



PRODUCT ASSESSMENT ANNUAL REVIEW

Broker Name:	As set out in the TOBA with Arkel Underwriting Limited
Product Name:	Adapt Home Insurance
Reference [Class of Business]:	Personal Lines Home Insurance
Date:	March 2026
Next review date:	March 2027

1. INTRODUCTION

A key question the FCA expect firms to constantly ask themselves is;

‘Are they applying the same standards and capabilities to deliver good consumer outcomes as they are to generating sales and revenue?’

The FCA further expect firms to be able to;

‘Assess and evidence that their products are delivering good consumer outcomes and offer fair value’.

Existing product governance rules for firms have been updated and strengthened through such new implementations as, General Insurance Pricing Practices, Fair Value and the Consumer Duty. These have set out new rules and the requirement for annual product governance reviews. Also, submit annual data to the FCA through their Value Measures programme.

This Product Assessment review template is designed to incorporate into one document the key areas to be assessed and reviewed on an annual basis, and provide the required evidence of the product delivering good consumer outcomes and offering fair value.

2. PRODUCT OVERSIGHT & GOVERNANCE

The PROD (Product Intervention & Product Governance Sourcebook) section of the FCA Handbook, sets out the rules and requirements for firms.

Firms need to have systems and controls in place to design, approve, market & manage products throughout the products lifecycle that ensure the products;

- *Meet the needs of the identifiable target market(s), are*
- *Sold to customers in the target market(s) by appropriate distribution channels, and*
- *Deliver appropriate outcomes for customers.*

Firms need to be able to define, monitor, evidence and stand behind the outcomes their customers are experiencing.

Manufacturers of a product are responsible for meeting all the PROD rules and cannot share or contract out of that responsibility. This also applies to co-manufacturers who are equally responsible for complying with PROD rules.

Where a firm distributes insurance products which it does not manufacture it must have in place adequate arrangements to obtain relevant information from the manufacturer, including the characteristics of the insurance product; and the identified target market, and the performance against FCA benchmarks, such as fair value.

3. USEFUL DEFINITIONS

The FCA Handbook extracts of relevance are (taken from ICOBS 6 and PROD 1.4 & 4);

Manufacture: *Creating, developing, designing and/or underwriting a contract of insurance*

Manufacturer: *A firm which manufactures contracts of insurance for sale to customers*

Co – Manufacturer: *A firm that can determine or materially influence the manufacture of a product or service.*

Distributor: *A firm which advises on or proposes contracts of insurance which it does not manufacture*

Vulnerable customer: *Someone who, due to their personal circumstances, is especially susceptible to harm, particularly when a firm is not acting with appropriate levels of care*

4. FAIR VALUE

Governance around 'fair value' was further strengthened through the introduction of new FCA rules as part of their General Insurance Pricing Practices initiative (see below). The FCA expect that *customers can trust that firms are offering long term fair value.*

Fair value is regarded by the FCA as being the *relationship between the total price to the end customer and the quality of the products and services.* The FCA Handbook extracts of relevance are;

Firms need to review their products and services to ensure that they are delivering fair value.

A firm must:

(a) be able to clearly demonstrate how any non-investment insurance product, additional product or package provides (and will provide for a reasonably foreseeable period) fair value; and

(b) make and retain a record of the value assessment required by PROD 4.2.14AR and, where relevant, PROD 4.2.14BR.

(2) Where a firm is unable to both:

(a) identify; and

(b) clearly demonstrate,

that the insurance product and, where relevant, the package will provide fair value, the firm must not market the product or permit the product to be distributed (whether directly or through another person) or must have ensured appropriate changes have been made so that fair value will be provided.

5. GENERAL INSURANCE PRICING PRACTICES

Implemented in two phases, on 01 October 2021 and 01 January 2022, the FCA strengthened the requirements on firms to deliver long term fair value through their products, by implementing new rules across;

- A) Pricing remedies: Consumers (home & motor) are quoted prices that are no more than they would be quoted as a new customer through the same channel. Banning the 'price walking' practice.
- B) Product governance: Deliver and can evidence fair value on all their insurance products.
- C) Auto renewals: Provide a range of easy and accessible methods for opting out of an auto renewal.
- D) Premium finance: Provide clear information about the cost of premium finance, enabling the consumer to make an active selection.
- E) Reporting requirements: Provide detailed information to the FCA through enhanced reporting requirements.

