



Commercial Combined Products

Date Fair Value Outcome Completed	Quarter 3 2024
Expected Date of Next Assessment	Quarter 3 2025

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’ and commercial contracting businesses providing cover for 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 material damage, business interruption, legal expenses commercial properties, casualty cover, loss or damage and consequential losses, as well as several types of liability.
Who is this product designed for?	The products are designed for commercial customers and businesses who require cover for their commercial properties, for physical and consequential loss or damage, and for the associated risks of running their commercial enterprise within the UK.
Who is this product not suitable for?	The products are not suitable for personal lines consumers or for commercial policyholders outside of the UK.





How do we expect this product to be distributed?

This product is 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 this product 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 and commercial contracting businesses across a range of sectors and a range of activities.

The products are designed for commercial customers and businesses who require cover for their commercial properties, for physical and consequential loss or damage, and for the associated risks of running their commercial enterprise within the UK.

Key Coverage

- Material Damage
- Business interruption
- Employers Liability
- Public Liability
- Product Liability
- Legal Expenses
- Specified All Risks
- Contractors All Risks
- Computers and Electronic Risks
- Money & Assault
- Goods in Transit
- Directors & Officers
- Fidelity Guarantee
- Computers

Additional Services

- Risk Management Services
This provides free risk management advice on such areas as Health and Safety, Liability and Employee protection.
- Online Risk Management (e-learning tool)
All customers have access to an e-learning tool, which allows users to access help and guidance on relevant topics such as Human Resources policies and procedures, Health and Safety and Business Continuity Planning.
- Environmental Helpline
This is available 24 hours a day, 365 days per year and provides support and advice for our customers in relation to any general Environmental queries (excluding claims).



Additional Services (continued)

- Environmental Claims Response

This is available 24 hours a day, 365 days per year. This service aims to minimise the environmental impact of incidents, ensure compliance with regulations, and provide comprehensive support throughout the claims and response process.

Product Limitations

- Employers Liability up to £10m
- Public Liability up to £10m
- Product Liability up to £10m

Key Exclusions

- Any loss or damage to property due to defect in design or workmanship
- Gradual pollution
- Losses arising outside of policy's territorial limits
- Damage arising from customers' deliberate acts
- Liability for pure economic loss not consequent on bodily injury or damage
- The first part of any claim (the excess) as specified on the schedule
- Wear and Tear or any damage that happens gradually over time
- Any loss, damage, injury or accident occurring or arising from an event before cover commences

Optional Products

No products are sold alongside this core product by Pen.

Further details can be found in our policy wordings available to brokers/ cover holders.

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 following areas:

Target market	<ul style="list-style-type: none"> • Target market reviewed to ensure the product meets the needs of the customer and will continue to do so for the life of the product • Identify the impact on vulnerable customers where applicable
Distribution strategy	<ul style="list-style-type: none"> • Appropriateness of the distribution channel, services offered and remuneration • Remuneration does not negatively impact the overall value offered by the product
Market assessment	<ul style="list-style-type: none"> • Market scrutiny to ensure the product aligns with current market trends
Product design/lifecycle	<ul style="list-style-type: none"> • Pricing • Regulatory requirements • Fees and charges • Product documentation • Performance of the product • Product changes
Customer journey	<ul style="list-style-type: none"> • Quality Assurance • Feedback from distribution
Claims	<ul style="list-style-type: none"> • Frequency and trends • Loss ratio trends
Complaints	<ul style="list-style-type: none"> • Feedback is reviewed to ensure the product continues to offer good benefit for customers • Reasons for complaints and volumes • Outcomes of complaints: whether they are upheld, not upheld • Identification of trends and root causes • Redress payments: volume and timescales • Financial Ombudsman Service: volume and outcomes

