

Insurer name	Financial & Legal Insurance Company Limited
Product name	BTE – Home Emergency Insurance
Class of Business	Class 18 - Assistance

Manufacturer Information

Financial & Legal Insurance Company Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. You can check this on the Financial Services Register by visiting <https://register.fca.org.uk/>. Registered in England under Company No. 03034220



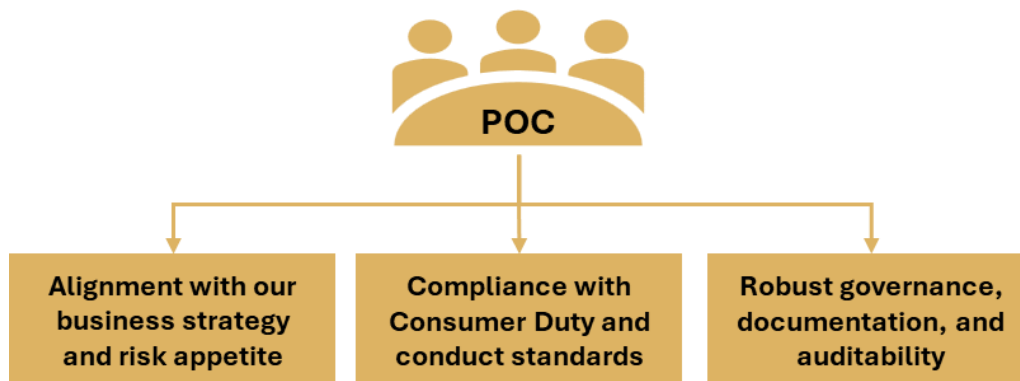
Financial & Legal

2026 Annual Product Review and Fair Value Assessment Outcomes

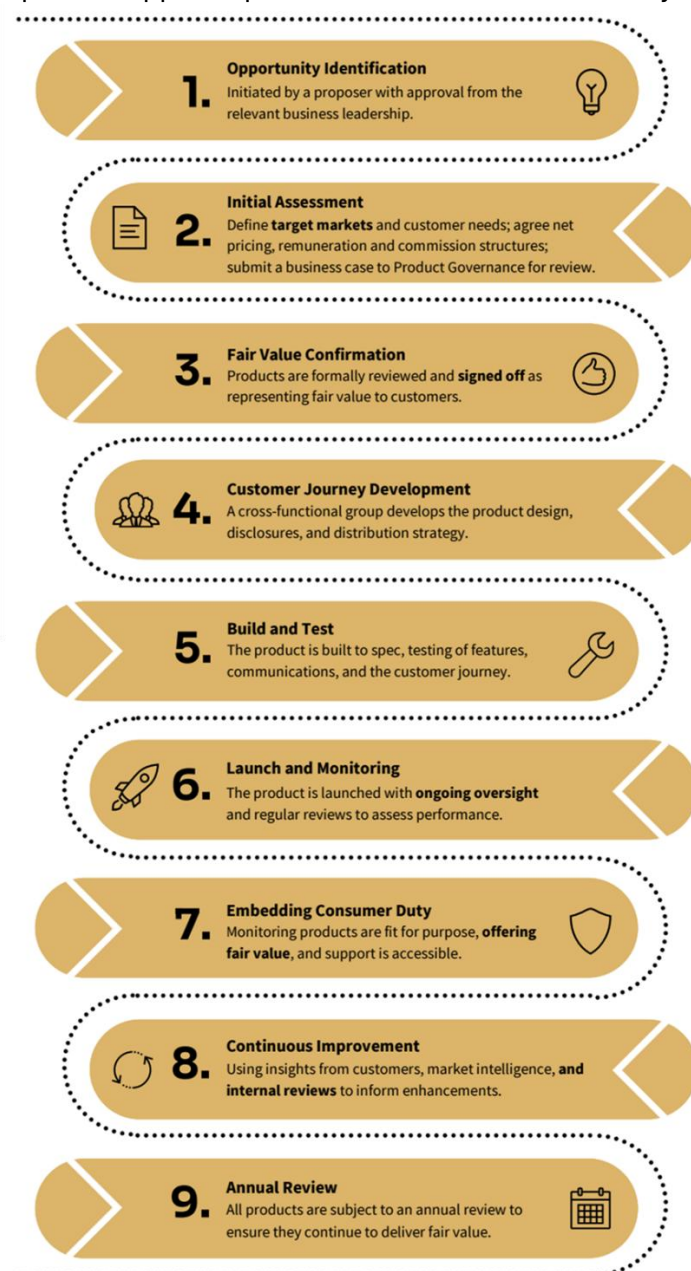
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Product Governance

