

UK Retail Product Fair Value Summary

Product group	Just Landlords Residential Let Property
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.

Product information

Residential Property Owners insurance products are designed to meet the needs of landlords who let a property(ies) to tenants for use as residential accommodation. This can be to a variety of tenant types including students, persons on benefits and asylum seekers, other tenant types can be considered.

This type of product is not suitable for private homeowners who do not rent out their property or properties that are used as a commercial business as part of the premises.

Product features

This product type offers protection to landlords who are seeking to protect their buildings and/or contents from a wide range of insurance perils, these may include (but are not restricted to) fire, flood, storm, theft, escape of water, and damage caused by tenants. The product also provides third party liability cover. If the premises are let to tenants, the policy will cover an amount for loss of rent because of a claim made for an insured peril.

Product limitations

This product is not intended to protect a landlord's rental income in the event of defaults on renewal payments by tenants. If the total sum insured, per property is greater than £3,000,000 we cannot cover these.

Distribution approach

This is a commercial lines general insurance product, which is open to both new, and renewal customers. This product may be sold on either an advised or non-advised basis and distributed through a variety of channels including, telephony, face-to-face, online and via aggregators.

Optional Products

We believe optional ancillary products could be sold alongside this core product without diluting its value, subject to ancillary products being sold at a reasonable price in line with sector norms.

Distributor remuneration

Gallagher agrees commission rates with each distributor. All distributors should be able to:

As the distributor, we consider how our actions may impact on product value, for example, we would not offer any ancillary products alongside this product which may duplicate existing cover. We have reviewed our commission, fees or charges that are passed onto the customer to ensure they are proportionate to the service provided and provide fair value.

In the case of this product, remuneration payments are 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.

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/fees 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.

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 these products provide 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; and
- Ensuring that where appropriate cover is already provided by the policy, there is no duplication of cover as a result of either add-on products sold, or any policies held separately by the policyholder.