

Motor Trade - Road Risk

Last Review Date: August 2025.

Review Interval: Every 2 years, or sooner if changes arise.



Product Information & Target Market

Road risk insurance is cover specifically designed for persons generating an income via motor trade activities, who drive/may require to drive vehicles they don't own (as well as those they do own), including cars bought for the business. These might be vehicles you've purchased at auction, intend to resell, or a customer's vehicle they may have in your custody or control for motor trade purpose as a mechanic.

Road risk insurance is the minimum level of cover required by law. As such, you must have it when operating as a motor trader or driving vehicles in any way that relates to your business. Motor traders require road risk insurance, whether they work from home, operate a garage, or run a mobile business.

The product is designed for clients who are/have:

- established motor traders (full and part time) with trade experience and history in the sector.
- motor traders, extending to include social use where required
- low to medium value vehicles owned by the policyholder or the customer.
- a maximum value for any one vehicle is £50,000.
- UK resident for 3 years or more
- those earning an income for their Trade activity

The product is NOT designed for customers who are:

- Self-Drive Hire operators
- Auction houses
- Private or public hire
- Repossession agents
- Vehicle sourcing / leasing
- Risks based outside of the UK or with vehicles not registered in the UK (including Channel Islands, Isle of Man and EIRE)
- Businesses with multiple drivers under 25
- In need of Public or Employers Liability, plus Material Damage (property) requirements

Notable Exclusions

- Cover of family and friends vehicles (other than for a Spouse owned vehicle if the Spouse is named on the policy)
- Defective Workmanship
- Damage to windscreens, windows and sunroofs (with the exception of KISL policies)
- The value of/or any modifications to a vehicle – Trade value, standard replacement in the event of a total loss
- Damage as a result of war, invasion, hostility, military or usurped power
- 400 meter radius of any Business Premises owned by you or your Spouse/Partner

Additional information

The information above is intended to provide an indicative summary of the target market only. Please refer to our Policy wording document, IPID/Key Facts to fully understand the product, including the key features and exclusions.

Product Governance & Fair Value

In accordance with FCA PROD4 rules, First Underwriting Limited (FUL) apply a risk-based approach to determine how frequently fair value assessments are carried out. Each assessment is conducted under our Product Oversight & Governance (POG) framework which includes formal approval to confirm that the product continues to deliver fair value to customers and remains suitable for distribution. Where any findings indicate potential customer detriment, appropriate remedial actions will be implemented. More information on our POG framework and FVA frequency determination is available on our website.

Value assessment – Performance measures

Incorporating the SUP16.27 General Insurance value measures, FUL conducts a very thorough assessment which includes the following analysis:

- New business and renewal / retention volumes
- Average premium
- Cancellation rates
- Complaints (policy and claims) inc. route cause analysis
- Claim activity (Registered, frequency, severity, accepted and rejected)
- Policy wording / features & limitations review and competitor analysis
- Loss Ratio's
- Target Market
- Distribution arrangements

Distribution Strategy and Remuneration

The distribution strategy must be appropriate for the target market. The Distributor is expected to have considered the customers' needs, objectives, and characteristics to ensure the product meets their requirements.

Commission rates will be monitored on an ongoing basis and administration fees will be sampled on a periodic basis and as part of our Distributor audit process. To comply with fair value as a Distributor, it is your responsibility to consider:

- Any additional fees charged to a customer and the effect that may have on the value of the product.
- Any ancillary products sold alongside the product which may affect the products value or duplicate cover already provided with our product.
- Sales to ineligible customers and sales to customers outside of the product target market would lead to poor value for those customers.

Outcome of the Fair Value Assessment

The outcome of the fair value assessment found that this product offers fair value. The product also remains consistent with the needs of the identified target market and remains appropriate for the intended distribution strategy. This is subject to the distributors applying the fair value considerations above and complying with the fair value regulatory requirements.