

## UK Retail Product Fair Value Summary

Product group	Let Property
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 any distributors would like further information about any of the information set out in this summary, please contact us.

### Product information

These products meet the demands and needs of policyholders which let a holiday home in the UK. The products provide protection for property damage for buildings or contents, business interruption, loss of money, deterioration of food, liabilities insurance which may include domestic employee liability, public liability, legal defence costs and legionellosis liability.

### Distributor remuneration

Gallagher agrees commission rates with each distributor. It is our expectation that we and all distributors are able to evidence that the commissions earned are reasonable relative to the service(s) provided and the total cost of the product to policyholders, and that these are fair, and support the features and benefits provided and 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. We have also 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?

Our review of sales, cancellation, claims and complaints data supports our view that sales and retention rates of the product demonstrate its value, and the fact that policyholders are able to successfully make claims against it.

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. This product would offer less value to someone not requiring the limits set out.

#### 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.