

## Design and Construct

## Professional Indemnity

### Target Market Statement

#### Product Type

This is an insurance product for customers who are contractors in the construction and manufacturing industry with liability for the design and/or professional services to third parties.

The product helps protect a customer's business and reputation from claims made against them arising from their negligent and/or alleged negligent acts or omissions, including the costs incurred in defending a third party claim.

#### Characteristics of the target market (who is the product designed for?)

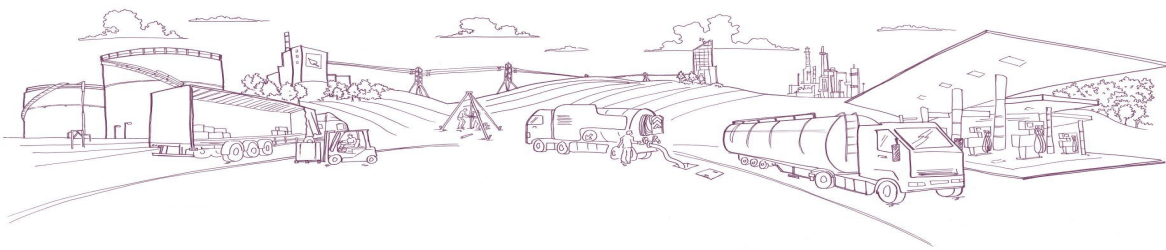
This product is designed for customers located in the UK, Channel Islands and the Isle of Man who provide design and construction services which includes:

- Firms with full design exposure, whereby all professional work is provided including the supervision of the construction and building work, using the customer's own employees.
  - Firms with contingent design exposure, whereby the contractual responsibility for the design is held but this work is sub contracted to a third party firm.
  - Firms providing contracting services only under the supervision of other professionals who have been appointed directly by the client, but the customer still retains a 'duty to warn' exposure.
  - Project management, pure design or consultancy work in addition to the above contracting activities.
- Cover is provided to a varying size of firms from micro SMEs to those with an income upwards of £10 million per annum.
  - This product may be sold to vulnerable customers.

#### Objectives, needs and interests of the target market (considering the key features and benefits of the product)

Customers benefit from the following policy features:

- **Legal Liability** – Cover for claims made against the customer arising from any liability incurred in the ordinary conduct of the customer's professional business for damages:
  - For breach of Professional Duty including a duty to warn.
  - For Libel or Slander.
  - For unintentional infringement of intellectual property rights.



- As a result of any dishonest, fraudulent or malicious act or omission of any employee.
- **Liability for Loss of Documents** - Cover for physical loss of or damage to documents suffered in connection with the insured's professional business, for the reasonable costs and expenses incurred in replacing or restoring documents owned by any third party which at the time of loss were the insured's responsibility.
- **Asbestos and Pollution** - Cover for asbestos and pollution related claims against the customer arising from the insured's professional services.
- **Mitigation Costs and Expenses** – Cover for the mitigation costs in order to avoid a claim or reduce the loss against the insured.
- **Legal Representation Costs** - Cover for the legal costs incurred with our prior written consent to enable the customer to be represented at any inquiry or other type of proceeding.
- **Defence Costs and Expenses** – Incurred in defending a claim made against the insured.
- **Own Copyright Protection** - Cover for any legal costs incurred with pursuing a claim for infringement of copyright.
- **Court attendance Expenses** – Cover for the insured and their employees to attend any court or other judicial tribunal.
- **Run-off Cover** – Provides protection after a firm ceases trading and covers claims made during a specific period after closure.

#### **Who is this product not designed for?**

This product is not appropriate for customers or businesses:

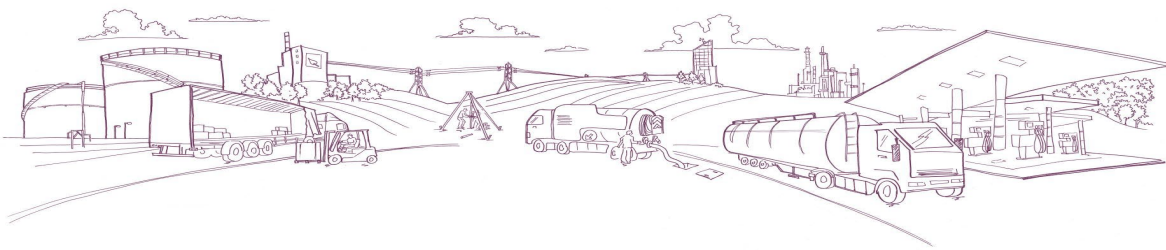
- Domiciled outside the United Kingdom, Channel Islands and the Isle of Man.
- Where 100% of the customer's turnover relates to fees from professional services and where the customer does not have any involvement in contracting, manufacturing or installation.
- Undertaking project management for their own employees or subcontractors employed by them.
- Providing asbestos removal services.
- This product is not suitable for vulnerable customers.

#### **How do we expect this product to be distributed?**

This product should be sold with the active assistance and guidance of an insurance intermediary to select the appropriate level of cover. The product will only be distributed through brokers to customers with whom Pen has an agency and not directly by Pen to customers.

This product is suitable to be distributed via a variety of intermediated sales channels, such as face to face, telephone, email, or by postal application by an intermediary with whom Pen has an agency.

Consideration should be given to the vulnerability of customers by the intermediary who should provide any support they may need.



### **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, where appropriate cover is already provided by the policy.
- Distributors should consider the demands and needs of the customer and the Consumer Duty requirements when dealing with customers.
- Distributors must provide full details on all risks submitted on a suitable proposal form.

### **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 the product.

### **Product Approval Process**

Pen has a product approval process in place to ensure that there is appropriate oversight of all products where Pen is either a co-manufacturer or a distributor. The process includes a risk assessment process where due consideration is given to the impact of the product on the target market and the value of the product.

A diagram of Pen's product approval process can be found on the Pen website [here](#).

### **Important Information**

This target market statement should be used by all (co-)manufacturers and distributors of this product. (Co-)manufacturers and distributors should not create their own variation of this document. Where any party using this document has concerns about the accuracy or completeness of the information included, this should be raised to Pen urgently for discussion.

### **Valid From**

31/10/2024

### **Next Review Date**

On or before 31/10/2025