



Commercial Property Owners

Target Market Statement

Product Type

This is an insurance product for commercial property owners and landlords who require cover for loss or damage to their buildings, fixtures and fittings and to cover the customer's legal liability for bodily injury or damage to the property, arising out of their ownership, possession or use of the buildings.

Cover can be extended for contents of common parts.

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

This product is designed for commercial customers who own either a single property or a portfolio of properties, located in the UK, Channel Islands or the Isle of Man

The product can provide cover where there are features such as:

- Commercial property owners with a single property or with a portfolio of properties.
- Commercial property owners who own properties where a portion of the property is used for residential purposes.
- Commercial property owners where the building includes a mix of commercial and residential tenants, such as a shop with a flat above.
- Commercial property owners where the building is occupied by more than one tenant (multi-tenure).

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

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 insured buildings and/or its contents, fixtures and fittings caused by events such as fire, explosion, impact, storm, flood, escape of water, theft, subsidence, heave and landslip.

- **Buildings:** Covers the costs of repairing, replacing or rebuilding the property up to an agreed sum insured.
- **Contents of Common Parts:** Covers the cost of repair or replacing the contents up to £100,000 as standard where manually underwritten and optional for digitally traded.



- **Property Owners Liability:** Covers the legal liability of the customer as owner of the property for bodily injury or property damage caused to another person or property up to a limit of indemnity of £10 million.
- **Residential Loss of Rent:** Covers loss of rent receivable as a percentage of the buildings sum insured – 25-30% as standard with further limits available.
- **Accidental Damage:** Covers the costs of repairing and/or replacing damage to the buildings or contents up to an agreed sum insured as a result of accidental damage.
- **Malicious Damage by Tenant:** Covers the costs of repair or replacing the contents up to an agreed sum insured, as a result of malicious damage caused by a tenant. Provided as standard on manually underwritten risks and optional extension for digitally traded.
- **Legal Expenses:** Covers legal costs and advice in relation to the property embedded as standard for manually underwritten risks and optional extension for those digitally traded.
- **Trace & Access:** Covers the costs to identify the source and repair the damage resulting from a water leak at the property.

Where the property has been professionally valued within the last three years by a qualified RICS (Royal Institute of Chartered Surveyors) the policy will be issued with a Condition of Average (underinsurance) waiver and any amount payable for loss or damage will not be proportionately reduced in the event of the sum insureds being inadequate.

Cover can also be extended to include:

- Loss of commercial rent receivable.
- An increased sum insured for contents and fixtures and fittings.
- Rent Protection as an extension to the Legal Expenses cover provided.
- Employers Liability up to limit of indemnity of £10 million.
- Terrorism buy back cover.

Who is this product not designed for?

This product would not be suitable for:

- Owner-occupied homeowners.
- Properties located outside the UK, Channel Islands or the Isle of Man.
- Customers with any unspent conviction and/or pending prosecutions excluding any motor offences.





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.

Consideration should be given to the vulnerability of customers by the intermediary and 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 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 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.





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"> • 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 • Identify the impact on vulnerable customers where applicable
Distribution strategy	<ul style="list-style-type: none"> • Appropriateness of the distribution channel, services offered and remuneration • Remuneration does not negatively impact the overall value offered by the product
Market assessment	<ul style="list-style-type: none"> • Market scrutiny to ensure the product aligns with current market trends
Product design/lifecycle	<ul style="list-style-type: none"> • Pricing • Regulatory requirements • Fees and charges • Product documentation • Performance of the product • Product changes



Customer journey	<ul style="list-style-type: none">• Quality Assurance• Feedback from distribution
Claims	<ul style="list-style-type: none">• Frequency and trends• Loss ratio trends
Complaints	<ul style="list-style-type: none">• Feedback is reviewed to ensure the product continues to offer good benefit for customers• Reasons for complaints and volumes• Outcomes of complaints: whether they are upheld, not upheld• Identification of trends and root causes• Redress payments: volume and timescales• Financial Ombudsman Service: volume and outcomes
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.	

Valid From
31/03/2025

Next Review Date
On or before 31/03/2026

(ID ref: 72 & 209)