



FAIR VALUE ASSESSMENT

CONNECTED MOTOR FLEET INSURANCE – ADMIRAL / FLOCK

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INTRODUCTORY STATEMENT

FCA Product Intervention and Product Governance Sourcebook rules ("PROD") require product manufacturers such as Admiral Insurance (Gibraltar) Limited to conduct a product review at least annually to ensure that the product remains consistent with the needs of the identified target market with an appropriate distribution strategy and to communicate the outcome with distributors.

This Fair Value Assessment document should be read in conjunction with the Connected Motor Fleet Insurance Target Market Statement and other product governance materials provided by Admiral Insurance and Flock to ensure the product is appropriate for distribution.

CONCLUSION OF OUR FAIR VALUE ASSESSMENT

	Detail	Outcome
Last fair value assessment outcome	The product is providing fair value for target market customers	Yes
Last fair value assessment date	March 2025	
Next scheduled review	March 2027 (or earlier if material change)	

HOW WE ASSESSED FAIR VALUE

In conducting our assessment of both financial and non-financial fair value, we considered the measures below. We are unable to share the actual detail in the assessment as these are documents that contain confidential information.

Category	Information used in assessment
Product description & cover	● Review of cover across all three segments (Self Drive Hire, Courier, and Trade) ● Assessment of comprehensive cover: accidental damage, malicious damage, fire, and theft ● Self Drive Hire-specific features: loss of use cover; automatic cover for additional vehicles subject to periodic fleet declaration ● Trade-specific features: contract works cover option; flexible fleet size options for seasonal businesses ● Assessment of telematics integration and its contribution to risk management and fair pricing ● Review of cover limits relative to each segment's risk profile ● Assessment of exclusions and their proportionality to target market needs
Target market & distribution	● Review of the Target Market Statement (positive and negative market) for all three segments ● Self Drive Hire: rental car companies and vehicle hire firms with a minimum of 10 vehicles, GB and NI based ● Courier: last-mile delivery and parcel/package services, minimum 20 vehicles, GB, NI, Channel Islands and Isle of Man ● Trade: construction, plumbing, electrical and other trade businesses, minimum 20 vehicles, GB and NI based ● All segments: vehicles must be connected with a telematics device ● Appropriateness of distribution channels: wholesale via Able Insurance Services Limited and broker distribution ● Vulnerable customer considerations and staff training to identify and assist vulnerable customers ● Impact of distributor remuneration on fair value across the distribution chain
Costs, charges & remuneration	● Identification of all costs borne by the customer (premium, IPT, Flock commission, optional premium finance fee) ● Flock commission: 15%; optional premium finance fee: 5% – assessed against market benchmarks (typical 6–12%) ● Assessment of remuneration across the distribution chain (Admiral Insurance (Gibraltar), Able Insurance Services Limited, Flock, brokers) ● Review of optional premium finance arrangements; brokers not restricted to Admiral premium finance facilities



	● Review of whether any fees or incentives could adversely affect value for customers ● Cancellation rates monitored by segment: Self Drive Hire 6.1%; Courier 1.5%; Trade 0.4%
Product design & telematics	● Assessment of telematics data utilisation by segment: Self Drive Hire 69%; Courier 87%; Trade 62% ● Review of how telematics data supports fair and accurate premium-setting based on actual usage and driving behaviour ● Assessment of in-term safety interventions and their contribution to fleet risk reduction ● Review of the Flock Portal: self-service access to policy documents and mid-term adjustment requests ● Access to Flock risk management services for fleets with premium over £50,000 ● Telematics provider partnership does not mandate a specific provider, reducing conflicts of interest
Market assessment & competitor landscape	● Self-Drive Hire: pricing competitive due to telematics integration; segment-specific coverage assessed ● Courier: pricing competitive within the courier fleet insurance market; integrated telematics provides additional value ● Trade: pricing less competitive in 2025 market conditions, reflecting competitor burn-cost pricing; assessed as fair value given telematics and service proposition ● Integrated telematics offering provides additional value not consistently present in competitor products across all segments
Customer journeys – claims	● Claims ratio (gross earned loss ratio) by segment: Self Drive Hire 39%; Courier 51%; Trade 42% ● Large claims scenario reviewed: no large claims recorded to date in any segment ● Multiple small claims: fleet rates adjusted at renewal proportionally to claims performance across all segments ● Claims handling times assessed against industry standards for each segment
Customer journeys – complaints	● Monitoring of complaint volumes, categories and outcomes on a quarterly basis across all segments ● Complaints reviewed for patterns indicating product suitability or fair value concerns ● Ad-hoc review triggered by significant complaint increases or regulatory developments
Customer journeys – product lifecycle	● Cancellation rates monitored: Self Drive Hire 6.1%; Courier 1.5%; Trade 0.4%



