

Renovation Underwriting Ltd – Product Suite Fair Value Assessment

Our November 2024 assessment has concluded that our manufactured product suite including **Renovation 500, Renovation 950, Renovation Asset, Renovation Master, Renovation Ultra, Renovation Unoccupied**, and our **Excess of Loss** facility (operated under delegated authority) including their charging and distribution structure, is compatible with the needs, objectives and characteristics of the target market and provides fair value. The next review in this area will occur in November 2025.

Our product value assessment is based on the premium we charge for the cover and the services we provide. In addition to the identified needs, characteristics (including vulnerabilities) and objectives of the target market we take a wide range of other factors into consideration, such as historical and expected claims frequencies, incurred and projected claims costs, complaints analysis, comparison exercises with competing products, scenario analysis and customer and TOBA holder feedback. We also consider how the intended value of the product may be affected by its distribution strategy as laid out below:

- the level of commission is in line with market-proximate commission levels and is not being increased from what we have agreed with the placing distributor for the policy.
- where distributors operate on a fee-in-lieu (of commission) basis, such fees are expected to be proportionately lower than the equivalent commission would be for that same policy
- administration fees or any other additional fees are proportionate when compared to the total premium
- ancillary products (including premium finance arranged by the distributor) are only being offered when appropriate to the customer's demands and needs. The total charge to the customer for any ancillary products, and any directly related remuneration (whether commission or fee) is commensurate with the benefit / services provided and activities undertaken
- no other additional charges or remuneration are being received in connection with the distribution of our product other than referenced above or received from us
- all and any parties in the distribution arrangement are able to confirm that their remuneration is consistent with their regulatory obligations.

We can confirm that collect and collate information relating to the fees charged, ancillary products offered and additional links in the distribution chain which exist from out TOBA holders and that we have not identified any instances where the charging structure of our TOBA holders has impacted on the Fair Value of our product suite.

Distribution strategy

Our product suite has been co-manufactured by Renovation Underwriting Ltd for distribution by Renovation Underwriting Ltd, who will perform the underwriting, selling, advising and arranging activities in relation to the policy on a wholesale basis through selected distribution channels that hold an appropriate level of understanding of the risks and exposures faced by their customer in undertaking construction / renovation projects.

Where the distribution of the product is on a wholesale basis, this is restricted to be no more than two levels beyond Renovation Underwriting Ltd, and in addition to the product value assessment details outlined above applying that:

- the additional parties being relevant and appropriate in terms of their involvement, knowledge and regulatory status
- any split or sharing of commission and/or the remuneration applicable to each party being proportionate to the activities undertaken by each party

4) Construction & Renovation

Area	Strategy
Products	Liability and Construction, Contractors Combined Liability, Excess of Loss, General Liability, Property Owners, Commercial Combined, Commercial Combined Legal Expenses, Cyber, Residential Development Home Build, Terrorism, Directors & Officers, Renovation, Renovation Assets, Renovation Unoccupied and Various Lloyd's Open Market Solutions.
Principal Target Market Sector	Construction – Commercial Lines Renovation – Personal Lines and Commercial Lines
Customer Domicile	The United Kingdom of Great Britain and Northern Ireland (UK) and Agreed European Union Territories
Risk Domicile	The United Kingdom of Great Britain and Northern Ireland (UK) and Agreed European Union Territories
Distribution	Online and offline wholesale to brokers and intermediaries
Pricing	Rate Calculators Commercial Discounting controlled through UW Licensing and UW Authority Matrix. For consumer home, motor and associated ancillary products pricing must adhere to the FCA General Insurance Pricing Practices (GIPP) rules however Renovation personal lines products are fixed term (for the period of the renovation contract) and therefore non-renewable.
Remuneration in Distribution Chain	Insurer should not receive any less than 60% of Gross Written Premium unless approved by the PGC. Admin fees may be charged in accordance with the MGA fee matrix. Premium Finance may be offered by an approved supplier. Information Exchange Exercise undertaken on sample of brokers.
Approval Matrix	Will adhere to documented UK Commercial MGA Approval Matrix
Capacity	All carriers must meet the minimum requirements set by the Capacity Security and Solvency Committee and approval sought if unrated / non-approved



CONSTRUCTION & RENOVATION



Renovation Underwriting Ltd is an Appointed Representative of Geo Underwriting Services Ltd, which has its own distribution and fair value guidelines. It is confirmed that Renovation Underwriting Ltd adheres to the group level requirement.

Target Market

Our product suite is segmented into categories which align with certain target markets. These are detailed below:

- Renovation 500/950 – Mid net worth segment
- Renovation Master – High net worth segment
- Renovation Ultra – Ultra-high net worth sector
- Renovation Asset – Commercial property owner / developer
- Renovation Unoccupied – Mid net worth, high net worth and ultra-high net worth sector.

Product Unsuitability

Our product suite is designed for property owners who are undertaking contract works, and property developers who are engaging in new build schemes. We can offer the product suite to those who are appointing main contractors under contract and to those who are self-managing a series of sub-contractors. Our product is not suitable for those who are undertaking self-build projects (which we define as those who are undertaking substantial physical works themselves).

In respect of our Unoccupied product, which is a facilitating product for property owners who will be undertaking works at some point in the future, but not imminently (see Notable Exclusions & Restrictions section below), the product is unsuitable for commercial property owners currently. We do expect this to change in the near future. At that point, we will update the relevant parts of our Fair Value Assessment.

Notable Exclusions & Restrictions

Our product suite is provided on an All Risks basis and, as such, at product level the only notable exclusions are market exclusions. We may impose additional exclusions and restrictions at policy level based on the risk profile disclosed to us at quotation stage.

In certain cases, it will be a requirement of the cover we grant that certain conditions should be satisfied. For example, we may require the submission of a Fire Risk Management Plan, or a Scope Of Works document. In these circumstances the quotation and policy schedules will be endorsed to this effect and the endorsements will detail timescales for compliance and the consequences of non-compliance.

Our Renovation product suite will not operate in situations where works are not underway within 60 days of inception unless we are notified that this grace period will be exceeded and we agree to extend the period by special exception.

Our Renovation Product suite will not operate in situations where there is a cessation of works on site for a period of 90 days or more unless we are notified that this grace period will be exceeded and we agree to extend the period by special exception.

Product Governance & the new Consumer Duty

We have implemented a framework to ensure that:

- We are acting in good faith towards retail customers
- We are avoiding the possibility of foreseeable harm towards retail customers
- We are supporting retail customers in the pursuance of their financial objectives

We use management information, including claims and complaints management information to measure our performance in 4 key areas:

- The performance of our product suite
- Pricing & value
- Customer understanding
- Customer support

Our monitoring will occur on an ongoing basis and will result in a report to the Board at least annually which will cover Product Governance, Fair Value & Consumer Duty. We will review this framework annually. The first annual review will occur in December 2023, and the 1st report to the Board will be delivered in December 2023.

Product Information

Detailed product information (including full policy wordings and IPIDs) can be found on our website at <https://www.renovationunderwriting.com/products/>


A copy of this Fair Value Assessment is available on our website. It is attached at individual product level and can be accessed using the link above.

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The logo for Renovation Underwriting features the words "renovation" and "underwriting" in a white, lowercase, serif font, stacked vertically. The text is set against a dark green background with a subtle, textured pattern of small, light-colored dots and lines, resembling a map or a network.

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Product value feedback

If you have any concerns about a Renovation Underwriting Ltd product not delivering its intended value, including in relation to potential adverse customer or product value impacts from the distribution arrangement, please notify us of the relevant details by sending an email to matthew.dover@renovationunderwriting.com

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