# Fair Value Impact Assessment – Premium Finance Distribution

Guidance Note: Firm’s need to consider in what format this assessment is completed for each product, group of products to ensure easy analysis of the data received.

This document is part of [name of firm]’s Product Governance Framework and fulfils our regulatory requirement to undertake reviews of our product distribution arrangements at least once every 12 months for the products we distribute. Where we are acting as manufacturer, we will have wider obligations for which this assessment is not appropriate.

We are required to establish whether the relationship between the overall price of the product to the customer and the quality of the product and services provided is fair. This requires us to consider our own actions and those of any other firms in the distribution chain between us and the customer.

When taking into account the following areas of consideration the distribution of this product still provides fair value to the customer as assessed by the manufacturer.

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| **Product Type** | Premium Finance. |
| **Product Name**  **[If provider specific]** |  |
| **Providers (Manufacturer)** |  |
| **Distribution Strategy** | Direct to client from [name of firm] (intermediated); through a sub broker, through an Appointed Representative, through a property managing agent, via a website.  Include all those in the distribution chain between the firm as distributor and the customer who is part to the contract of insurance. |

| **Area of consideration** | **Response** | **Comment/rationale** |
| --- | --- | --- |
| We have received and understand the manufacturers fair value assessments/target market statement for this product type.  **[We must have received and understood the assessments from each of the providers listed above]** | Example: We will only offer premium finance to customers within the parameters defined by the provider. |  |
| All relevant employees must receive training to ensure they have the appropriate knowledge and ability to fulfil our distribution activities. | Example: The training provided by the manufacturers sits alongside the training provided by our learning and development platform. | Example: we require all relevant employees to be working towards a CII qualification.  Example: We ensure all relevant employees are given the tools and time to meet the minimum number of CPD hours required.  Example: training is provided using a combination of methods including online learning, distance learning, face to face workshops and mentoring. |
| We do not charge an administration fee for arranging premium finance. |  | Guidance note: Additional regulatory requirements apply where a fee is charged specifically for arranging premium finance. |
| The interest rate and APR applied to the loan. | Example: A matrix of rates at which premium finance is offered is utilised and the rate applicable to any particular customer depends on a number of factors including: the amount of premium being funded, the number of instalments and payment date of the premium to us so as to meet insurer payment terms. |  |
| The level of discretionary commission applied to the loan. | Example: The discretionary commission covers the costs incurred in administering the loan, the additional training and regulatory requirements and includes an element of profit. | Example: The premium finance provider has sight of the discretionary commissions and by agreeing the loan implies the level does not have a detrimental impact on the value of the product. |