6. CONSUMER DUTY

The FCAs new Consumer Duty (fully implemented by firms on 31 July 2023) set more extensive responsibilities and accountabilities on firms and their senior management.

Consumer Principle: *A firm must act to deliver good outcomes for retail customers.*

Cross-cutting Rules: *Firms must (in relation to retail customers);*

1. Act in **good faith**.
2. Avoid **foreseeable harm**.
3. Enable and support customers to pursue their **financial objectives**.

Four outcomes:

1. **Products and services:** Are designed to meet the needs, characteristics & objectives of a specified target market.
2. **Price and value:** Products & services provide fair value, with a reasonable relationship between the price consumers pay and the benefit they receive.
3. **Consumer understanding:** Firms communicate in a way that supports consumer understanding and equips consumers to make effective, timely & properly informed decisions
4. **Consumer support:** Firms provide support that meets consumers' needs throughout the life of the product or service

7. MEASURES & MANAGEMENT INFORMATION

A) PRODUCT INFORMATION

Overview of the key components of the product

In accordance with the FCA PROD4 rules this Adapt Home Insurance product has been subject to our Product Oversight and Governance (POG) process and has been reviewed and signed off by our POG panel as representing fair value to customers.

This is after consideration of the following MI data:

- Number of policy sales
- Cancellation data
- Claims acceptance and frequency
- Average claims pay-out
- Complaints volumes
- Declinature rates
- Loss ratios
- Average premium
- Ex gratia payments
- Wordings review (technical and Plain English)
- Breaches of Lloyd's/FCA benchmarks and tolerances
- Root cause analysis

This is a multi-section Home Insurance product designed to cover loss or damage to Buildings, Contents and Personal Belongings Away from the Home, by insured perils which occur within the geographical limits and the period of cover.

The product is offered for a duration of 3, 6 or 12 months to customers with properties in the UK, Isle of Man and Channel Islands.

Overview of key exclusions and/or restrictions where the product will not respond.

Valuables, High Risk Items and Personal Belongings cover is not available for unoccupied homes or holiday homes.

Customers can make an informed choice between three levels of cover for unoccupied homes.

Customers must be able to insure their property for its full rebuild or replacement value without exceeding the maximum permitted sum insured.

B) TARGET MARKET

Brief description of the identified target market of the product.

Adapt Home Insurance is designed for mass distribution to individual consumers offering a flexible package of covers to meet their needs.

This product provides cover for unoccupied properties, owner occupied properties, including part time occupancy such as second or holiday homes, properties let as a holiday home and properties undergoing building works.

Cover can be provided for customers who have previously had an insurance policy refused, cancelled or terms applied, individuals with convictions or distressed credit history such as bankruptcy, CCJ or IVAs. This is considered a positive feature of the availability of the product, as it is made available to customers who otherwise, due to their personal circumstances, may have difficulty in sourcing a suitable product to meet their needs.

Customers who have a home with a non-standard feature such as timber construction, 100% flat roof, suffered from previous subsidence or flooding or where the customer is working from home and has business visitors to the property.

What customer need is met by this product?

Financial protection for UK property and legal liabilities arising from ownership or occupancy.

For unoccupied homes there are three levels of cover offered giving the customer flexibility to make an informed choice in selecting a level of cover that best meets their needs.

Type of customer for whom the product is unsuitable.

Customers letting their property under an assured short-term tenancy agreement.

Customers who may need higher levels of cover for valuables such as high net worth customers.

Cover for homes situated outside of the UK, Isle of Man and the Channel Islands.

This is clearly shown and highlighted in the product T&Cs and exclusions.

Is it possible for the product to be sold to a customer outside of the identified target market?

YES/NO If 'Yes' – why and what value is provided to these customers?

No - As sales journeys must identify customer eligibility and ensure that key information and choices to be made are available for customers to ensure they understand the core cover and optional elements of the insurance product they are purchasing.

Testing & ongoing monitoring of the product & service provided?

Products and rating undergo rigorous testing and sign off against our product specification prior to going live and prior to any changes being released.

Annual underwriting and compliance audits are completed across our distribution to ensure sales are in accordance with the product specification. There have NO adverse findings from the audits undertaken in the last 12 months.

