

## Product: Political Violence

Manufacturer Information
Product information
<p>Political Violence is a customisable insurance product suitable for commercial customers, from micro-enterprises with single asset/country exposures to Small Businesses and larger entities with global exposures, wishing to insure against the risks of political violence and terrorism.</p> <p>Purchase of this product can help to mitigate the economic loss potentially suffered by a customer as a result of damage to the property they operate and the interruption to business from or as a result of named perils.</p> <p>Core covers provided under the political violence product can include but not limited to:</p> <ul style="list-style-type: none"><li>• <b>Physical loss or damage:</b> Loss or damage to buildings and contents which belong to the Insured or for which the Insured is legally responsible, directly caused by political violence, including: sabotage, terrorism, riots, strikes and civil commotion, malicious damage, insurrection, revolution, mutiny, coup d'état, war and/or civil war and counter insurgency;</li><li>• <b>Business Interruption:</b> Financial loss directly arising from physical damage caused by political violence as described above;</li><li>• <b>Contingent Business Interruption:</b> Financial loss arising from physical damage caused by political violence as described above, that allows further flexibility as may be agreed on a case-by-case basis;</li></ul> <p>Customers may select a range of potential optional additional extras, which include but are not limited to:</p> <ul style="list-style-type: none"><li>• <b>Loss of attraction:</b> covers loss of profits / income, independent of physical loss, due to an insured event / peril leading to the insured's premises or the area in which it is located being subsequently perceived to be for example, dangerous or undesirable;</li><li>• <b>Active assailant:</b> covers property damage and liability caused by a person(s) not identified under the 'Terrorist' definition, for example so termed 'lone-wolf' shooters, with or without a political, religious or ideological motivation for perpetrating an attack;</li><li>• <b>Loss of revenue:</b> business interruption cover for loss of income/profit;</li><li>• <b>Denial of access:</b> covers loss of income related to government bodies or law enforcement authorities preventing access to the insured's premises / business;</li><li>• <b>Additional increased cost of working:</b> covers costs incurred following damage to property resulting in business interruption, for example costs to hire new or temporary staff, establish alternative premises, etc.</li></ul>

- **Delay in start up:** covers the financial impact of delay to a project resulting from an insured peril e.g. a construction project.

#### Target market

The Political Violence product has been designed to cater to the needs of commercial entities / businesses which can include Micro-enterprises, Small Businesses and other larger commercial customers and global conglomerates.

Eligibility comprises the full spectrum of business types / industries from standalone companies with single locations to regional business with multiple properties which can be based across a number of different geographical locations.

This product is designed for customers in all territories where Lloyd's has a license. This also includes customers in the UK.

#### Types of customer for whom the product would be unsuitable

The product has not been designed to cater to the needs of:

- Natural individuals being those who have identified vulnerabilities or lack financial sophistication;
- Customers that do not have an interest in property that could be subject to or cause loss/damage emanating from an insured peril; Customers domiciled in / or exposed to risks in sanctioned territories in which Lloyds do not have a license to underwrite contracts of insurance.

#### Any notable exclusions or circumstances where the product will not respond

##### (i) Exclusions (can include but are not limited to):

- Nuclear, chemical, biological and radiological contamination;
- Seizure, confiscation, nationalisation, requisition, expropriation, detention, legal or illegal occupation of any property insured hereunder, embargo, condemnation, nor loss or damage to the Buildings and/or Contents by law, order, decree or regulation of any governing authority, nor for loss or damage arising from acts of contraband or illegal transportation or illegal trade;
- Breach of contract, warranty, guarantee or promise and assumed liability;
- Cyber related losses (except as may be insured specifically under any optional coverage);
- Losses resulting from was between the 'Five powers,' US, UK, France, Russia and China;

- Non-damage business interruption;
- Delay, loss of market, loss of income loss of use, denial of access, cancellation of business, depreciation, reduction in functionality (except as may be insured specifically under any business interruption coverage)
- Consequential loss or damage howsoever arising (except as may be insured specifically under any business interruption coverage);
- Insured misconduct;
- Third party liability howsoever arising (except as may be insured specifically under any optional coverage);
- Infectious diseases- any non-physical damage loss caused by infectious disease
- Loss or damage, or increased cost, directly or indirectly resulting from threat or hoax (except as may be insured specifically under any optional coverage with regards to threat); .

Other notable limitations can include but are not limited to:

- Any incurred loss during any waiting period as stated in the schedule will be uninsured and outside the period of (re)insurance as contained within the MRC;
- Losses and/or incidents to be reported as soon a reasonably practicable;
- (Re)insured to not make and payments, assume any obligations, incur expenses, enter onto any settlement without TMKS written consent;
- Accurate and complete information to be supplied as requested;
- Named/ listed perils only and therefore coverage limited to that as contained within MRC not fully comprehensive.

**(ii) Limits of liability:**

- Limits of liability are agreed with the insured and based on the value of the insured assets;
- Limits are set on an aggregate basis;
- Business interruption related losses may be subject to a waiting period.

**(iii) Excesses**

Excesses, deductibles and/or retentions are agreed with each insured dependent on their individual needs, and stated in the policy schedule.

**Other information which may be relevant to distributors**

This product should be sold in line with FCA regulations and can only be sold by a regulated insurance distributor.

Sales journeys must identify customer eligibility and ensure that key information and choices to be made are presented to customers in a way that supports a customer through the process of understanding core cover and configuring optional elements of insurance to suit their specific demands and needs.

This product can be sold face to face, via telephone, electronic communications or a mix of these methods, as long as customers are provided with sufficient information to make an informed decision regarding the suitability of the product.

This product can be sold with advice in line with FCA regulations or local regulations if the distributor is regulated outside of the UK.

### **Commission & Fees**

If there is a coverholder in the chain, they are expected to ensure that maximum commission rates do not exceed those stipulated within the Binding Authority Agreement.

The coverholder is expected to maintain oversight of all broker commissions (where applicable) and, where there may be a risk to product value, remedial action should be taken immediately including notification to Tokio Marine Kiln.

Brokers are reminded of their own regulatory obligations in relation to remuneration under PROD 4.3.6 as well as the requirements to make all necessary disclosures to the customer.

Where there are any fees charged by any member of the distribution chain these should be:

- commensurate with the service provided by the distribution.
- not have an adverse impact on customer value; and
- distributor should ensure that TMKS is made aware of the fee amount and/ or method of calculation.

### **How value is assessed**

Value is assessed based on a number of metrics, including underwriting, claims and complaints information as well as through broker and coverholder engagement.

Remuneration paid as set out in our agreements with distributors has been considered as part of the value assessment.

If additional add-ons (including premium finance) are sold alongside this product or additional remuneration is charged, this may affect the value for the customer.



Further information on our product approval processes can be obtained on request.	
Date Fair Value assessment completed	September 2024
Expected date of next assessment	September 2025