

UK Retail Product Fair Value Summary

Product group	Household – buildings and contents
Date fair value summary completed	September 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. If you would like more information about our assessment of this product, please do not hesitate to contact us.

Product information

This is a general insurance product helping to protect a home. This product meets the demands and needs of homeowners who require protection against damage to their buildings and/or contents contained within, from a wide range of insurable events or circumstances.

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.

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.