Policy wordings and cover are benchmarked every six months against that of our competitors to ensure that the cover provided is fit for purpose.

Annual product reviews are completed which includes a review of the customer documentation including the schedule and statement of fact together with a full wording and cover review.

The cover review would include feedback from both complaints analysis and repudiated claims data.

Arkel policies are reviewed annually by Defaqto and a star rating awarded.

The Adapt product is now a 4-star rated by Defaqto

Arkel underwriters are issued with an Underwriting License which clearly outlines their level of authority to accept risks and apply terms within the limits of the Binding Authority.

Claims are handled by a Claims TPA on behalf of the Carrier. Specific service level agreements are in place to ensure that the best service is provided to our mutual customers.

Claims Complaints are handled by the Carrier. All other Complaints are handled by Arkel Underwriting on approval by the Carrier.

C) PRICING

Is the pricing of the product reasonably compatible with the coverage and services provided by the product to the identified target market? Brief observations.

We feel that the pricing of the product is reasonably comparable with the coverage and services provided to the identified target market based on the level of financial protection provided for UK property and legal liabilities arising from ownership or occupancy of a property.

The amount of time and effort that goes into developing the product, staff training and competence, distribution relationships, management information analysis, IT, auditing, competitor analysis and claims services provided is significant. This demonstrates a real commitment to ensuring fair pricing and value of the product coverages.

Is the charging structure of the product appropriately transparent and enable customers to make an informed choice? New and existing pricing is in line with each other?

Care is taken to ensure that pricing strategies are equally applied at new business and existing business level.

Periodic reviews are undertaken to cross-check new and existing business pricing. The output from the last 12 months of reviews has confirmed that there are no such issues.

The pricing of the product is transparently disclosed at all stages of the sales (new business) and renewal process, enabling customers to make an informed choice when deciding whether to purchase a new or renew an existing product.

D) ADMINISTRATION FEES

What fees are applied to this product by the parties within the distribution channel?

Fees charged by the parties within the distribution channel range from £5 to £100.

Do these fees represent a reasonable relationship to the costs, overheads and added value delivered?

The fees charged are considered reasonable based on the services and value of the product provided which include a variety of ways a customer can access the product including face to face sales, telephone call centres, on- line quotation platforms and comparison sites.

Customers can receive their documentation via email or hard copies in the post to suit their needs.

Some brokers provide customers with a portal which allows them to change their cover and request copy documentation 24 hours a day.

Customers can contact their broker to discuss the product or cover provided if required.

We have not received any customer complaints in relation to the fees charged. No dissatisfaction has been expressed by any customer to the fees being charged.

E) SALES & DISTRIBUTION CHANNEL (Annual data)

New business % sales conversion rate? This data is sensitive information & so is not disclosed on this Form (as will be circulated). However, a review of the data has demonstrated that the % rates are within a reasonable band and the conclusion reached is that they are not excessively low or high to be considered detrimental to the interests or fair treatment of customers or causing harm.

Renewal retention % rate? % 57.90% The Renewal retention is lower on this product due to the fact that it includes short term unoccupied policies and provides cover for non-standard features such as unoccupancy which could change resulting in a standard product being more suitable at renewal.

Total GWP (£) ? **£ £45,527,940.68**

Overview of the distribution channel used to sell this product to the end customer.

Arkel uses a combination of brokers with the ability to build a scheme/product into their own IT system and brokers who use software house platforms to distribute the Arkel Adapt home insurance product.

This provides access to a range of customers and gives them a choice as to how to purchase the product which could be in person in a high street office, over the telephone, via a quote and buy website online or an aggregator comparison site.

Responsibilities of the parties within the distribution channel

The Insurers are co manufacturers and pay the claims made under this product, in accordance with the policy T&Cs and exclusions.

The insurers and Arkel appoint a third-party claims handler to manage the claims and they will manage any complaints made in respect of a claim or the claims service they have provided to the customer.

Arkel are co manufacturers of the product, provide the rating and acceptance criteria and manage the product builds, testing and auditing of the scheme.

All documentation is produced by Arkel.

Arkel will manage any complaints in respect of the product or the product documentation.

The brokers manage the sale of the product via telephone, online sales or via aggregator sites, take payment of the premium and manage the issue of the Arkel documentation to the customer.

They would manage any complaints made against them in respect if their service provided to the customer.

