

# **Mid Net Worth Home Insurance Fair Value Assessment**

Distributor Information Pack

April 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. 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	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 <sup>1</sup>	Brookfield Court, Selby Road, Leeds, West Yorkshire, LS25 1NB	NA	709456
Bspoke Sports and Leisure <sup>1</sup>	Brookfield Court, Selby Road, Leeds, West Yorkshire, LS25 1NB	NA	709456
Provego Underwriting <sup>2</sup>	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.

<b>Product Manufacturer Name</b>	Bspoke Commercial Ltd trading as Bspoke Private Clients
<b>Product name</b>	Premier Home (mid-net worth)
<b>Product type</b>	Retail
<b>Class of business</b>	Property/Liability
<b>Insurer</b>	Pen Underwriting
<b>Date of Review</b>	April 2024
<b>Period of Review</b>	April 2023 to March 2024
<b>Type of Review</b>	Periodic
<b>Approved by</b>	Bspoke Private Clients Product Forum
<b>Date of next Review</b>	April 2025

<b>Target market</b>
This product is targeted individuals with homes worth at least £250,000 who have collections of fine art, antiques and jewelry and who require individual underwriting. These individuals and their families must be domiciled in Great Britain, Northern Ireland, the Isle of Man and the Channel Islands.
<b>Types of customer for whom the product would be unsuitable</b>
The product is unsuitable for individuals and families who: <ul style="list-style-type: none"> <li>are not domiciled in Great Britain, Northern Ireland, the Isle of Man and the Channel Islands</li> <li>do not own a home worth at least £250,000 and have contents valued at least £65,000.</li> <li>do not require cover for fine art, antiques or jewelry.</li> <li>Those mid-net worth customers who do not require individual underwriting.</li> </ul>
<b>Cover information</b>
A mid-net worth household policy covering an individual and their family's <ul style="list-style-type: none"> <li>Home / buildings</li> <li>Contents and possessions (including fine art, antiques, and jewelry)</li> <li>legal liability to the public and domestic employees</li> </ul> Optional covers include <ul style="list-style-type: none"> <li>Home emergency assistance</li> <li>Legal expenses</li> </ul> Minimum sums insured are £250,000 (buildings) and £65,000 (contents)
<b>Any notable exclusions or circumstances where the product will not respond</b>
<ol style="list-style-type: none"> <li>The excess (if any) applicable to each section.</li> <li>Radioactive contamination and Nuclear Assemblies Exclusion</li> <li>War Exclusion</li> <li>Existing and deliberate damage</li> <li>Pollution and Contamination Clause</li> <li>Electronic Data Exclusion</li> <li>Terrorism</li> <li>Loss, damage or liability occasioned by or happening through confiscation or</li> </ol>

<p>detention by customs or other officials or authorities.</p> <p>9. Reduction in market value of any property following its repair, replacement or reinstatement, unless expressly included within this insurance.</p> <p>10. Wear and Tear</p> <p>11. Moths, insects, vermin or infestation;</p> <p>12. Dryness or humidity, being exposed to light or extreme temperatures, unless the loss or damage is caused by storm, frost or fire;</p> <p>13. We will not pay for the following while your home is unoccupied:</p> <ul style="list-style-type: none"> <li>• Escape of water from or frost damage to fixed water tanks, apparatus or pipes, during the period 1st November to 28th February unless you comply with one of the following: <ul style="list-style-type: none"> <li>i. Where the entire home has the benefit of a gas or oil fired central heating system, the system must be set to operate continuously for 24 hours each day at not less than 12 degrees Celsius or 54 degrees Fahrenheit; or</li> <li>ii. All water supplies to the home are turned off at the mains and the entire water system is drained of all water.</li> </ul> </li> </ul>
<p><b>Features you should be aware of when considering this product</b></p>
<p>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.</p> <p>Where there are different underwriting and cover options available for this product customers should consider which option best suits their needs and circumstances.</p> <p>Your customer journey and interactions should highlight and identify any customers with potential areas of vulnerability and address them accordingly.</p>
<p><b>Intended method of Distribution</b></p>
<p>The product should be sold by an authorised insurance broker, in line with FCA regulation on an advised or non-advised basis. The sale of the product can be via online, telephone or face-to-face channels.</p> <p>If the product is distributed to the customer via more than one broker then the second tier broker:</p> <ol style="list-style-type: none"> <li>1. should not have their own agency with any Bspoke entity.</li> <li>2. Must hold the appropriate client money permissions.</li> <li>3. must deal directly with the end customer rather than through a third-tier broker.</li> </ol>
<p><b>Distribution costs, fees and remuneration</b></p>
<p>As part of our assessment, we have not considered the specific distribution costs of any one broking firm. You should therefore assure yourself that your own fee structure is compliant with your regulatory obligations. If you have any concerns over the impact that your fee structure may have on our products, then please contact us.</p>
<p><b>Other information which may be relevant to distributors</b></p>
<p>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.</p> <p>This product does not adversely impact vulnerable customers and delivers outcomes that are the same as those for customers with no characteristics of vulnerability.</p> <p>As part of the process of assessment, we have reviewed, amongst other things:</p> <ul style="list-style-type: none"> <li>• General market pricing</li> <li>• Our pricing in relation to the product loss ratio</li> <li>• Product value over a reasonably foreseeable future period</li> </ul>

- Renewal retention
- Mid-term cancellations rates
- Operational and claims service levels and outcomes
- Customer complaints
- Distributor feedback
- Our pay-aways 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 he would have received had he 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 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.

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 customers who own a property that has a rebuild value of more than £250,000 and wish to protect it from loss or damage from a range of incidents or perils as well as their legal liability to the public.