

Our December 2021 assessment has concluded that our manufactured product suite including Renovation 500, Renovation 950, Renovation Asset, Renovation Master, Renovation Ultra and Renovation Unoccupied, including their charging and distribution structure, is compatible with the needs, objectives and characteristics of the target market and provides fair value. The next review in this area will occur in December 2022.

Our product value assessment is based on the premium we charge for the cover and the services we provide. In addition to the identified needs, characteristics (including vulnerabilities) and objectives of the target market we take a wide range of other factors into consideration, such as historical and expected claims frequencies, incurred and projected claims costs, plus scenario analysis along with customer feedback. We also consider how the intended value of the product may be affected by its distribution with the conclusion of our product value assessment based upon our distribution strategy as set out below and that:

- the level of commission is in line with market-proximate commission levels and is not being increased from what we have agreed with the placing distributor for the policy.
- where distributors operate on a fee-in-lieu (of commission) basis, such fees are expected to be proportionately lower than the equivalent commission would be for that same policy
- administration fees or any other additional fees are only levied where the commission income is not sufficient to cover any of those respective costs and is commensurate with the activities undertaken
- our product does not form part of a packaged offering
- ancillary products (including premium finance arranged by the distributor) are only being offered where requested by the customer and when appropriate to their demands and needs. The total charge to the customer for any ancillary products, and any directly related remuneration (whether commission or fee) is commensurate with the benefit / services provided and activities undertaken
- no other additional charges or remuneration are being received in connection with the distribution of our product other than referenced above or received from us
- all and any parties in the distribution arrangement are able to confirm that their remuneration is consistent with their regulatory obligations.

Distribution strategy

The Renovation Asset, Renovation Master, Renovation Ultra and Renovation Unoccupied products have been co-manufactured by Renovation Underwriting Ltd for distribution by Renovation Underwriting Ltd, who will either perform the underwriting, selling, advising and arranging activities in relation to the policy directly with the customer or wholesale the policy through selected distribution channels that hold an appropriate level of understanding of the risks and exposures faced by their customer in undertaking construction / renovation projects.

Where the distribution of the product is on a wholesale basis, this is restricted to be no more than two levels beyond Renovation Underwriting Ltd, and in addition to the product value assessment details outlined above applying that:

- the additional parties being relevant and appropriate in terms of their involvement, knowledge and regulatory status
- any split or sharing of commission and/or the remuneration applicable to each party being proportionate to the activities undertaken by each party

Target Market

Our product suite is segmented into categories which align with certain target markets. These are detailed below:

- Renovation 500/950 – Mid net worth segment
- Renovation Master – High net worth segment
- Renovation Ultra – Ultra-high net worth sector
- Renovation Asset – Commercial property owner / developer
- Home & Legacy Renovation – Mid & high net worth sectors

Product value feedback

If you have any concerns about a Renovation Underwriting Ltd product not delivering its intended value, including in relation to potential adverse customer or product value impacts from the distribution arrangement, please notify us of the relevant details by sending an email to matthew.dover@renovationunderwriting.com