

## Target Market Statement

This document was prepared by ERGO UK Specialty Limited ('ERGO') in accordance with regulatory responsibilities under PROD 4.2 as the manufacturer of this product.

The purpose of this Target Market Statement is to provide clear information about who ERGO's products are designed for, who they are not intended to support and how ERGO expects the product should be distributed.

Carrier name	Great Lakes Insurance UK Ltd
Product name	Residential Property Owners
Date of most recent Target Market Statement	January 2025
Product Review and Target Market Assessment frequency <sup>1</sup>	Every 12 months

### Product summary

This product provides insurance for buildings let for investment purposes. Our insured may be a corporate entity or an individual landlord. Tenants may be either commercial entities or individual private residents, however, will be treated as the latter.

Coverage includes:

- Buildings section: Cover for buildings owned by the property owner or for which they are legally responsible against a wide range of insurable events. Including:
  - Loss of rent (or alternative accommodation cost for tenants) where dwellings become uninhabitable following insured damage.
  - Property Owner's Liability.
- Contents section: Cover for household goods, furniture and furnishings owned by the property owner.
- Terrorism: Damage to Property and other losses and costs, resulting from an Act of Terrorism.

### Who is the target market of this product?

This product is designed for commercial customers who:

- Are over the age of 18.
- Are commercial or residential landlords with property situated in the United Kingdom (England, Scotland, Wales, Northern Ireland), the Isle of Man or the Channel Islands and are looking to insure the business against property related losses.
- Require cover for single or multiple properties.
- Who have no unspent (non-motoring) criminal convictions, or prosecutions pending.
- Meet the conditions of the ERGO Underwriting Guide.

<sup>1</sup> In line with PROD 4.2.34R and PROD 4.2.34B R, ERGO will undertake a review every 12 months or more frequently where the potential risk associated with the product makes it appropriate to do so. ERGO will apply a risk-based approach to product governance and continuously review products to ensure ongoing fair value for customers in the target market.

**Are there any specific characteristics, including customer vulnerability, that you should be aware of?**

We understand there will always be an element of vulnerability within a customer base, however we have not identified a specific customer demographic in which we would automatically treat as vulnerable.

ERGO has in place a Vulnerable Customers Policy, and relevant staff receive training. ERGO maintain oversight across the distribution, requiring all product distributors to also maintain a customer centric culture and provide relevant training in line with FCA expectations and proportional to product requirements.

**Who is the product not designed to support?**

This product is not designed for customers:

- Who are under the age of 18.
- Who have unspent criminal convictions.
- Whose property has flooded or is at high risk of flooding.
- Who are seeking insurance for a property situated outside the United Kingdom, the Isle of Man or the Channel Islands.
- Who are seeking to purchase a personal lines product such as household insurance.
- Who are subject to any economic, financial or trade sanctions.
- Customers with non-residential properties
- Customers whose properties are unoccupied.

**What are the key value elements of the product that are important for the target market?**

The key value elements of cover are noted below:

- Loss or damage caused by fire, theft, vandalism, storm and flood to their property.
- Public Liability.
- Employers Liability.

**What customer need is met by this product?**

Clients owning dwellings occupied by third party occupiers will want to protect these property assets from damage and protect themselves from any property owner's liability arising from such ownership.

Buildings section: Cover for buildings owned by the property owner or for which they are legally responsible against a wide range of insurable events.

Including:

- Loss of rent (or alternative accommodation cost for tenants) where dwellings become uninhabitable following insured damage.
- Property Owner's Liability.

Contents section: Cover for household goods, furniture and furnishings owned by the property owner.

Terrorism: Damage to Property and other losses and costs, resulting from an Act of Terrorism.

### Does this product include optional covers?

Customers are able to select the elements of cover that are suitable for their business. Terrorism cover may be included.

#### Optional Covers:

- Property Damage and Contents Cover:
  - Accidental damage

#### Extensions to cover:

- Asbestos
- Reinstatement of sum insured
- Sale of property insured
- Services clause
- Fly tipping
- Loss or use/denial of access
- Reimbursement of the net ascertained loss of rentals pre-booked in advance or the net ascertained cost of alternative accommodation consequent upon:
  - i. Damage to your Building by any of the Perils covered in Section One of this Policy;
  - ii. Access to your Building or that part of the Building owned and insured by you, being rendered impossible by virtue of any of the Perils covered in Section One of this Policy;
  - iii. Access to your Building being restricted or denied following a law, order or decree of the Government of the country in which the Insured Building is situated, which is consequent upon natural disaster or outbreak of contagious disease or other threat to health.
- Removal of debris tenants contents
- Increased metered water charges incurred by you resulting from an escape of water which gives rise to an admitted claim under Peril 4 of this Section
- A contracting purchaser who shall have the benefit of [this Section] until completion of the sale or expiry of this Insurance whichever is the sooner.

#### Contents:

- Malicious damage caused by the tenants to the buildings.
- Theft or attempted theft damage caused by the tenants to the buildings.
- Manufacture and harvest of drugs within the boundaries of the insured property caused by the tenant

### Can this product be sold without advice?

This product can be sold with or without advice from an insurance intermediary.

### How is value assessed?

ERGO continually monitors our product performance in line with the Financial Conduct Authority (FCA) Product Intervention and Product Governance Sourcebook (PROD) rules.

Value is assessed using both quantitative and qualitative metrics covering a number of areas such as product performance (Loss Ratio and Claims Frequency), customer complaints, customer feedback, coverage, and market dynamics.

#### **How should this product be distributed?**

The product will be distributed via selected coverholders, who will be accessed by selected wholesale and retail insurance brokers, acting for target market customers who are eligible for the cover in accordance with our new business / renewal acceptance criteria.

The product is relatively straightforward, and the target market customers are generally familiar with similar insurance products such as buildings or contents insurance as an example.

The distribution strategy is considered appropriate for the target market, with customers able to purchase the product through distributors of their choice.

Ergo expect all distributors in the chain to consider the following when selling Ergo manufactured or co-manufactured products:

- The impact on product value of offering other products alongside this one, especially those with proportionally greater remuneration. For example, an ancillary product, elements of which may duplicate existing cover, or premium finance charged at an elevated rate of APR.
- Additional commission, fees or charges added as part of distribution processes must be proportionate to the service provided, in line with those charged elsewhere, and not affect the overall value offered by the product.
- Distributors must ensure there is no duplication of cover because of any add-on products sold where appropriate cover is already provided by the policy.
- Distributors must familiarize themselves with the product options and extensions available and consider these when selling ERGO manufactured or co-manufactured products to customers.
- Distributors should consider the demands and needs of the customer and the Consumer Duty requirements when dealing with customers.

#### **Other information which may be relevant to distributors**

This document should be read in conjunction with the policy wording and IPID or summary document.

This target market statement should be used by all co-manufacturers and distributors of this product. Co-manufacturers and distributors must not create their own variation of this document. Where any party using this document has concerns about the accuracy or completeness of the information included, this should be raised to ERGO urgently for discussion.

#### **Key parties within the distribution chain**

**Insurer (co-manufacturer): Great Lakes Insurance UK Ltd**

**Agent of Insurer (co-manufacturer): ERGO UK Specialty Limited**

Product distribution is outlined above.

#### **Key service providers**

**Claims Handler: MPL Claims Limited/ Sedgwicks Limited**

**Complaints Handler: ERGO UK Specialty Limited**