



## Blocks of Flats (Coverholder)

### Target Market Statement

#### **Product Type**

This is an insurance product offering protection for blocks of flats. The product is designed for purpose-built and converted blocks of flats occupied by leaseholders or let to tenants and covers Material Damage, Loss of Rental Income, Property Owners Liability, Employers Liability and Alternative Accommodation.

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

This product is targeted to residential management companies, freehold management companies, managing agents and private owners of purpose built or converted blocks of flats. It is also designed for both owners/managers of single risks (individual properties) or portfolios (multiple properties).

The product is designed for UK customers only and the maximum total sum insured is £90m any one location.

The product is not sold to vulnerable customers, but the beneficiaries of the policy will include leaseholders which may include vulnerable customers. This product should only be distributed via an intermediary that can provide any additional support and advice required.

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

This product can provide cover for residential blocks of flats buildings and contents of common parts and can include the following features and benefits up to the agreed specified limits:

- Reinstatement cover for loss or damage caused by a range of perils including:
  - Fire, explosion, lightning, earthquake.
  - Smoke
  - Storm or flood
  - Escape of water from water tanks, pipes or apparatus or fixed heating installations
  - Freezing of water in tanks, apparatus or pipes
  - Theft or attempted theft
  - Riot, civil commotion, strikers or persons taking part in labour and political disturbances
  - Malicious persons or vandals
  - Leakage of oil from a fixed heating installation
  - Impact by aircraft or other aerial devices or articles falling from them
  - Impact by any road vehicle or animal or by goods falling from them



- Falling radio and television receiving aerials including satellite dishes, their fittings and masts
  - Falling trees (in part or otherwise), telegraph poles or lighting standards
  - Subsidence and/or heave of any part of the site on which the building(s) stands and/or
  - Landslip
  - Accidental damage
- Cover for Contents of Common parts can be set at levels to meet customers' needs upon request from the broker.
  - Contents reinstatement cover for loss or damage caused by a range of perils including Fire, Theft, Accidental Damage and Subsidence.
  - Cover for Loss of Rental /Alternative Accommodation Expenses are automatically provided up to a limit of 33.33% of the Declared Value.
  - Property Owner's Liability for Bodily injury or Damage up to a limit of indemnity of £10m.
  - An 85% Day 1 Average Condition applies.

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

This product would not be suitable for non UK customers or owners of "Buy to Let" houses, private householders, non-residential buildings owners or any non-UK block of flats.

This product is not designed for customers who require sums insured limits which exceed those provided by the policy.

This product is not designed for customers who require short term non renewable cover.

The product would also not usually be suitable for customers with the following features. Blocks of flats:

- Which are situated in areas identified as prone to flooding.
- Where there is a material level of combustible cladding. What is material will depend on the construction and size of the property.
- Where the predominant construction is not standard (meaning brick, stone or concrete and roofed entirely with slates, tiles, metal or concrete or flat roofed with asphalt, bitumen, concrete or felt on timber)





### **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.

### **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 where appropriate cover is already provided by the policy.
- Distributors must familiarise themselves with the product options and extensions available and consider these when selling Pen's products to customers.
- Distributors should consider the demands and needs of the customer and the Consumer Duty requirements when dealing with customers.

### **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.

### **Pen has a 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 Pens 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.







### 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:

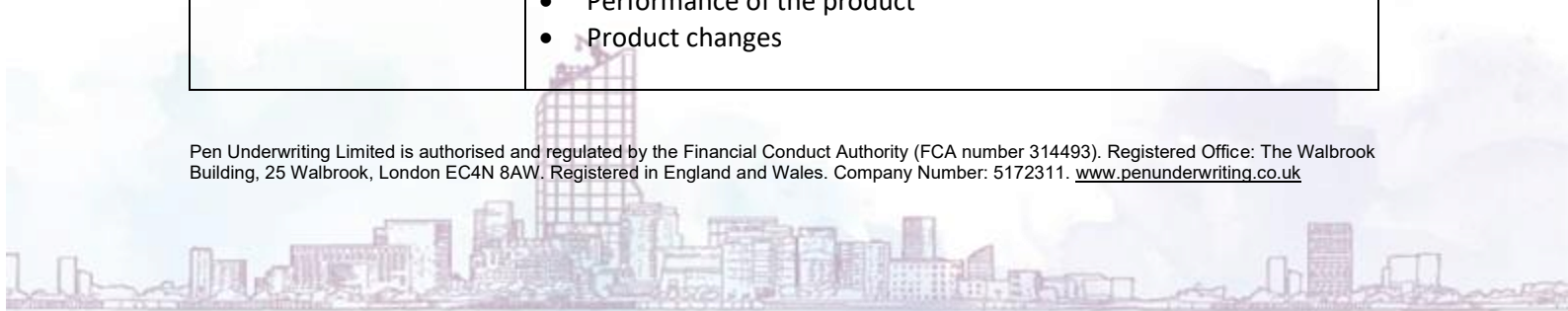
- Confirm annually that the commissions and fees they charge are reasonable relative to the service(s) they provide and the total cost of the product to the customer; and
- Justify that commissions and fees they charge are fair and support the intended value of the product.

### 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>

#### Fair Value Summary

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.

#### 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.

Valid From	19/12/2025
Next Review Date	On or before 19/12/2026

(Id ref: 68)

