



## Mid Net Worth

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 a Mid-Net Worth household insurance policy to cover loss or damage to the buildings and/or contents caused by events such as fire, explosion, impact, storm, flood, escape of water, theft and subsidence.

Mid-Net worth is for individuals with buildings sum insured over £400,000 and/or contents sum insured over £75,000 but below a total sum insured of £7,500,000.

Customers will benefit from the following features and benefits:

- **Buildings:** Covers the costs of repairing, replacing or rebuilding the home up to an agreed sum insured, plus loss of rent and temporary accommodation costs.
- **Worldwide Contents:** Covers the cost of repair or replacing the contents (including fine art, antiques and valuable) of the home, plus property in the open including the temporary removal of the contents to other premises.
- **Alternative Accommodation:** Covers the costs for up to 36 months, if the home cannot be lived in following insured damage.
- **Domestic Pets:** Cover for damage caused by domestic pets.
- **Trace and Access:** Covers the cost to identify leaks causing damage to the home or its contents.
- **Oil and Metered Water:** Covers the cost of replacing lost oil or metered water at the home.
- **Legal Liability:** Covers the legal liability as a private individual and as owner or occupier of the home for bodily injury or property damage caused to another person or property.
- **Accidents to Domestic Staff:** Covers legal liability for bodily injury to domestic staff arising out of and in the course of their employment
- **Legal expense:** Covers legal costs and advice in relation to the home.
- **Home Emergency:** Covers the costs to resolve an emergency at your home linked to the heating system, plumbing and drainage, electrics, security, roofing and pest infestation

Pen also provide Legal Expenses and Home Emergency (these products are underwritten by ARC).

Product limitations:

- Public Liability up to £5,000,000
- Bodily Injury (domestic staff) up to £10,000,000
- Risks where the total sums insured exceed £7,500,000



**Key exclusions:**

- Wear and tear or any other gradually operating cause (for example, damp formed over a period of time due to blocked or poorly maintained guttering, or the mechanical or electrical failure of a television)
- Damage occurring before the beginning of the period of insurance or caused deliberately by the policyholder
- Loss or damage that is not directly associated with the incident that caused the policyholder to claim, except where that loss or damage is expressly included within this insurance
- Any reduction in market value of any property following its repair, replacement or reinstatement, unless expressly included within this insurance
- Loss, damage, liability, cost or expense of any kind caused by or resulting from poor or faulty design, defective or faulty materials or faulty workmanship

Policy excesses as 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>