- Renewal rates monitored: Self Drive Hire 73%; Courier 56%; Trade 33%
- Average premium (gross, ex. IPT): Self Drive Hire £992 per vehicle; Courier £3,869 per vehicle; Trade £1,386 per vehicle
- Telematics connectivity and engagement rates reviewed quarterly per segment

DISTRIBUTION CONSIDERATIONS

We also considered how the intended value of the product could be affected by its distribution, with the conclusion of our Fair Value Assessment being based on our distribution strategy and that:

- Commission levels are in line with typical market levels (6–12%), as increased values could affect the overall assessment.
- Where distributors charge a fee instead of or in addition to commission, such fees are expected to be assessed by the distributor for fair value and to not exceed commission that would be received on a gross basis under the terms of our agency agreement.
- Any fees and charges are clearly advised to the customer and responsibility for assessing the fair value they provide rests with the distributor.
- Every party involved in distributing this product can confirm their overall remuneration is consistent with their regulatory obligations, including under SYSC 19F.2 (IDD remuneration incentives).
- The distribution arrangement (Admiral Insurance (Gibraltar) Limited as underwriter, Able Insurance Services Limited as wholesale distributor, and Flock as MGA/administrator) has been assessed and each party's involvement, knowledge and regulatory status has been confirmed as appropriate.
- Premium finance is available as an option; brokers retain the right to use their own premium finance facilities rather than Admiral's, ensuring no undue conflict of interest.
- The split of remuneration across the distribution chain is proportionate to the activities undertaken by each party.

ADDITIONAL INFORMATION DISTRIBUTORS CAN PROVIDE

When distributors are conducting their own assessments, or in their regular activities, they may become aware of information that may help inform us of potential changes to the product or service to ensure the needs of the target market continue to be met. We would welcome feedback on:

- Customer concerns or complaints relating to the telematics component, pricing methodology, or claims handling in any of the Self-Drive Hire, Courier, or Trade segments.
- Cases where the product may have been sold to customers outside the defined target market, including fleets below the minimum vehicle thresholds or operators based outside the specified geographic areas.
- Evidence of systematic claim denial or unexpected cancellation patterns that may indicate value concerns in any segment.



- Feedback on the suitability or accessibility of the Flock Portal for policy administration and mid-term adjustments.
- Regulatory developments, FCA guidance or case decisions relevant to self-drive hire, courier, or trade fleet insurance products.

When this occurs, distributors should contact their usual Admiral Insurance, Able Insurance Services, or Flock representative.

OTHER INFORMATION THAT MAY ASSIST DISTRIBUTORS

If we require additional information on remuneration or on services provided, we will ask for it directly. In conducting our reviews, we have excluded the following aspects that distributors will need to consider when conducting their reviews:

- Fees, charges and other forms of remuneration that are charged to the customer by the distributor, but which are not part of the premium paid to us.
- Any optional premium finance arrangements made by the distributor on the customer's behalf, whether through Admiral's facilities or an alternative provider.
- Any other products sold alongside this product which could affect the overall value of the customer's arrangements.
- The effect of any third-party premium finance arrangements that are made by the distributor on the customer's behalf.

Distributors should contact their usual Admiral Insurance, Able Insurance Services, or Flock representative if there are any questions or observations relating to this product and our assessment of it.

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