

## Commercial Excess of Loss

### Target Market Statement

#### 1. Product Type

This is an insurance product for UK domiciled companies working in a variety of industries who require excess of loss Public Liability, Employers' Liability, Non-Negligence and Third Party Motor Liability cover.

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

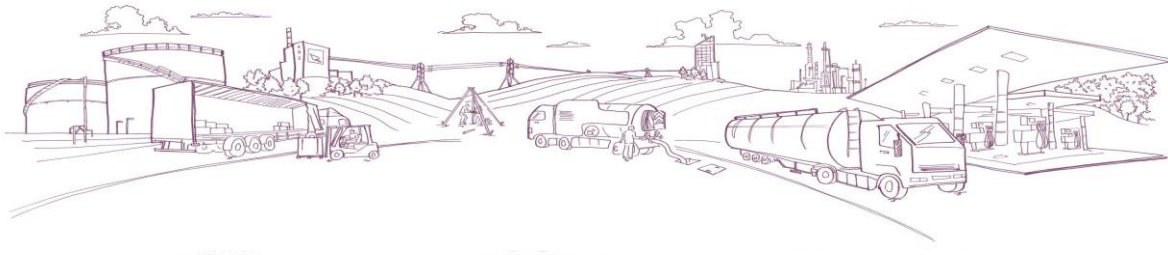
- The product is designed for UK domiciled companies of varying sizes across a wide range of industry sectors including:
  - Construction.
  - Retail.
  - Manufacturing.
  - Leisure.
  - Real Estate.
- The product is designed for companies that require a higher limit of indemnity than what is provided by the underlying insurance policy(ies).

This product is suitable for vulnerable customers, but it should be distributed via an intermediary that can provide any additional support needed.

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

This product provides customers with the choice of the following sections of cover:

- **Public & Products Liability:** Cover for legal liability for death of or injury to third parties or loss of or damage to property including legal liability arising from goods &/or products sold or supplied.
- **Employers' Liability:** Cover for legal liability to pay compensatory damages, including fees and expenses, for injuries to employees during their employment.
- **Non-Negligence (JCT 6.5.1):** Cover for any expense, liability, loss, claim or proceeding for injury or damage to any property caused by collapse, subsidence, heave, vibration, weakening or removal of support or lowering of ground water arising in connection with the works.
- **Third Party Motor Liability:** Cover for third party liability as required under the Road Traffic Act (RTA) as well as driver negligence during the course of loading and unloading on and off the public highway.



Customers will benefit from the following features:

- Higher limits of cover than are offered by the underlying insurer.
- Typically the same terms and conditions of the underlying insurance policy.

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

This product is not suitable for:

- Any customer domiciled outside of the UK, Channel Islands or Isle of Man.
- Any customer who does not require a limit of indemnity greater than that provided by their underlying policy.
- Attaching above specific inner limits within the underlying primary insurance policy which apply in respect of a particular risk or policy section.
- Customers working in the following sectors:
  - Ship repairers.
  - Asbestos contractors.
  - Customers involved in the manufacture or supply of aviation related products.
  - Customers involved in industry sectors with exposure to pollution.
  - Customers involved in the offshore, nuclear and power industries.
  - Local authorities.

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

This product should be sold with the active assistance and guidance of an insurance intermediary with whom Pen has an agency to select the appropriate level of cover. Pen recommends this product is not sold directly to customers without this assistance.

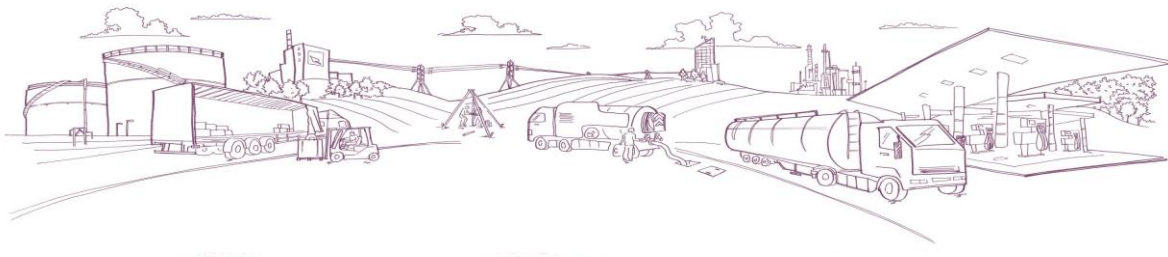
This product is suitable to be distributed via a variety of intermediated sales channels, such as face to face, telephone, email, or by postal application. Consideration should be given to the vulnerability of customers by the intermediary and provide any appropriate support they may need.

The product will not be distributed directly by Pen to customers.

#### **6. 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 because of any add-on products sold where appropriate cover is already provided by the policy.
- Distributors should consider the demands and needs and Consumer Duty requirements when dealing with customers.

## **7. 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.

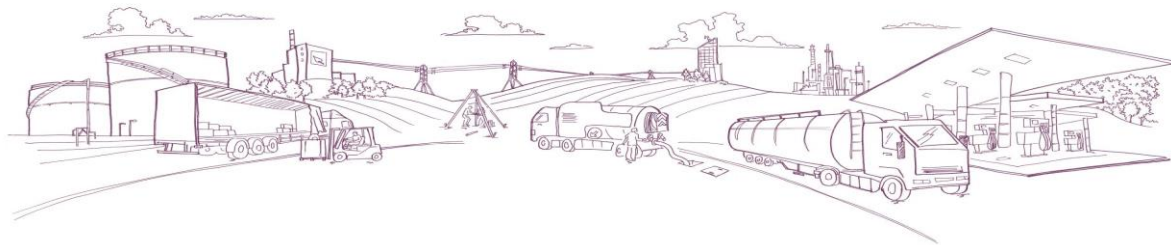
## **8. Product Approval Process**

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](#).

## **9. 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.



### Product Fair Value Outcome – Methodology

Pen has completed Fair Value Assessment work on products we co-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.

### 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:

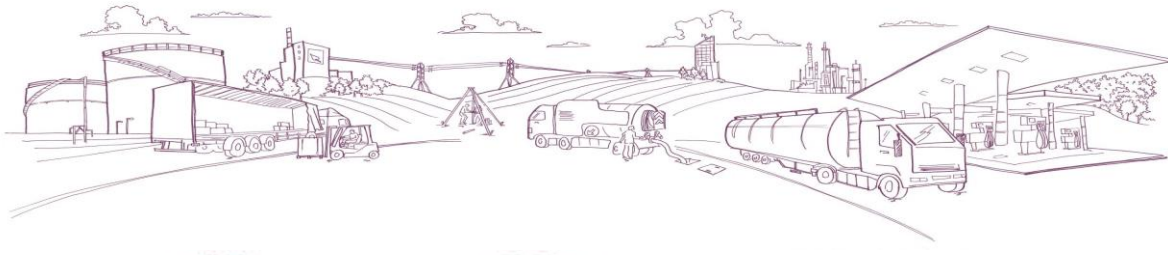
- Confirm annually that the commissions and fees they charge are reasonable relative to the service(s) they provide and the total cost of the product to the customer; and
- Justify that commissions and fees they charge are fair and support the intended value of the product.

### How Pen 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>
<b>Fair Value Summary</b>	
<p>Pen has considered all relevant factors, including the total price paid by the customer, value MI, distribution and other considerations in this product design.</p> <p>Pen is satisfied that the product continues to provide fair value to customers and is suitable to continue to be distributed to the identified target market.</p>	

**Valid From**

31/03/2025

**Next Review Date**

On or before 31/03/2025

(ID ref: 88)