



Commercial Combined Products

Date Fair Value Outcome Completed	Quarter 3 2023
Expected Date of Next Assessment	Quarter 3 2024

Outcome of the Product Review and Fair Value Assessment

As a result of the product governance activities undertaken across this product we can confirm:

1. The outcome of the fair value assessment found that this product provides fair value, which is based on Pen’s review of information related to sales practices and services, claims, complaints and market intelligence.
2. There is no evidence that the product is not suitable for the customers it is intended to be distributed to.
3. The intended distribution strategy remains appropriate, subject to distributors not charging customers additional fees that bear no reasonable relationship to the service(s) provided, or the overall cost of the product.

Target Market Statement

Product Type	Insurance products suitable for providing cover for commercial policyholders’ business interests, across a range of activities and sectors.
What demands and needs are met by this product?	The products are designed for commercial policyholders who require cover for commercial properties, loss or damage and consequential losses, as well as various types of liability.
Who is this product designed for?	The products are designed for commercial customers and businesses who require cover to insure the associated risks of running their commercial enterprise within the UK. Products can provide cover for sectors such as Manufacturing, Retail, Contractors, Wholesale and Distribution, Leisure and Services.
Who is this product not suitable for?	The products are not suitable for personal lines policyholders or for commercial policyholders outside of the UK.
How do we expect this product to be distributed?	These products are suitable to be distributed via a variety of sales channels, such as face to face, via telephone, email, or by postal application by a Broker.





What are the distributor value considerations?

We expect all distributors in the chain to consider the following when selling Pen's products:

- The impact on product value of offering other products alongside this one, especially those with proportionally greater remuneration. For example, an ancillary product, elements of which may duplicate existing cover, or premium finance charged at an elevated rate of APR.
- Additional commission, fees or charges added as part of distribution processes must be proportionate to the service provided, in line with those charged elsewhere, and not affect the overall value offered by the product.
- Distributors must ensure there is no duplication of cover as a result of any add-on products sold, including premium finance cover, where appropriate cover is already provided by the policy.
- Distributors should consider the Consumer Duty requirements when dealing with policyholders.

Scope

This document is intended to provide an indicative summary of the target market for these products and is not a summary of coverage. Please refer to separate policy documentation for full details of the coverage provided by your product.





Fair Value Outcome Statement

Product Fair Value Outcome – Methodology

Pen has completed Fair Value Assessment work on products we manufacture. This is based on groupings of products which may be similar in features and are intended to be distributed to similar target markets. This Product Fair Value Outcome Statement is not intended to replicate our Fair Value Assessments, but sets out the approach taken and the outcome of the assessment.

Product Information

Insurance products suitable for insuring the business interests of commercial policyholders across a range of sectors and a range of activities.

These products are designed for commercial policyholders who require cover for their commercial properties for physical and consequential loss or damage.

The products can provide cover for:

- Contractors
- Material Damage
- Business Interruption
- Deterioration of Stock
- Employers Liability
- Public Liability
- Property
- Casualty
- Machinery

Limitations in cover (vary across the different products):

- Excesses vary
- Limitations of Liability
- Fair Presentation of Risks and all changes in tenancy/alterations in risk must be advised to Pen Underwriting
- Maintenance and reasonable precautions conditions apply

Optional Products

No products are sold alongside this core product by Pen.

Distributor Remuneration

Pen agrees commission rates with each distributor and as part of the fair value assessment process has requested details of any additional fees that may be added in the distribution chain. The fee details received have been analysed and if Pen considers these could impact the value of the product this would be raised directly with distributors.

All distributors should be able to:

- Confirm annually that the commissions and fees they charge are reasonable relative to the service(s) they provide and the total cost of the product to the customer; and





- Justify that commissions and fees they charge are fair, and support the intended value of the product.

How Pen Mitigates Risks to Product Fair Value

Pen's commission structure is intended to ensure that it reflects product features and benefits and the services we provide, which support product fair value. Pen does not benefit from distributors increasing or decreasing their own commissions/fees.

Pen has taken steps to validate that distributor commissions/fees charged are within a reasonable range and in line with usual market practice, in order to ensure the value of our products is not diluted.

How Pen Assesses Value

Pen's product governance and oversight process requires a full review of all product groups at least annually to determine if the product offers fair value to the customer.

These reviews consider the target market, distribution strategy, remuneration, marketing, product information, product performance, product design (including wordings), and any feedback received from distributors or customers. We also consider sales, claims and complaints data, and risk metrics related to these factors.

