United Kingdom - Professional Indemnity Liabilities

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 an insurance product for customers who are professional individuals or businesses providing cover for Employers' Liability, Public Liability, Products Liability sold in conjunction with an applicable Manchester Underwriting Management (MUM) Professional Indemnity policy (MUM is a trading name of Pen Underwriting).

This product helps protect a customer's business and reputation from claims made against them by employees for damages and legal costs arising out of an injury. It can also provide cover for claims made by independent third parties arising out of accidental injury or accidental property damage arising from legal liability or caused by a product supplied by a customer.

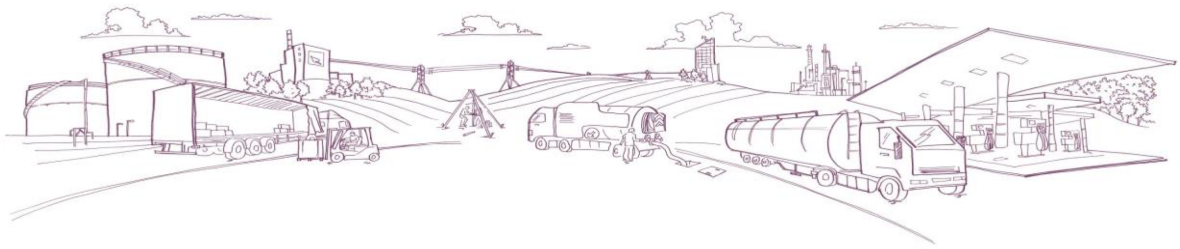
Characteristics of the target market (who is the product designed for?)

This product is designed solely for customers located in the United Kingdom, the Channel Islands or the Isle of Man who have purchased Professional Indemnity insurance with MUM.

The product is a standalone product and provides Public Liability, Product Liability and Employment Liability to firms which are involved in the provision of professional services, design consultancy or advice.

The product is designed for a varying size of professional business from micro-SMEs to those with an income upwards of £20 million per annum.

This product is suitable for vulnerable customers when distributed via an intermediary who can provide the additional support needed.



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

Customers benefit from the following policy features:

- **Employers' Liability:** Cover for all liabilities for which the customer is liable for bodily injury sustained by an employee in the course of their employment.
- **Public Liability:** Cover for all liabilities for which the customer is liable due to accidental property damage or accidental bodily injury sustained by any person other than the employees.
- **Product Liability:** Cover for a customer's legal liability due to accidental property damage or accidental bodily injury resulting from a product made or supplied by a customer.

In addition, customers will benefit from the following:

- Indemnity to a principal.
- Compensation for court attendance.

<u>Employers' Liability</u>

- Temporary non-manual work overseas by employees normally residing in the United Kingdom.
- Unsatisfied court judgments.

<u>Public Liability</u>

- Temporary non-manual work overseas by directors and employees normally residing in the United Kingdom.
- Defective Premises and Leased Premises.
- Pollution arising from a sudden, identifiable, unintended and unexpected incident.
- Overseas personal liability.
- Indemnity against damages, costs and expenses as described in Section 13 of the Data Protection Act 1998.
- Contingent liability for non-owned vehicles
- Car park and cloakroom liability.
- Products Liability as the result of a product's non-performance
- Pollution arising from a sudden, identifiable, unintended and unexpected incident.

Who is this product not designed for?

This product is not appropriate for customers:

- Domiciled outside of the United Kingdom, Channel Islands or the Isle of Man.
- Who do not buy Professional Indemnity Insurance with MUM.

- Who undertake work in any of the following areas:
    - Surveys and Valuations for lending purposes.
    - Insurance Broking activities.
    - Design and Construction projects.
- Undertaking any manual work.
- Involved in asbestos or materials or products containing asbestos.

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.

Fair Value Assessment

Product Fair Value Outcome – Methodology

Prior to distributing a new product, a full review is completed in line with Pen's product governance and oversight process to determine the product offers fair value to the customer.

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:

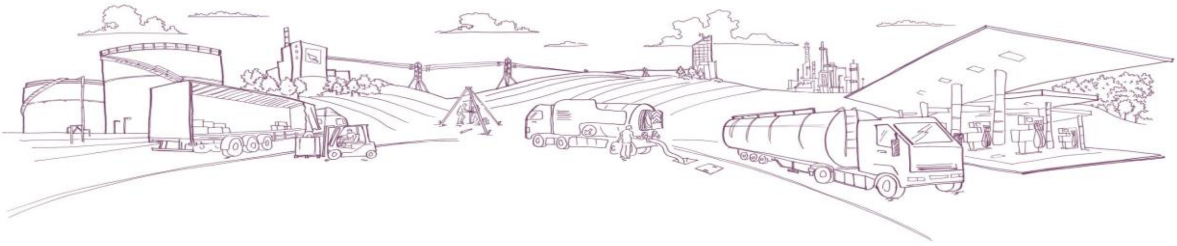
- Confirm annually that the commissions and fees they charge are reasonable relative to the service(s) they provide and the total cost of the product to the customer; and
- Justify that commissions and fees they charge are fair and support the intended value of the product.

How Pen Assesses Value

Pen's product governance and oversight process requires a full review of the product prior to launch, and then at least annually thereafter, to determine if the product offers fair value to the customer.

The initial new product review takes the following areas into consideration:

Target market	• 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	• Appropriateness of the distribution channel, services offered and remuneration • Remuneration does not negatively impact the overall value offered by the product



Market assessment	• Market scrutiny to ensure the product aligns with current market trends
Product design/lifecycle	• Pricing • Regulatory requirements • Product documentation
Customer journey	• Quality Assurance
Anticipated Claims	• Expected Frequency and trends • Expected Loss ratio trends

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 provides fair value to customers and is suitable to be distributed to the identified target market.

Valid From	17/06/2026