



Flock Limited: Fair Value Assessment

Connected Insurance: Commercial Fleet

This Fair Value Assessment (FVA) has been conducted in accordance with the Financial Conduct Authority's (FCA) Product Governance rules (PROD 4) and the Insurance Conduct of Business Sourcebook (ICOBS). It covers our Connected Motor Fleet product for both taxi and courier segments, underwritten by Haven Insurance Company Ltd and distributed via The Acorn Group.

This combined assessment reflects the shared core product structure and capacity provider for both segments. However, where relevant, we provide segment-specific analyses to ensure a comprehensive evaluation of fair value.

1. Product Information

- Product Name: Connected Motor Fleet (Taxi and Courier segments)
- Manufacturer: Haven Insurance Company Ltd
- Distributor: Flock Ltd
- Date of Assessment: 10/10/2024
- Review Frequency: Quarterly

2. Product Summary

The product is a running account credit agreement providing the customer in the target market with a line of credit to spread the cost of insurance and associated costs.

- Comprehensive cover for accidental damage, malicious damage, fire, and theft
- Integrated telematics technology for enhanced risk management
- Underwritten by Haven Insurance Company Ltd
- Wholesale distribution by Granite Underwriting
- Optional Premium Finance through Granite Finance

2.1 Taxi Fleet Segment

Additional features specific to taxi fleets include:

- Public liability cover
- Coverage for taxi meters and equipment
- Flexible options for different types of taxi services (e.g., public hire, private hire)

2.2 Courier Fleet Segment

Additional features specific to courier fleets include:

- Flexible options for different types of courier services

3. Target Market (separate Target Market Statement available)

3.1 Taxi Fleet Segment

This product is designed for:

- Fleet owners operating taxi services
- Both public hire and private hire taxi businesses
- UK-based taxi operations of varying fleet sizes

Not suitable for:

- Individual taxi drivers seeking single vehicle cover
- Taxi fleets operating primarily outside the UK

3.2 Courier Fleet Segment

This product is designed for:

- Fleet owners operating courier and delivery services
- Various types of courier businesses (e.g., parcel delivery)
- UK-based courier operations of varying fleet sizes, generally above 20 vehicles.

Not suitable for:

- Individual courier drivers seeking single vehicle cover, or courier fleets below 20
- Courier fleets operating primarily outside the UK

4. Regulatory Compliance

This FVA has been conducted in compliance with:

- FCA PROD 4 rules on product governance
- ICOBS requirements for insurance product information and fair value
- The Insurance Distribution Directive (IDD)

We confirm that this product:

- Meets the needs, objectives, and characteristics of the target markets
- Offers fair value to customers within the identified target markets
- Is distributed through appropriate channels to reach the target markets

5. Value Assessment

5.1 Product Value

5.1.1 Taxi Fleet Segment



We have determined that this product offers good value to taxi fleet customers based on:

- Comprehensive coverage including public liability
- Tailored features for taxi operations (e.g., taxi meter coverage)
- Telematics integration for improved fleet management and safety
- Telematics data helps in providing fair and accurate premiums based on actual vehicle usage and driving behaviour
- We intervene in the policy term to try and improve the safety of the fleet
- Access to the Flock Portal which allows for self serve to policy documents and mid term adjustment requests

5.1.2 Courier Fleet Segment

We have determined that this product offers good value to courier fleet customers based on:

- Tailored features for courier operations
- Telematics integration and fleet safety
- Telematics data helps in providing fair and accurate premiums based on actual vehicle usage and driving behaviour
- We intervene in the policy term to try and improve the safety of the fleet
- Access to the Flock Portal which allows for self serve to policy documents and mid term adjustment requests

5.2 Pricing Analysis

5.2.1 Taxi Fleet Segment

- Average Premium (Gross Premium ex. IPT): £2210 per vehicle
- Claims Ratio (Gross Earned Loss Ratio): 20%
- Cancellation Rate: 0%
- Renewal Rate: N/A

5.2.2 Courier Fleet Segment

- Average Premium (Gross Premium ex. IPT): £5325 per vehicle
- Claims Ratio (Gross Earned Loss Ratio): 42%
- Cancellation Rate: 26% - Currently under review
- Renewal Rate: N/A

These metrics demonstrate competitive pricing while allowing for sustainable coverage and service delivery in both segments.

