



Home Insurance

Target Market Statement

Product Type

This is a mass market insurance product for consumer customers who require cover for loss or damage to their home, contents contained within the home and legal liability for bodily injury or damage to property, arising out of their ownership, possession or use of the home.

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

This product is designed for customers over the age of 18 who own or occupy a property which is used as their main residence and located in the UK, Channel Islands or the Isle of Man.

This product can provide cover where there are non-standard elements, such as:

- The property has suffered a subsidence, landslip or heave loss in the last 25 years.
- The property is located in an area, identified as having a high risk of flooding and/or has suffered from a previous flood loss in the last 25 years (providing the home is acceptable under the eligibility rules of Flood Re*).
- Is built of non-standard construction, such a timber and timber-frame.
- With minor buildings works commencing or planned (such as rewiring, plumbing, replacement kitchen and small extensions).
- Grade 2 or B listed building status.
- Different occupancy types including properties used as holiday homes, let properties and properties that are unoccupied

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

*Flood Re – Flood Re is a scheme set up by the UK Government and insurers that provides flood cover as part of a home insurance policy more widely available and affordable for eligible properties with a history of flooding or located in an area identified as having a high risk of flooding. More information can be found out about the scheme at www.floodre.co.uk

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 home and/or its contents caused by events such as fire, explosion, impact, storm, flood, escape of water, theft and subsidence.



Accepted customers will benefit from the following features and benefits where the relevant section of cover has been selected:

- **Buildings:** Covers the cost of repairing, replacing or rebuilding the home up to an agreed sum insured, plus loss of rent and temporary accommodation costs.
- **Contents:** Covers the cost of repair or replacing the contents of the home, plus property in the open including temporary removal of the contents to other premises.
- **Valuables:** Covers the cost of repair or replacing valuables lost or damaged within the home.
- **Personal Possessions:** Covers the cost of repair or replacing personal possessions lost or damaged within the home.
- **Domestic Freezer:** Covers the cost of replacing food in the fridge or freezer.
- **Pedal Cycles:** Covers the costs of repairing or replacing pedal cycles following theft or accidental damage at the home, included within contents cover.
- **Legal Liability:** Covers the legal liability as a private individual and as owner or occupier of the home for bodily injury or property damage caused to another person or property.
- **Accidents to Domestic Staff:** Covers legal liability for bodily injury to domestic staff arising out of and in the course of their employment.
- **Money:** Cover for theft or accidental loss of money.
- **Bank Cards:** Covers the amount which the customer becomes legally liable to pay as a result of unauthorised use following loss or theft of the bank card.

Cover can also be extended to include:

- Accidental damage to buildings.
- Accidental damage to contents.
- Cover for valuables and personal belongings away from the home.
- Cover for pedal cycles away from the home.

Who is this product not designed for?

This product is not suitable for:

- Properties outside of UK, Channel Islands or the Isle of Man.
- Customers with more than two losses within the last 5 years that would have been covered by this product or a similar home product. Customers with more than one unspent conviction and/or pending prosecutions excluding any motor offences.
- Total sum insured values of more than £3,000,000.
- Properties of Grade 1 listed building status.
- Customers who require short term non-renewable cover.
- Customers who cannot afford the annual or monthly premiums.

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 and not directly by Pen to customers.



This product is suitable to be distributed by Pen's coverholder partners and insurance brokers and can be sold 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	
<p>Pen has considered all relevant factors, including the total price paid by the customer, value MI, distribution and other considerations in this product design.</p> <p>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.</p>	

Valid From
31/03/2025

Next Review Date
On or before 31/03/2026

(ID ref: 5)

