



Household / Home Insurance

Fair Value Assessment

Distributor Information Pack

October 2024



Introduction

You are receiving or viewing this document because you are involved in the distribution of an insurance product manufactured by a Bspoke Group business. In accordance with PROD 4.2.29 to 4.2.32 this document provides:

1. all appropriate information on the insurance product
2. all appropriate information on the product approval process; and
3. the identified target market of the insurance product.

It includes

1. all appropriate information to enable you to understand the intended value of the insurance product established by us.
2. any effect you may have on the intended value that has not been fully taken into account by us when assessing value, and therefore which you should take into account; and
3. the intended target market for the product and any type of customer for whom the insurance product is unlikely to provide fair value.

Product Oversight and Governance

This section contains important information about the manufacturer, product and associated product approval process and fair value assessment.

Manufacturer

Bspoke Insurance Group comprises regulated entities as detailed below who manufacture general insurance products in conjunction with various insurers and insurance undertakings as Co-Manufacturers. Details of each regulated entity and insurance undertaking will be listed in each Fair Value Assessment.

Registered Company Name	Registered Office	Company No.	FRN
Bspoke Lifestyle Limited	7 Pullman Court, Great Western Road, Gloucester, GL1 3ND	11429456	820727
Bspoke Underwriting Limited	Brookfield Court, Selby Road, Leeds, West Yorkshire, LS25 1NB	04506493	310101
Bspoke Commercial Limited	Brookfield Court, Selby Road, Leeds, West Yorkshire, LS25 1NB	09284678	709456
Bspoke Private Clients ¹	Brookfield Court, Selby Road, Leeds, West Yorkshire, LS25 1NB	NA	709456
Bspoke Sports and Leisure ¹	Brookfield Court, Selby Road, Leeds, West Yorkshire, LS25 1NB	NA	709456
Bspoke Accident and Health ¹	Brookfield Court, Selby Road, Leeds, West Yorkshire, LS25 1NB	NA	709456
Provego Underwriting ²	Brookfield Court, Selby Road, Leeds, West Yorkshire, LS25 1NB	09366935	671437

1 = Trading name of Bspoke Commercial Limited

2 = AR of Bspoke Commercial Limited

Product Review and Approval Process

In line with the FCA regulations outlined in PROD 4 Bspoke Group operates a Product Oversight and Governance (POG) process. In accordance with this process the product detailed in this document has been reviewed and approved by the firm's Product Forum, and is subject to ongoing monitoring and formal periodic review.

Any significant changes or adaptations to the product are subject to review and approval before being distributed to customers.

Fair Value Assessment

In accordance with the requirements in PROD 4.2 we have defined what value means for Bspoke in the context of our business model, and have taken into account a range of factors in our assessment including :

- Target market characteristics and needs
- Potential customer vulnerability and any impact or mitigation
- Value measures and KPIs
- Distribution methods and remuneration
- Product risk ratings
- Operational and claims service levels and outcomes

The fair value assessment is conducted as part of the periodic product review with KPIs and metrics monitored on an ongoing basis.

Product Review and Fair Value Assessment

The following section contains information on the insurance product, details of the review and our assessment of value.

Product Manufacturer Name	Bspoke Underwriting Limited
Product name	Household / Home
Product type	Retail
Class of business	Property
Insurer / Co-Manufacturer	Watford Insurance Company Europe
Date of Review	October 2024
Period of Review	October 2023 to September 2024
Type of Review	Periodic
Approved by	Bspoke Group Product Manager
Date of next Review	April 2025

Target market

The target market for this product are owners of property in the UK that are owner occupiers and use the property for residential purposes. The product is suitable for:

- Individuals who live in the UK permanently
- Owners of a property in the UK
- Individual customers over the age of 16 that require financial protection for catastrophes (such as fire, flooding and subsidence) for their building and/or contents.
- Any customers who require buildings insurance as part of their mortgage / secured loan used to purchase the property.

Types of customer for whom the product would be unsuitable

- Those not resident in the UK
- Those looking to insure property outside the UK
- Owners of properties used for commercial activities
- Owners of Let Property, second homes or holiday homes
- Those who intend to use their property infrequently and cannot meet the unoccupancy criteria.
- Owners of properties that are considered mid or high net worth with a rebuild value of more than £2m
- Those with CCJ's, adverse credit or criminal convictions.

Cover information

Home insurance is a type of property insurance that protects against losses and damages to a property owned by the policy holder and is split in to two distinct parts; buildings insurance which covers the cost of repairing damage to the fabric and structure of the building; and contents insurance which includes furnishings, fixtures and fittings and other belongings located in the property. In addition, this policy also provides cover for liability against third party property damage and bodily injury that may occur within the property owner's boundaries. Cover includes:

1. Loss of damage to buildings and contents
2. Loss as a result of a range of perils including fire, flood, storm, subsidence, theft



3. Accidental damage cover extension available.
4. Legal liability to the public
5. Accidents to domestic staff
6. Valuables
7. Theft from garages/outbuildings
8. Outdoor contents items
9. Money Cover
10. Freezer Contents Cover

