arrangements, the distributor / partner must immediately inform Markel International for appropriate action to be determined.

Markel International are satisfied that the product offers fair value to its intended Target Market subject to distributors / partners:

- Not charging customers additional amounts over and above the gross premium quoted by us without first determining that they do not have a detrimental effect on the value of the product.
- Ensuring that no duplicate cover exists or is caused by an add-on where that cover is already provided by the policy

Providing feedback

We welcome any feedback from our distributors / partners on the performance of our products. All feedback will be considered in our next product review. Also, if you believe that your staff would benefit from additional training on this product, please contact your representative at Markel International.

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Markel Insurance SE, Munich, Germany. The UK branch of Markel Insurance SE is a duly established branch with its business address at 20 Fenchurch Street, London EC3M 3AZ, United Kingdom. Markel Insurance SE is registered in Germany with the commercial register of the local court of Munich under company number HRB 233618 with its registered office at Sophienstrasse 26, 80333 Munich, Germany. Markel Insurance SE is authorised and regulated by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht). The UK branch of Markel Insurance SE is also supervised by the Financial Conduct Authority and the Prudential Regulation Authority.