Financial & Legal Insurance Company Limited (F&L) product governance framework ensures that all products are designed, approved, and monitored to deliver fair value and good outcomes for customers, in line with regulatory expectations and internal standards. The Product Oversight Committee (POC) provides strategic oversight and challenge throughout the product lifecycle. The POC's remit includes reviewing product proposals, assessing customer outcomes, and ensuring that appropriate controls are in place across the product lifecycle.



The product approval process is structured across 9 key stages



Target Market

Home Emergency Insurance is designed for homeowners or residential landlords who want rapid assistance and financial protection in the event of unexpected domestic emergencies. The product covers a range of urgent issues such as plumbing and drainage problems, electrical failures, heating system breakdowns, roofing damage, pest infestations, and security-related incidents. Depending on the scheme, it may also include cover for gas and water supply issues, lost keys, and cooker breakdowns. The policy provides access to a helpline and approved tradespeople to carry out emergency repairs, helping to restore essential services and prevent further damage.

The product is designed for

Home Emergency Insurance is designed for UK residents who own or rent out residential properties and want protection against sudden and unexpected domestic emergencies. It is suitable for customers who value peace of mind, quick access to emergency repairs, and financial protection against high call-out and repair costs. The product is especially relevant for those who may not have immediate access to trusted tradespeople or who want to avoid the stress of arranging emergency repairs themselves.

The product is not appropriate for

Home Emergency Insurance is not appropriate for individuals whose home is already covered under a comprehensive home insurance policy that includes emergency assistance, or tenants in rental properties where the maintenance is managed by the landlord or for those living in properties with known maintenance issues or pre-existing faults. It may also be unsuitable for customers who live in properties that are unoccupied for extended periods, are part of a managed building agreement, or exceed the policy's eligibility criteria (e.g. more than three storeys, flat roofs, or boilers over 15 years old). The product does not cover general maintenance, gradual wear and tear, or non-emergency repairs.

What vulnerability characteristics could be more prevalent within the target market and why?

Customers within the target market may be more likely to exhibit characteristics of vulnerability associated with low financial resilience, low capability, life events and health-related needs. Unexpected home emergencies such as heating failures, plumbing issues, electrical faults or loss of essential services can create financial pressure and significant disruption, particularly for customers with limited financial resilience. Some customers may also have limited understanding of policy cover, exclusions, eligibility requirements or claims processes, which may affect their ability to access the full benefits of the product. Certain customers may require additional support due to health conditions, cognitive needs or significant life events that affect their ability to engage with financial products and services.

These characteristics may make it more difficult for customers to understand product requirements, access support during an emergency or navigate the claims process. To mitigate these risks, the product is supported by clear customer communications, accessible support services, distributor assistance and ongoing monitoring of customer outcomes.

Distribution Strategy

Product can be sold:

- By insurance brokers and other FCA regulated entities.
- With or without premium finance, which is sourced and arranged by the distributor.
- Advised or non-advised.
- Face to face / Online / Telephone

The product should be distributed through channels that can clearly explain its features, exclusions, and conditions, and that are equipped to identify and support customers with characteristics of vulnerability. Distributors must ensure the product is only recommended where it is likely to meet the customer's needs, characteristics, and objectives.

First-tier distributors operate under a Terms of Business Agreement (TOBA) with F&L and are contractually responsible for ensuring that governance standards are upheld and communicated throughout the distribution chain, including to any sub-distributors or appointed representatives. They must also keep F&L informed of all

parties within the distribution chain to ensure appropriate oversight and governance can be maintained.

