



## HOLIDAY HOME

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

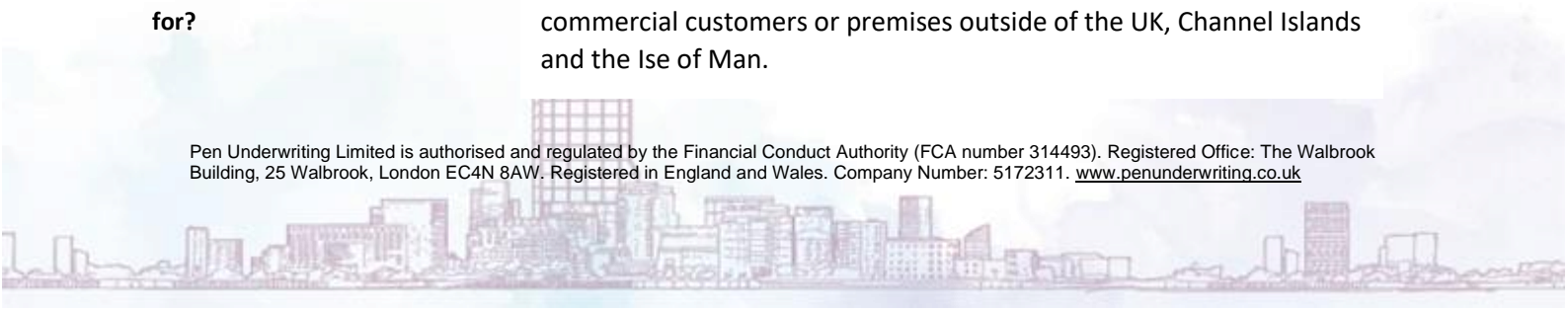
### Outcome of the Product Review and Fair Value Assessment

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.

### Target Market Statement

<b>Product Type</b>	An insurance product providing cover for Holiday Homes, which covers personal use and/or let to others, with an element of non-standard requirements.
<b>What demands and needs are met by this product?</b>	This product provides cover for the buildings located within the UK, Channel Islands and the Isle of Man and/or contents. The product provides cover 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.
<b>Who is this product designed for?</b>	The target market are owners of Holiday Homes which are used for their personal use and/or let to others. Cover for buildings located within the UK, Channel Islands and the Isle of Man and/or contents. The product provides cover for loss or damage to the property and/or its contents.
<b>Who is this product not suitable for?</b>	This product is not suitable for standard residential homes, commercial customers or premises outside of the UK, Channel Islands and the Isle of Man.





---

**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

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"> <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>