

Let Property Insurance Fair Value Assessment

Distributor Information Pack

August 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 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	Let Property Insurance
Product type	Personal
Class of business	Property/Liability
Insurer	Watford Insurance Company Europe
Date of Review	August 2024
Period of Review	August 2023 to July 2024
Type of Review	Periodic
Approved by	Bspoke Commercial Product Forum
Date of next Review	August 2025

Target market
This product is targeted at Individuals who are living permanently in the UK Individuals looking to insure a domestic property in the UK that they own and rent to a tenant under a tenancy agreement.
Types of customer for whom the product would be unsuitable
<p>The product is unsuitable for:</p> <ol style="list-style-type: none"> 1. Those not resident in the UK 2. Those looking to insure property outside the UK 3. Owners of properties used for commercial activities 4. Those who intend to rent their property infrequently and cannot meet the unoccupancy criteria 5. Those who rent their property on an informal basis 6. Those with CCJ's, adverse credit or criminal convictions. In these cases the ABI will be able to advise of suitable products and providers.
Cover information
<p>In the context of the market as a whole, these are the benefits a let property insurance product will offer a customer;</p> <ol style="list-style-type: none"> 1. Buildings insurance is often a requirement when you take out a buy to let mortgage. The property is the mortgage lender's security on the loan so, understandably, the lender wants to protect their financial interest by making sure the property is insured against damage such as fire, storms or subsidence. 2. Most people could not afford to repair or rebuild their property in the event of significant damage. Buildings insurance enables a property owner to protect themselves against a potentially significantly financial impact. 3. Similarly, costly and complex legal action could be taken against a property owner for events that take place on their property. Legal insurance will support the customer financially, and practically by appointing legal representation, in this event. 4. If a tenant is not able to stay in the property due an insured event, a landlord policy

can cover the rehousing cost, ensuring the tenant of the property is not left without a home.

5. Property is one of the most significant investments a person can make – both financially and emotionally. Being able to insure their purchase against catastrophe, which they could not ordinarily afford to resolve themselves, can provide genuine reassurance.

Any notable exclusions or circumstances where the product will not respond

1. You must be a permanent resident in England, Scotland, Wales, Isle of Man, Channel Islands or Northern Ireland.
2. The property must be in the UK.
3. A written tenancy agreement must be in place

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 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.

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

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

Distribution costs, fees and remuneration

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.

Other information which may be relevant to distributors

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.

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
- 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.

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

Let Property insurance is a type of property insurance that protects against losses and damages to a property owned by the policy holder and rented to a third party. It 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 belonging to the property owner and located in the property. In addition, this policy also provides cover for liability for bodily injury that may occur within the property owner's boundaries.