5.3 Distribution Costs

The distribution costs are consistent across both segments:

- Flock Commission: 4.5%



- Arrangement Fees: 10.7%
- Optional Premium Finance Fee: Currently under review

These costs are justified by:

- The specialised nature of fleet insurance distribution
- The additional value provided through our risk management expertise
- Market benchmarks (typical broker fees range from 5-12% in this market)

5.4 Service Value

Our service offering includes:

- Specialised fleet insurance expertise for both taxi and courier operations
- Assistance with policy administration via the Flock portal
- Dedicated claims support
- Access to Flock's telematics and risk management technology

The service costs are justified by the specialised nature of fleet insurance and the added value of telematics technology, which is particularly beneficial for both taxi and courier operations.

6. Product Testing and Scenario Analysis

6.1 Taxi Fleet Segment

- Large claim scenario: No large claims yet
- Multiple small claims scenario: Fleets are rates at renewal on an aggregation of small claims, with price increases generally proportional to claims performance.
- Telematics data utilisation: Taxi fleets actively using telematics data 50%

6.2 Courier Fleet Segment

- Large claim scenario: No large claims yet
- Multiple small claims scenario: Fleets are rates at renewal on an aggregation of small claims, with price increases generally proportional to claims performance.
- Telematics data utilisation: Courier fleets actively using telematics data 100%

7. Consideration of Vulnerable Customers

Our approach to vulnerable customers applies equally to both segments:

- Staff training to identify and appropriately assist vulnerable customers

8. Conflicts of Interest

Potential conflicts of interest are managed consistently across both segments:



- Premium Finance: Granite Finance is the default option, but brokers can use their own facilities.
- Telematics Provider: Partnership with Flock works with 35 TSPs so does not mandate a provider.

9. Comparison with Similar Products

9.1 Taxi Fleet Segment

- Pricing is within the mid-range of comparable taxi fleet products
- Integrated telematics offering provides additional value not always present in competitor products
- Claims handling speed is in line with industry standards for taxi fleets. The Time to Report to date has been 2 days which is very low.

9.2 Courier Fleet Segment

- Pricing is competitive within the courier fleet insurance market, especially for more distressed fleets.
- Integrated telematics offering provides additional value not always present in competitor products
- Claims handling speed is in line with industry standards for courier fleets

10. Fair Value Conclusion

10.1 Taxi Fleet Segment

We conclude that the Connected Motor Fleet product offers fair value to taxi fleet customers. The combination of comprehensive coverage, competitive pricing, integrated telematics, and specialised service justifies the total cost to the customer.

10.2 Courier Fleet Segment

We conclude that the Connected Motor Fleet product offers fair value to courier fleet customers. The combination of comprehensive coverage, competitive pricing, integrated telematics, and specialised service justifies the total cost to the customer.

11. Guidance for Brokers

When using this FVA, brokers should:

- Ensure the client falls within the defined target market for either taxi or courier fleets
- Clearly explain the benefits of the telematics component, highlighting segment-specific advantages
- Disclose all fees and charges, including any additional broker fees and the rebate that the fleet can earn at the end of their policy.
- Consider the client's specific needs and whether this product meets them
- Explain available alternatives, including the option for non-Granite premium finance



12. Ongoing Monitoring and Review

We commit to:

- Conducting quarterly reviews of product performance for both segments
- Monitoring key indicators (claims ratio, complaints rate, cancellation rate) with segment-specific thresholds
- Annual review of this FVA
- Ad-hoc reviews triggered by significant market changes or regulatory updates

