

PRODUCT GOVERNANCE AND FAIR VALUE ASSESSMENT



Carrier	Axa
Product	Residential Property Owners (RPO)
Class of Business	Property Owners
Date	01/10/2024
Our Status	Co-Manufacturer

Product Information

This is an entry level let property product designed for the price sensitive landlord, which provides basic covers and is priced accordingly.

Covers for Malicious Damage by Tenant and Theft by tenant are not included and Trace and Access are not included.

Target Market

This product is in the process of withdrawal, having originally designed for the non-standard subprime segment of price sensitive Landlords seeking essential cover for their let properties. As the clients are acting for the purpose of their trade, business or profession, this is a Commercial product catering to the needs of the Commercial SME market.

Unlike competitors in the market, this product catered for various risks and tenant types. Even those that were considered higher risk. The type of risks the product catered for are as follows: -

- All tenant types, including benefit assisted, housing association, students, asylum seekers
- Unoccupied pending let
- Individual and family lets, shared accommodation, multiple occupancy
- HMO's and bedsits (Subject to acceptance criteria)
- Single risks or multi property portfolios
- Non-standard constructions
- Properties undergoing renovation, where the intention is to be let
- Blocks of flats (up to 10)
- Listed properties

Are there any groups of customers for whom this product would be unsuitable or would not provide the intended level of value?

The Residential Property Owners product is unsuitable for Landlords seeking cover for the following risks: -

- Bedsits (more than 10 bedsits)
- Where a tenant is carrying out a business use (other than childminding)
- Metal wall construction
- Thatch roof
- Unspect Criminal Convictions
- Standard family accommodation/owner occupied

Other information which may be relevant to distributors

We are a Managing General Agent (MGA) and the Lead Co-Manufacturer of the products that it distributes acting as an agent of the Insurer.

As per our regulatory responsibilities under PROD 4.2 , this product has been subject to our Product Governance Process and approved as offering Fair Value and will offer Fair Value for the foreseeable future. The Fair Value Assessment undertaken included consideration of a wide range of factors which included, but were not limited to, the following:

- The complexity of the insurance product.
- The nature of the insurance product and the risk of customer detriment related to it.
- The characteristics of the target market including policy stakeholders.
- The benefits that will be provided.
- The type and quality of services provided to customers.
- The distribution channel including any remuneration information.
- Appropriate data including claims information and complaints data.

Our Product & Distribution Strategy, approved by the CMGA Executive Committee & Board, is to distribute products on a wholesale basis through regulated insurance brokers, intermediaries, affinity panels, aggregators, online broker platforms and sub-delegated authority arrangements.

All intermediaries who transact business with us must meet a minimum level of due diligence and financial checks to maintain an ongoing terms of business agreement (TOBA).

Those who distribute products on our behalf must act in accordance with the customers demands and needs to ensure the product is distributed to the intended target market.

All intermediaries who distribute our products are reminded of their regulatory responsibilities to assess fair value to customers where separate fees are charged and/or premium finance is arranged. This also applies where an add-on product (not manufactured by us) is sold alongside the core product.

Commission, fees or charges passed onto the customer must be proportionate to the service provided and provide fair value.

We may from time to time request additional management information from our distributors to support the fair value assessment process.

This will include as a minimum;

- The type and amount of remuneration of each member in the distribution arrangement in relation to the core insurance product including commissions, fees and premium finance charges paid by customers and details of any additional products sold alongside it.
- An explanation of the services provided by each member of the distribution arrangement.
- Confirmation from distributors that remuneration is consistent with their regulatory obligations.
- Where information is not provided by a distributor, within a reasonable period of time, Geo Underwriting Services Limited reserves its rights to notify Insurers and/ or the FCA.

Date Fair Value Assessment Completed

01/10/2024

Date Fair Value Assessment Approved

01/10/2024

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