Inherent Risks

Inherent risks associated with Home Emergency Insurance include the potential for misunderstanding the scope and limitations of cover, particularly regarding what constitutes an “emergency” versus general maintenance or wear and tear. Customers may incorrectly assume that all household issues, such as dripping taps, flat roof repairs, or aged boilers are covered, when in fact these are often excluded or subject to specific conditions. There is also a risk of confusion around eligibility criteria, such as the age and type of heating systems, sole responsibility for utility supply lines, or property characteristics like flat roofs or multi-storey buildings. Misinterpretation of claim limits, response times, or the nature of temporary versus permanent repairs may lead to dissatisfaction, especially during high-stress situations like heating failures or water leaks. These risks may disproportionately affect customers with characteristics of vulnerability, including those with limited home maintenance knowledge, lower insurance literacy, or those living in older or non-standard properties.

Mitigating actions include the use of clear and accessible policy wording, proactive communication of key exclusions and limitations at the point of sale, and the provision of support channels to guide customers through the claims process. Distributor training should focus on identifying vulnerable customers and ensuring they understand the nature of emergency-only cover, while ongoing monitoring of claims data, complaints, and customer feedback can help identify areas of confusion or unmet need.

Remuneration of the Product

F&L ensures that all remuneration associated with the distribution of this product including commissions, fees, and other payments help to deliver fair value to customers, in line with FCA expectations under PROD 4.2 and the Consumer Duty.

Remuneration Governance

- All remuneration (including commissions and fees) is agreed through formal Terms of Business Agreements (TOBAs) between F&L and the first-tier distributor.
- Distributors are reminded annually that they must not apply any additional fees or charges without prior approval from the underwriter.

Distributor Responsibilities

- It is the distributor’s responsibility to ensure that these requirements are maintained and communicated throughout the distribution chain, including to any sub-distributors or appointed representatives.
- F&L is only contractually engaged with the first distributor in the chain and relies on them to uphold governance standards and ensure downstream compliance.

Fair Value Oversight

- F&L assesses the total cost to the customer, including all distributor remuneration, to ensure it remains proportionate to the benefits and services provided.
- F&L monitor the cumulative impact of remuneration across the chain to ensure it does not erode product value or lead to poor customer outcomes.
- Where necessary, F&L will take corrective action to address any risks to fair value.

This approach ensures that the product remains competitively priced, transparent, and compliant with FCA rules, including PROD 4.2 and the overarching principles of the Consumer Duty. As the insurer, F&L also considers the expectations set out in SYSC 19F.2 in relation to insurance distribution remuneration.

Fair Value Assessment Outcome

Fair Value Confirmed - Opportunities for Improvement Identified

Overall, the product continues to provide fair value when considering the relationship between the total price paid by customers, the benefits provided and the services delivered throughout the distribution chain.

The annual review considered pricing, remuneration, claims performance, complaint trends, distributor

oversight activity, target market alignment and customer outcome measures. No evidence of material customer harm or systemic failings was identified during the review period.

The review identified some scheme-level differences in remuneration structures which, whilst not sufficient to alter the overall fair value conclusion, have been highlighted for enhanced oversight and ongoing review.

To support greater consistency and transparency, F&L is progressing a product simplification programme that will consolidate existing arrangements into a structured three-tier product offering, supported by defined remuneration parameters and strengthened governance controls. This approach is intended to improve consistency of value, reduce operational complexity and enhance oversight across all distribution arrangements whilst supporting the continued delivery of fair value and good customer outcomes.

Ongoing Monitoring

This product is subject to ongoing monitoring through regular reviews of claims data, complaints, customer outcomes, distributor performance and remuneration arrangements to ensure it continues to meet the needs of the target market and deliver fair value in line with FCA PROD 4.2 and Consumer Duty requirements. This monitoring supports the identification of emerging risks, potential customer harm and areas requiring further oversight or intervention.

Date Fair Value assessment completed	July 2026
Statement published	August 2026
This statement reflects the outcome of the Fair Value Assessment completed in July 2026 and published in August 2026. It remains current as at the publication date and is subject to ongoing monitoring and review. The statement will be updated where material changes, emerging risks, or indicators of potential customer harm warrant reassessment.	