Any notable exclusions or circumstances where the product will not respond

1. Insured must be resident in England, Scotland, Wales, Isle of Man or Northern Ireland.
2. The property must be in the UK.
3. Personal possessions covered in the UK and up to 30 days worldwide in any one period of insurance
4. Insured must constantly heat their home to a temperature of at least 10 degrees centigrade during the months of October to April, to make a claim for loss of damage caused by freezing of water in any fixed water or heating installation, apparatus and pipes.
5. Insured must notify us immediately if the home is about to be unoccupied for over 30 days in any single period
6. The home cannot be used as in connection with any trade, business or profession
7. There must be evidence of forcible or violent entry or exit for a claim for theft
8. No cover for loss or damage caused by domestic pets, insects or vermin
9. No cover for loss or damage caused to any motor vehicles (other than a private garden vehicle), caravans, trailers or watercraft and/or their accessories

Features you should be aware of when considering this product

Your sales journey should identify the eligibility of customers and ensure that information is presented to them in a way that supports them through the process and enables them to make an informed decision whether the product meets their needs.

Where there are different underwriting and cover options available for this product customers should consider which option best suits their needs and circumstances.

Your customer journey and interactions should highlight and identify any customers with potential areas of vulnerability and address them accordingly.

Intended method of Distribution

The product should be sold by an authorised insurance intermediary, in line with FCA regulation and has been approved for retail distribution whether advised or non-advised. The sale of the product can be via online, telephone or face-to-face channels.

If the product is distributed to the customer via more than one broker (including ARs) then the second tier broker:

1. should not have their own agency with any Bspoke entity.
2. must deal directly with the end customer rather than through a third-tier broker.

Distribution costs, fees, and remuneration

The product supports the payment of commission to distributors within the ranges detailed in your Agreement with Bspoke (or our approved representative). If fees are charged to the customer for new business or renewal they should be at a level that ensures the total remuneration is less than 45% of the overall price the customer pays. Where fees are charged that



take the overall % above this level you should ensure this does not erode the value of the product and is commensurate with the work done in the Distribution chain.

Where a policy is cancelled mid term and outside the cooling off period the return premium to the customer must be at a gross level and include the proportion of commission paid.

Value Assessment

We are satisfied that the pricing, the cover, the design of the product, the claims settlement process, and the distribution methods we have chosen result in a product that represents fair value to our end customers.

Claims rate	
Claims as a % of customer premiums	
Cancellation rate	
Claims acceptance rate	
Claims complaints rate	
Distribution commission	

The claims acceptance rate is impacted by a declining book of business on this product and the calculation of closed vs registered claims in the period. We have no underlying concerns over the claims outcomes for customers.

Claims complaints relate to ongoing supplier issues and the impact of the December 2022 weather events. Again, there are no underlying concerns with claims outcomes.

We have noted that the overall levels of fees, commissions and premium finance charges in the distribution chain are outside tolerance and are addressing these with individual partners.

We have noted the ongoing impact of weather events in the recent period and the challenges this has created in the claims management and supply chain, in particular relating to UK property. We have action plans in place with our claims service providers to ensure that customer outcomes and value are being protected and the impact of delays are being minimised.

Other information which may be relevant to distributors

This product does not adversely impact vulnerable customers and delivers outcomes that are the same as those for customers with no characteristics of vulnerability.

As part of the process of assessment, we have reviewed, amongst other things:

- General market pricing
- Our pricing in relation to the product loss ratio
- Product value over a reasonably foreseeable future period
- Renewal retention
- Mid-term cancellations rates
- Customer complaints
- Distributor feedback
- The commission we pay to distributors and the general distribution costs of our broker panel as disclosed to us.
- Customer needs and any changes in the last 12 months

We have also considered the pricing and premiums in relation to FCA regulations in PS21/5, ICOBS 6B and Consumer Duty and are satisfied we comply with the necessary requirements.

As part of our assessment, we concluded that time will not diminish the value of the product to the end customer. The customer may report a claim on the last day of the policy period and



receive a settlement that would not be distinctly different to the settlement they would have received had they reported the claim on the first day of the period of insurance. The product also contains provisions to protect against the erosion of value over subsequent renewals and policy periods.

Where this product is sold alongside another insurance product that we do not manufacture (for example Legal Expenses or Home Emergency) you should consider the overall value of the package to the customer as well as the individual component parts as per PROD 4.3.6 A, B and E.

Where this product is provided with the option to pay the premium using Premium Finance arrangements you should ensure that this is taken into account in your own assessment of value as per PROD 4.3.6 A and C.

As part of our assessment, we have not considered the specific distribution costs of any one firm. You should therefore assure yourself that your own fee structure is compliant with your regulatory obligations. We set commission and fee tolerance levels for each product and you should ensure that you remain within these levels in order to ensure value is maintained.

If you have any concerns over the impact that your fee structure, Premium Finance arrangements or other products sold as a package may have on our products, then please contact us.

This document should be read in conjunction with the Policy Wording and Insurance Product Information Document (IPID) for the product.

Statement of Demands and Needs

This product meets the needs of owners of domestic property in the UK that is used as a main residence, who wish to protect against financial loss or damage to that property from a range of incidents and perils, and their legal liability as the owner of the property.