



Holiday Home

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.





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

The product provides insurance for Holiday Homes, which covers personal use and/or let to others. Cover can be provided for buildings that are within the UK, Channel Islands and the Isle of Man and/or contents, for loss or damage to the property and/or its contents caused by events such as fire, explosion, storm, flood, escape of water, theft and subsidence.

The Holiday Home can include non-standard requirements, including but not limited to:

- Proposers who have suffered a previous loss of:
 - Subsidence, Landslip or heave
 - Flood if acceptable to Flood Re
- Owners of non-standard construction properties
- Owners with buildings works commencing
- Proposers with one conviction
- Grade 2(B) listed building status

Key Coverage

- Buildings: the costs of repairing, replacing or rebuilding the home up to an agreed sum insured, plus loss of rent and temporary accommodation costs.
- Contents: the cost of repairing or replacing the contents of the home, plus property in the open; temporary removal of the contents to other premises, plus loss of rent and temporary accommodation costs.
- Accidental damage to buildings and/or contents (this is a chargeable optional extension)
- Public Liability
- Accidents to domestic staff, liability for bodily injury to domestic staff

Product Limitations

- Buildings maximum sum insured £3m
- Contents maximum sum insured £250,000 (High Risk Limit is up to a third of the contents sum insured; high risk items can include valuables such as clocks, china, paintings but full details are detailed in the policy wording)
- Public Liability up to £2m
- Bodily Injury (domestic staff) up to £5m

Key Exclusions

- Accidental Damage excluded when the holiday home is unoccupied or unfurnished
- Additional conditions apply in respect of damage caused by escape of water at premises left unoccupied
- Any property held or used for business purposes
- Damage caused by domestic pets
- No cover unless the property is regularly inspected (inspection generally 60-120 days, dependent on type of holiday let)

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