



Product name: Professional Indemnity – Emerging

Target Market statements and Fair Value Assessment

This document has been designed to support distributors in understanding the target markets for our products. Distributors should consider this information when deciding whether the product is suitable for their clients. It is important to be aware that underwriting and risk acceptance criteria will be applied during the quote process, this may result in some customers within the target market not being eligible for a quote.

Important product information

Full information on product features and significant exclusions can be found in the Policy Summary and Policy Wording documents which should be read in conjunction with the Policy or Quote Schedule.

Customer needs and objectives

Customers require cover in the event that they receive a claim or allegation against them for errors or omissions, negligence, breach of confidentiality and other similar issues.

Product design

Following the latest product review and fair value assessment the product has been approved as providing the expected value to customers. The metrics and other insight reviewed suggest the product is understood and well utilised by customers. For information on the key benefits and any notable exclusions please see the relevant policy summary, or contact your local Hiscox underwriter.

Eligibility

- Policyholders that are a Sole trader, micro-SME, SME or mid-market business, or non-profit organisation.
- Policyholders should not have had insurance previously refused, declined or cancelled.
- Policyholders that are domiciled in the United Kingdom, or for subsidiary entities insured under the same policy as a UK-domiciled parent company. Cover is not designed for standalone entities domiciled outside the UK.

Target market

The target market for this product comprises of customers who may be exposed to claims for compensation brought by third parties arising from negligence, errors, or omissions in the professional services, designs, or advice they provide. These customers would benefit from

insurance protection covering both the compensatory damages awarded as part of such claims and the defence costs incurred in responding to valid allegations.

This includes, for example, a recruitment consultant failing to adequately verify a candidate's references and being required to compensate a client for their financial loss which might include sourcing a suitable replacement, or a letting agent failing to comply with deposit protection requirements on behalf of a landlord and being liable for financial losses the landlord has incurred for example amounts payable to a tenant.

The product is also intended for customers who may face claims alleging negligence, breach of professional duty, breach of intellectual property rights, defamation, dishonesty, or loss of documents, as well as other forms of civil liability arising from the conduct of their professional activities.

Non-target market

This product is not designed for consumer customers, as defined by the FCA, and is intended solely for commercial policyholders. It is also not suitable for customers who require specialist cover as defined by their regulating body, including SRA or FCA regulated firms. The product is not intended for customers who require a short-term, temporary, or non-renewable policy, as it is designed to provide ongoing, renewable cover. In addition, it is not suitable for customers who are unable to meet the appropriate monthly or annual premium payments, as this may indicate that the product is not affordable or appropriate for their circumstances. This product is not designed for customers that are construction firms or firms that design or manufacture their own products.

Recommended distribution strategy

This product may be sold on an advised or non-advised basis. It is suitable to be sold face-to-face, through telephony sales or via a quote-and-buy website.



Fair value assessment

Date of last fair value assessment: March 2026

Expected date of next assessment: within 12 months of the above date

As a result of our fair value assessment, we have concluded our emerging professional indemnity product is providing the expected value to customers.

1. The product is compatible with the needs of the target market.
2. The distribution and remuneration strategy remains appropriate, we are not aware of any distribution and remuneration arrangements having a detrimental effect on the overall value of the product.
3. The quality of the service provides the expected value.

When completing our fair value assessments, we consider all information that is available and relevant including information provided by our distributors. We also continually monitor key metrics throughout the year to give us ongoing assurance that products are providing the value expected. Where information is outside of our tolerance levels, we may review the product outside of the scheduled timeline.

Assessment	Indicators and measures	Assessment
Product overview	<ul style="list-style-type: none"> • Product summary. • Target market. • Vulnerable customers. • Competitor analysis/external benchmarking. • Product research. 	<p>We have completed a review of the Product metrics including loss ratio, claims frequency and declinatures and can confirm there are no value concerns. An assessment of the remuneration and distribution arrangements has been carried out and there have been no value concerns highlighted. The service key indicators are continually assessed. The metrics assessed for this product demonstrate that the product offers value and that there is a good level of customer understanding. All the metrics assessed are within the range expected to show the benefits of the covers purchased.</p>
Product design/performance	<ul style="list-style-type: none"> • Average premium. • Persistency. • Claims analysis. • Tenure. • Price walking. 	
Remuneration and distribution arrangements	<ul style="list-style-type: none"> • Distribution chain. • Distribution strategy. • Commission, fees and any other remuneration arrangements. • Add-ons. • Premium finance. 	
Service	<ul style="list-style-type: none"> • Key indicators. • Complaints analysis + RCA. • Training. 	