

Product Fair Value Assessment

Product Name	Property Owners
Product Type	Property Owners
Date Fair Value Assessment Completed	14 December 2023

Introduction

Gallagher has completed Fair Value Assessment work on those products it manufactures. This is based on groupings of products which may be similar in features and are intended to be distributed to similar target markets.

This summary is not intended to replicate this work but sets out the approach taken and high level findings and if any distributor would like further information about the specific work carried out, please do not hesitate to contact us

Product Information

This is a specialised product sold directly, usually to sophisticated purchasers (i.e. fund managers / freeholders / property investors). We have made available a target market statement but we do not believe this product is one which is likely to be mis-sold in volume. The policy provides coverage for buildings on All Risks basis, including any loss of rent/service charge following claim. The policy will generally provide full value cover in the event of a loss.

Product coverage

The policy provides coverage for buildings on All Risks basis, including any loss of rent/service charge following claim. The policy will generally provide full value cover in the event of a loss.

This product is designed for the fund managers / freeholders / property investors who require cover to be in place to compensate for any claims they must make for their property.

Distribution approach

Sales for this product are all direct and all generally done in person. Email follow up then is carried out for further clarification.

Distributor remuneration

It is our view that the commission is reasonable, in particular given the cost to the policyholder of this product and the sophistication of a purchaser of this type of product and in particular, where the commission is split between more than one party, where each party is providing a different activity.

As product manufacturer, Gallagher specialty have a distribution strategy whereby the product may be sold to policyholders directly (by ourselves) or via retail brokers (within the Gallagher network or otherwise) but that it must always be placed into the market with panel insurers via our team in London Specialty to ensure that the placement is appropriate for the customer.

How Gallagher mitigates risks to fair value

Our overall approach to product governance and remuneration is designed to ensure that our remuneration reflects product features and benefits and the services offered by Gallagher as

manufacturer, as well as considering elements such as the services provided, the arrangements in the sector, any precedent and the price of the product.

Does this product type provide fair value?

We believe, based on a review of information in respect of sales practices and services, claims, complaints and market intelligence, that this product provides fair value to policyholders. We carefully review the value and suitability of our products in conjunction with the Target Market Statements (TMSs); subject to products being sold in line with the direction of our TMSs, there is no evidence that would lead us to believe that the product is not suitable for the policyholders it is intended to be distributed to.

How we assess value

Our product governance and oversight process requires a full review of all product groups at least annually to determine if the product offers fair value to the policyholders. These reviews consider the target market, distribution strategy, remuneration, marketing, product information, product performance, product design (including wordings), and any feedback received from distributors or policyholders. We also consider sales, claims and complaints data, and risk metrics related to these factors.

We believe that this product provides fair value to its intended target market, subject to distributors not charging additional fees (including the cost of premium finance) that bear no reasonable relationship to the service(s) provided, or the overall cost of the product.