

LET PROPERTY 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	Let Property 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
<p>The target market for this product are owners of residential property in the UK who do not occupy the property but rent it to tenants on a formal basis under a tenancy agreement.</p> <p>Residential properties of all types with rebuild values up to £2m are suitable for this product</p>
Type of customer the product would be suitable for
<p>The product is suitable for:</p> <ul style="list-style-type: none"> • Permanent UK residents • Owners of a single property or a portfolio of properties in the UK that they let out to tenants under a formal tenancy agreement. • Customers over the age of 16 requiring insurance against catastrophes (such as fire, flooding and subsidence) for their building and/or contents. • Customers who require buildings insurance as part of their mortgage used to purchase the property.

Types of customer for whom the product would be unsuitable

This product is not suitable for:

- Individuals who do not reside in the UK.
- Individuals who want to insure overseas properties
- Owners of properties used for commercial activities.
- Owner occupiers of property in the UK
- Those who have property that will be unoccupied for long periods of time, as there are tailored products elsewhere in the market which cater for unoccupied properties.
- Customers who let their property informally
- Owners of properties that are considered mid or high net worth with a rebuild value of more than £2m.
- Individuals with CCJ's, adverse credit or criminal convictions.

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:</p> <ul style="list-style-type: none"> • Loss of damage to buildings and contents • Loss as a result of a range of perils including fire, flood, storm, subsidence, theft • Legal liability to the public • Accidents to domestic staff • Valuables • Theft from garages/outbuildings • Personal Money Cover • Freezer Contents Cover 	Yes

Any notable exclusions or circumstances where the product will not respond

Significant exclusions or restrictions include:

- The insured must be resident in the UK
- The property must be in the UK
- Personal possessions covered in the UK and up to 30 days worldwide in any one period of insurance
- The insured must constantly heat their home during the months of October to April, to make a claim for loss of damage caused by freezing of water
- The insured must notify the insurer if the home is about to be unoccupied for over 30 days in any single period
- The property cannot be used in connection with any trade, business or profession
- There must be evidence of forcible or violent entry or exit for a theft claim to be accepted.
- No cover for loss or damage caused by domestic pets
- No cover for loss or damage caused to any motor vehicles caravans or trailers and/or their accessories

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

Our analysis of the value metrics has raised some concerns relating to the claims and complaints rates with several measuring as outside tolerance. Whilst not severe enough to suggest that the product is not delivering value when taken in isolation, they do require further investigation to determine whether there are any barriers for the customer (such as claims success rates/ decline rates etc.), and whether, collectively, they are a cause for concern.

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

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

Other information which may be relevant to distributors

We are 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 value 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 let property in the UK and wish to ensure that it is protected against loss or damage and that their legal liability arising from potential accidents is also protected.

Conclusion of our fair value assessment

Last fair value assessment outcome	We are satisfied that the pricing, the cover, the design of the product, and the distribution methods we have chosen result in a product that represents fair value to our end customers. However, there are several value metrics that are outside tolerance which require further investigation. Whilst not severe enough to suggest that the product does not deliver value when taken in isolation, they do require further investigation to mitigate any concerns.	Yes
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