



## Beach Huts

Date Fair Value Outcome Completed	Quarter 4 2024
Expected Date of Next Assessment	Quarter 4 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.





## 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

This is an insurance policy to cover loss or damage to beach huts, chalets, shepherd huts or other hut type structures and/or its contents located within the UK, Channel Islands and Isle of Man. Huts can be covered at the home or inland (woodland locations) as well as at the beach.

The product provides cover for the beach hut or hut type structure against loss or damage to the structure, contents, fixtures and fittings, personal possessions and sports equipment (but excluding computer equipment, televisions, radios or hi-fi equipment, money and credit cards, jewellery and other valuables) as a direct result of physical damage or destruction arising out of an unexpected and unintended event to the beach hut or chalet.

#### Product benefits:

- Physical loss or damage to the building(s) caused by events such as: storm, inundation from the sea, flood, accidental damage, theft and attempted theft, fire, vandalism and subsidence, landslip and heave
- The cost of repair or replacement of the contents, up to 20% of the sum insured of the buildings(s), including surf boards, water-ski, wakeboards
- Loss of Rent and/or Licence Fee up to 20% of the building(s) sum insured
- Cover whilst letting out
- Emergency travel up to £100 expenses to travel to your property to secure the building(s) or limit further loss or damage, where the total cost of the claim exceeds £1,500
- Accidental damage to underground pipes serving the building, for which the owner is responsible
- Legal Liability- liability as owner or occupier of the building(s) £5,000,000

#### Product limitations:

- Maximum total sum insured £120,000
- Maximum cost of repair or replacement of the contents, up to 20% of the sum insured of the buildings(s)
- Legal Liability- liability as owner or occupier of the building(s) £5,000,000

#### Key exclusions:

- Wear and tear or any other gradually operating cause or mechanical or electrical failure
- Contents outside the beach hut/structure
- Theft unless following forcible and violent entry to the hut
- Motor vehicles, caravans, trailers or their accessories, mobile phones, computer equipment, jewellery, photographic equipment, money, bank cards, personal effects and pedal cycles.



**Key exclusions (continued):**

- The cost of replacing undamaged or remaining items or parts of the buildings or contents which form part of a pair, set, suite, group or collection following loss of or damage to the matching item(s).
- Policy excess per the policy schedule

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

