



## Home Insurance – Delegated Authority

### Scope

This document is designed to offer a high-level overview of the intended target market for this product. It is not intended to serve as a summary of the coverage provided. For comprehensive information regarding the product's coverage, please refer to the relevant policy documentation. This document also evaluates whether the product delivers fair value to customers by assessing its features, benefits, pricing and distribution methods.

### Target Market Statement

#### Product Type

This is a mass market insurance product for consumer customers who require cover for loss or damage to their home, contents contained within the home and also to cover the customer's legal liability for bodily injury or damage to property, arising out of their ownership, possession or use of the home.

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

This product is designed for customers over the age of 18 who own a property which is used as their main residence and located in the United Kingdom, the Channel Islands or the Isle of Man.

This product can provide cover where there are non-standard elements, such as:

- The property has suffered a subsidence, landslip or heave loss in the last 25 years.
- The property is located in an area, identified as having a high risk of flooding and/or has suffered from a previous flood loss in the last 25 years (providing the home is acceptable under the eligibility rules of Flood Re\*).
- Is built of non-standard construction, such a timber and timber-frame.
- With minor buildings works commencing or planned (such as rewiring, plumbing, replacement kitchen and small extensions).
- Grade 2 or B listed building status.

Customers with characteristics of vulnerability are included within the target market.

\*Flood Re – Flood Re is a scheme set up by the United Kingdom Government and insurers that provides flood cover as part of a home insurance policy more widely available and affordable for properties located in an area identified as having a high risk of flooding. More information can be found out about the scheme at [www.floodre.co.uk](http://www.floodre.co.uk)



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

The product provides cover for loss or damage to the home and/or its contents caused by events such as fire, explosion, impact, storm, flood, escape of water, theft and subsidence.

Accepted customers will benefit from the following features and benefits where the relevant section of cover has been selected:

- **Buildings:** Covers the cost of repairing, replacing or rebuilding the home up to an agreed sum insured, plus loss of rent and temporary accommodation costs.
- **Contents:** Covers the cost of repair or replacing the contents of the home, plus property in the open including temporary removal of the contents to other premises.
- **Valuables:** Covers the cost of repair or replacing valuables lost or damaged within the home.
- **Personal Possessions:** Covers the cost of repair or replacing personal possessions lost or damaged within the home.
- **Domestic Freezer:** Covers the cost of replacing food in the fridge or freezer.
- **Pedal Cycles:** Covers the costs of repairing or replacing pedal cycles following theft or accidental damage at the home, included within contents cover.
- **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.
- **Money:** Cover for theft or accidental loss of money.
- **Bank Cards:** Covers the amount which the customer becomes legally liable to pay as a result of unauthorised use following loss or theft of the bank card.

Cover can also be extended to include:

- Accidental damage to buildings.
- Accidental damage to contents.
- Cover for valuables and personal belongings away from the home.
- Cover for pedal cycles away from the home.

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

This product is not suitable for:

- Properties outside of the United Kingdom, the Channels Islands or the Isle of Man.
- Customers with more than two losses within the last 5 years that would have been covered by this product or a similar home product. Customers with more than one unspent conviction and/or pending prosecutions excluding any motor offences.
- Total sum insured values of more than £3,000,000.
- Properties of Grade 1 listed building status.
- Customers who require short term non-renewable cover.
- Customers who cannot afford the annual or monthly premiums.



### **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. The product will only be distributed through brokers who have an agency agreement with Pen, and it will not be distributed 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.

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

### **Product Approval Process**

Pen's product approval process is 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.



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**Fair Value Assessment**

**Product Fair Value Outcome – Methodology**

Pen has completed a Fair Value Assessment 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 Assessment 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> </ul>





	<ul style="list-style-type: none"> <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 or not they are 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>

**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 Annual Percentage Rate (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.

**Fair Value Assessment Outcome**

Pen has considered all relevant factors, including the total price paid by the customer, value MI, distribution and other considerations in this product design.

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.

<b>Valid From</b>	24/02/2026
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