

HOUSEHOLD INSURANCE

Fair Value Assessment and Target Market Statement

Distributor Information Pack

July 2025



Introduction

You are receiving or viewing this document because you are involved in the distribution of an insurance product manufactured by a Bspoke Group business.

In accordance with PROD 4.2.29 to 4.2.32 this document provides:

1. all appropriate information on the insurance product
2. all appropriate information on the product approval process; and
3. the identified target market of the insurance product.

It includes

1. all appropriate information to enable you to understand the intended value of the insurance product established by us.
2. any effect you may have on the intended value that has not been fully taken into account by us when assessing value, and therefore which you should take into account; and
3. the intended target market for the product and any type of customer for whom the insurance product is unlikely to provide fair value.

Product Oversight and Governance

This section contains important information about the manufacturer, product and associated product approval process and fair value assessment.

Manufacturer

Bspoke Insurance Group comprises regulated entities as detailed below who manufacture general insurance products in conjunction with various insurers and insurance undertakings. Details of each regulated entity and insurance undertaking will be listed in each Fair Value Assessment.

Registered Company Name	Registered Office	Company No.	FRN
Bspoke Lifestyle	7 Pullman Court, Great Western Road, Gloucester, GL1 3ND	11429456	820727
Bspoke Underwriting Limited	Brookfield Court, Selby Road, Leeds, West Yorkshire, LS25 1NB	04506493	310101
Miramar Underwriting Limited	34 Lime Street, London, EC3M 7AT	06985118	507000
Bspoke Commercial Limited	Brookfield Court, Selby Road, Leeds, West Yorkshire, LS25 1NB	09284678	709456
Bspoke Private Clients ¹	Brookfield Court, Selby Road, Leeds, West Yorkshire, LS25 1NB	NA	709456
Bspoke Sports and Leisure ¹	Brookfield Court, Selby Road, Leeds, West Yorkshire, LS25 1NB	NA	709456
Bspoke Accident and Health ¹	Brookfield Court, Selby Road, Leeds, West Yorkshire, LS25 1NB	NA	709456
Bspoke Fee Protection ¹	Brookfield Court, Selby Road, Leeds, West Yorkshire, LS25 1NB	NA	709456
Bspoke Property Owners ¹	Brookfield Court, Selby Road, Leeds, West Yorkshire, LS25 1NB	NA	709456
Provego Underwriting ²	Brookfield Court, Selby Road, Leeds, West Yorkshire, LS25 1NB	09366935	671437

1 = Trading name of Bspoke Commercial Limited

2 = AR of Bspoke Commercial Limited

Product Review and Approval Process

In line with the FCA regulations outlined in PROD 4 Bspoke Group operates a Product Oversight and Governance (POG) process. In accordance with this process the product detailed in this document has been reviewed and approved by the firm's Product Forum, and is subject to ongoing monitoring and formal periodic review.

Any significant changes or adaptations to the product are subject to review and approval before being distributed to customers.

Fair Value Assessment

In accordance with the requirements in PROD 4.2 we have defined what value means for Bspoke in the context of our business model, and have taken into account a range of factors in our assessment including:

- Target market characteristics and needs
- Potential customer vulnerability and any impact or mitigation
- Value measures and KPIs
- Distribution methods and remuneration
- Product risk ratings
- Operational and claims service levels and outcomes

The fair value assessment is conducted as part of the periodic product review with KPIs and metrics monitored on an ongoing basis.

Product Review and Fair Value Assessment

The following section contains information on the insurance product, details of the review and our assessment of value.

Product Manufacturer Name	Bspoke Underwriting Limited
Product name	Household Insurance
Product type	Retail
Class of business	Property
Insurer	Watford Insurance Company Europe
Date of Review	October 2024
Period of Review	October 2023 to September 2024
Type of Review	Annual
Approved by	Bspoke Group Board
Date of next Review	October 2025

Target market statement

This Target Market Statement explains the types of customers our product is designed for, types of customers it is not suitable for and how we expect it to be distributed. This document is not intended for customers or operational sales staff.

