



Residential Property Owners (Online and E-Trade)

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

The product is aimed at residential property owners/landlords with a single property or those with a portfolio; short to medium term unoccupied properties; properties between tenant occupancy and properties undergoing minor refurbishments.

Cover can be provided for unoccupied properties (up to 45 days, although a longer period can be provided for an additional premium, subject to appetite and agreement from the underwriter).

Property type can include: houses/single residential buildings, houses converted into individual flats, small blocks of flats (up to £1m Building Declared Value 'BDV') purpose-built blocks of flats (up to £1m BDV).

Cover can be provided for a range of tenant types:

- Tenancies arranged directly with local authorities where the landlord has signed over the property, property with a minimum of 6 month tenancy agreement
- Housing of Multiple Occupancy ('HMO')
- Unoccupied properties (whilst undergoing minor refurbishment)
- Holiday homes (subject to holiday let agreement or family use)
- Listed buildings (excluding Grade 1 listed)

Within the product(s) there are optional extensions:

- Accidental Damage to buildings unless holiday home or vacant (for an additional premium)

Product benefits:

- Property Damage
- Rent Receivable
- Property Owners Liability.

Product limits:

- Property Owners Liability: £2m as standard
- Trace and Access cover for up to £25,000 (to locate the source of damage to the property)

Key exclusions:

- Existing and deliberate damage
- Wear and tear or any other gradually operating cause
- Faulty or limit of design, manufacture or installation
- Mechanical or electrical faults or breakdown

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

Multi-Occupancy Building Insurance

Where it has been identified that this product applies to residential multi-occupancy buildings, Pen will provide the required disclosure information to the Intermediary for passing onto the policy stakeholder (Residential Leaseholders) via the insured.