

UK Retail Product Fair Value Summary

Product group	Landlords Buildings and Contents (Buy To Let)
Date fair value summary completed	September 2024

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. If you would like more information about our assessment of this product, please do not hesitate to contact us.

Product information

This insurance is designed to provide a range of protection for customers renting out a property for either residential or commercial purposes. This product is open to both new and renewal customers.

This product is designed for both personal and commercial customers involved in property management. The intended market is small property owners with up to 10 properties. The product is suitable for both owners and landlords or both commercial and residential properties.

Property owners' insurance provides cover for loss or damage to the property. The policy also provides cover for liability claims.

This product can be sold via a variety of sales channels, on advised or a non-advised basis, depending on the distributors preferred approach, and in line with FCA regulations.

Distributor remuneration

Gallagher agrees commission rates with each distributor. It is our expectation that Gallagher and all distributors are able to evidence that the commissions and fees they charge are reasonable relative to the service(s) they provide and the total cost of the product to policyholders, and that these are fair, and support the intended value of the product.

In the case of these products, we have reviewed commission arrangements, including those made to distributors out of the core commission agreed with the insurer. It is our view that this is warranted by, and in proportion to, the activity carried out by distributors which is distinct from that carried out by Gallagher where Gallagher is not the retail intermediary.

How Gallagher mitigates risks to fair value

Our commission structure is designed to ensure that it reflects product features and benefits, and the services offered by Gallagher.

We have taken steps to validate that distributor commissions are charged within a reasonable range and in line with usual market practice in order to ensure the value of our products is not diluted. Where a product may be sold in volume, we also carefully consider the actual amount commission represented by the percentage paid, and whether this is representative of the cost of service. We have written to retail distributors to gather information about administration fees and any other

costs which might be added by distributors, such as charges for premium finance and any ancillary products sold alongside this 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. We are aware that household products may well be offered to vulnerable customers or other protected groups, and we have considered as part of our analysis.

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.

Whilst our products have been assessed at an overall level, there may be certain aspects we wish to pick up separately with specific partners, based on the responses to our distribution questionnaire or the information you provided regarding your distribution arrangements. Where we have identified any outliers, we will look to engage brokers individually to discuss next steps.