In many instances, customers may have need for more than one product and they may then be offered a combination that would be compatible with those needs, subject to the eligibility criteria for each product. They should not be offered combinations of products that do not provide fair value.

Risks of customer harm can be avoided by ensuring the customer's needs, objectives, interests and characteristics are met by the product and coverage selected, taking into account and adjusting for any aspects that may make them vulnerable customers (e.g. poor health, resilience or capability).

Target market
The target market for this product has remained unchanged over the last 12 months. The product is designed to meet the needs of customers living in a private dwelling in the UK who require buildings and/or contents insurance to protect their home and/or contents against insured events, such as flood, storm, fire, or theft.
Type of customer the product would be suitable for
<p>The product is intended for homeowners. The product is suitable for:</p> <ul style="list-style-type: none"> • Individuals who are living permanently in the UK • Individuals looking to insure their home and/or contents against insured events such as damage, storm, flood, fire or theft.

Types of customer for whom the product would be unsuitable

This product is not suitable for customers where the following circumstances apply;

- Those not resident in the UK
- Those looking to insure property outside the UK.
- The property will be permanently occupied by anybody other than the policyholder and/or their family
- The property has signs of or has ever had damage caused to it by landslip, subsidence, or heave
- the policyholder or any member of their family has any unspent convictions or prosecutions pending
- The policyholder or any member of their family has ever had insurance cancelled, declined, declared void, or had any special terms imposed
- The home or the land belonging to it has a history of flooding
- The property to be insured is used for business or professional purposes other than clerical work undertaken by the policyholder or their family

Available Covers

This is a modular product that allows intermediaries to create a commercial insurance solution tailored to the customer. The following covers are available:

Cover	Mandatory
<p>The product provides cover for costs incurred should the insured suffer loss or damage to their home and/or contents within. Typical core cover provided by the Bspoke underwritten products includes the following, with some variation/additions of cover between the providers.</p> <p>Buildings and/or Contents</p> <ul style="list-style-type: none"> • Fire, smoke, explosion, lightning, or earthquake • Storm or flood • Escape of water or oil • Trace of water or oil • Theft or attempted theft • Collision or impact • Riot or civil commotion • Malicious damage or vandalism • Subsidence, landslip or heave • Falling trees, lampposts, poles & aerials • Accidental Damage to mirrors & fixed glass • Accidental Damage to underground pipes • Public Liability • Costs of securing temporary accommodation 	Yes
<p>Additional accidental damage to contents is also available at an extra cost.</p>	No

Any notable exclusions or circumstances where the product will not respond

- Smog, pollution or contamination, industrial or agricultural output
- Faulty or defective workmanship, design or materials
- Loss or damage caused by mechanical or electrical breakdown
- Loss or damage caused by radioactive contamination, war, terrorism, domestic pets, insects or vermin.
- General wear and tear or any other gradual deterioration
- Any claims caused by or resulting from infectious or contagious disease.
- Any malicious damage caused by anyone lawfully in or within the grounds of the policy holders home.
- Storm damage to fences, hedges and gates.
- Any collision damage to fences, hedges and gates.
- Any subsidence damage to domestic fixed fuel central heating oil tanks, swimming pools, tennis courts, drives, patios and terraces, walls, gates and fences, unless the home is damaged at the same time and by the same cause.

For the standard home insurance policies, there is no cover for homes left unoccupied for 60 days or more.

Features you should be aware of when considering this product

Your sales journey should identify the eligibility of customers and ensure that information is presented to them in a way that supports them through the process and enables them to make an informed decision whether the product meets their needs.

Where there are different underwriting and cover options available for this product customers should consider which option best suits their needs and circumstances.

Your customer journey and interactions should highlight and identify any customers with potential areas of vulnerability and address them accordingly.

