



Unoccupied Homes

Date Fair Value Outcome Completed	Quarter 4 2024
Expected Date of Next Assessment	Quarter 4 2025

Outcome of the Product Review and Fair Value Assessment

As a result of the product governance activities undertaken across this product we can confirm:

1. The outcome of the fair value assessment found that this product provides fair value, which is based on Pen’s review of information related to sales practices and services, claims, complaints and market intelligence.
2. There is no evidence that the product is not suitable for the customers it is intended to be distributed to.
3. The intended distribution strategy remains appropriate, subject to distributors not charging customers additional fees that bear no reasonable relationship to the service(s) provided, or the overall cost of the product.





Fair Value Outcome Statement

Product Fair Value Outcome – Methodology

Pen has completed Fair Value Assessment work on products we 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.

Product Information

This product provides insurance for unoccupied homes, located in the UK (excluding Northern Ireland) to cover loss or damage to the buildings and/or contents caused by such events as fire, explosion, impact, storm, flood, escape of water, theft and subsidence.

Product benefits:

- Buildings: The costs of repairing, replacing or rebuilding the property up to an agreed sum insured
- Contents: The cost of repairing or replacing the contents of the home, plus property in the open (cover for contents can be provided without buildings cover)
- Legal Liability to the public: Liability as a private individual and as owner of the home for bodily injury or property damage caused to another person or property
- Accidents to domestic staff: Liability for bodily injury to your domestic staff (included within the contents section of cover)
- Accidental damage to buildings and/or contents can be provided as an optional cover subject to an additional premium
- Different levels of cover available (from basic cover to full perils); cover can be restricted to fire, lightning, earthquake and aircraft and liability for a reduced price

Product limitations:

- Public Liability up to £5m
- Bodily Injury (domestic staff) up to £10m
- Risks where the total sums insured exceed £3m

Key exclusions:

- Fully occupied properties
- Wear and tear or any other gradually operating cause (for example, damp formed over a period of time due to blocked or poorly maintained guttering, or the mechanical or electrical failure of a television)
- Damage occurring before the beginning of the period of insurance or caused deliberately by you
- Existing and deliberate damage
- Excess start from £250
- Contents items such as:
 - Gold, silver, other precious metals



- Clothing and luggage
- Sports, musical instruments, camping and photographic equipment
- Valuables, jewellery and furs
- Collections (paintings, works of art, stamps etc)
- Money and credit cards
- Pedal cycles

Policy excesses per the policy schedule.

Optional Products

No products are sold alongside this core product by Pen.

Further details can be found in our policy wordings available to brokers/ cover holders.

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 Mitigates Risks to Product Fair Value

Pen’s commission structure is intended to ensure that it reflects product features and benefits and the services we provide, which support product fair value. Pen does not benefit from distributors increasing or decreasing their own commissions/fees.

Pen has taken steps to validate that distributor commissions/fees charged are within a reasonable range and in line with usual market practice, in order to ensure the value of our products is not diluted.

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