Intended method of Distribution

The product should be sold by an authorised insurance intermediary, in line with FCA regulation and has been approved for retail distribution whether advised or non-advised. The sale of the product can be via online, telephone or face-to-face channels.

If the product is distributed to the customer via more than one broker (including ARs) then the second-tier broker:

- should not have their own agency with any Bspoke entity.
- must deal directly with the end customer rather than through a third-tier broker.

Distribution costs, fees and remuneration

The product supports the payment of commission to distributors within the ranges detailed in your Agreement with Bspoke (or our approved representative). If fees are charged to the customer for new business or renewal you should ensure this does not erode the value of the product and is commensurate with the work done in the Distribution chain.

Where a policy is cancelled mid-term and outside the cooling off period the return premium to the customer must be at a gross level and include the proportion of commission paid.

Value Assessment

We are satisfied that the pricing, the cover, the design of the product, the claims settlement process, and the distribution methods we have chosen result in a product that represents fair value to our end customers.

Claims rate	
Claims as a % of customer premiums	
Cancellation rate	
Claims acceptance rate	
Claims complaints rate	
Distribution commission	

We do have some concerns regarding the claims and complaints measures compared to the market averages for this class of business when comparing the product performance against the latest FCA GI Fair Value metrics. Actions have been raised to investigate these further.

It should be noted that the scheme is now in run-off.

Other information which may be relevant to distributors

Based on the metrics in this assessment we cannot assure ourselves that the product is delivering good outcomes for customers and represents fair value, in some areas such as the volume of claims received.

We are however, satisfied that the pricing, the cover, and the design of the product represents fair value to our end customers.

However, we do have some concerns regarding the claims and complaints measures compared to the market averages for this class of business when comparing the product performance against the latest FCA GI Fair Value metrics. Actions have been raised to investigate these further.

We have also considered the pricing and premiums in relation to FCA regulations in PS21/5, ICOBS 6B and Consumer Duty and are satisfied we comply with the necessary requirements.

This product does not adversely impact vulnerable customers and delivers outcomes that are the same as those for customers with no characteristics of vulnerability.

As part of the process of assessment, we have reviewed, amongst other things:

- General market pricing
- Our pricing in relation to the product loss ratio
- Product value over a reasonably foreseeable future period
- Renewal retention
- Mid-term cancellations rates
- Operational and claims service levels and outcomes
- Customer complaints
- Distributor feedback
- Our pay-aways and the general distribution costs of our broker panel as disclosed to us.
- Customer needs and any changes in the last 12 months

We have also considered the pricing and premiums in relation to FCA regulations in PS21/5, ICOBS 6B and Consumer Duty and are satisfied we comply with the necessary requirements.

As part of our assessment, we concluded that time will not diminish the value of the product to the end customer. The customer may report a claim on the last day of the policy period and receive a settlement that would not be distinctly different to the settlement he would have received had he reported the claim on the first day of the period of insurance. The product also contains provisions to protect against the erosion of value over subsequent renewals and policy periods.

This document should be read in conjunction with the Policy Wording and Insurance Product Information Document (IPID) for the product.

Statement of Demands and Needs

This product meets the needs of customers who own a property in the UK and wish to ensure that their buildings and/or contents are insured against loss, theft or damage.

Conclusion of our fair value assessment

Last fair value assessment outcome	<p>The product meets the demands and needs of homeowners and provides fair value for the foreseeable future.</p> <p>The product analysis has identified certain metrics where product performance is behind the industry average for household insurance as per the GI Value metrics published by the FCA, and actions have been raised in our review to explore these metrics further to determine whether there are underlying reasons for this. Any one metric does not detract from the overall conclusion that the product offers fair value to the customer and meets the demands and needs of the target market.</p> <p>The product is a “grudge purchase” in that mortgage providers require homeowners to insure their property, as a condition of the mortgage so this type of cover is required and indeed is often a mandatory requirement.</p>	Yes
------------------------------------	---	-----