F) CLAIMS (Annual data)

% of policies where a claim is registered? 3.5%

Claims acceptance % % 97.84%

Net loss % ratio? This data is sensitive information & so is not disclosed on this Form (as will be circulated). However, a review of the data has demonstrated that the % rates are within a reasonable band and the conclusion reached is that they are not excessively low or considered to be detrimental to the interests or fair treatment of customers or causing harm.

Average claims pay out (£)? 3714.11

Total annual claims pay out (£)? £ 6,904,539.26

Observations from review of sample of declined claims

We have reviewed a sample of declined claims which included a wide range of reasons including:

- Claim Excluded/ Not covered
- Claim within excess
- Wear and Tear

It is clear from the sample that the declinations were justified, and that the documentation was very clear whether the exclusion was a general exclusion included in the policy wording or a specific cover restriction shown as an endorsement on the policy schedule.

Very few of the repudiated claims resulted in a complaint and out of those that did, none of the complaints were upheld, with a fair and reasonable response provided as justification to the complainant.

Customers were happy to accept that the cover was not in place once the reason for the decline was explained.

Overall comments/observations on claims service provided to those making a claim?

Customers can make a successful claim when necessary. The documentation is clear and not misleading, and the terms and conditions are clearly communicated to customers.

G) COMPLAINTS (Annual data)

Number of complaints registered? 540

% of live policies where a complaint is registered?	1%
Top 3 type reasons for a complaint?	
- Delays- Customer Service	
- Information, Sums / Charges or Product Performance	
Observations from review of sample of complaints made (upheld & declined) and any other customer feedback received?	
An analysis of a representative sample of complaints made in the last 12 months has highlighted; - Customers are not happy with the delays our claims handlers are experiencing - Customers are not happy with the level of service from our claims handlers - Customers are not happy with the information they are being given by our claims handlers, also Customers are not happy with the information they are being given from our Product	

Overall comments/observations on complaints service provided those making a complaint?
There are no apparent systemic issues with the sales, renewal or claims service elements of the product. Some lessons have been learnt from a communications aspect, with changes made to processes to keep customers better and more proactively informed when engaging with them. Last year Arkel experienced a uplift of complaints compared to previous years mainly involving service and delays relating to the handling of claims. Discussions were made with the underwriters and from January 2026 Amtrust brought the claims handling for this product in house. Therefore we expect to see a improvement during the next review period

H) CONSUMER DUTY
1. PRODUCT & SERVICES
Are product features & benefits AND exclusions & restrictions clearly communicated to customers? We ensure that features & benefits and exclusions & restrictions are clearly communicated to customers using the Insurance Product Information Document, policy wording and at the point of sale by clearly displaying any endorsements applied to the policy. Do claims, complaints or customer feedback trends indicate a potential issue with the product features/benefits or service provided? The percentage of successful claims indicates that customers are benefitting from the cover provided with a relatively low number of complaints.

Overall, the evidence suggests that it is reasonable to conclude that there are no material issues with the product features/benefits or service provided. Customers do utilise the product and make successful claims, highlighting that there is an actual benefit derived from purchasing the insurance product.

2. PRICE & VALUE

Is the product price and any related fees clearly communicated to the customer?

The price is clearly and transparently shown to the customer at the point of sale and the insurance premium tax and fees are detailed separately.

A breakdown of the premium is clearly and prominently displayed within the policy schedule and covering letter. The customer can clearly see these before making an informed choice to purchase the product.

Does the MI show that customers are making use of the products features, benefits & service?

Based on the number of sales made customers are purchasing the product in several ways including face to face sales, online and over the telephone.

Customers are successfully making claims when an insured event/incident occurs. The level of complaints is considered relatively low, which can reasonably be concluded, demonstrates that customers are overall, happy with the products features, benefits and service provided.

Overall, is the total price paid by customers reasonable and a fair relationship to the feature, benefits & service available?

Following the completion of benchmarking a selection of risks we feel that the total price paid by customers purchasing the product is reasonable and a fair relationship to the features benefits & service available based on the level of financial protection provided for UK property and legal liabilities arising from ownership or occupancy of a property.

The sales and renewal conversion rates demonstrate that customers see a need for the product when making an informed choice. The % claims ratio, average claims payment and low % complaints trends, demonstrate that customers overall are receiving a reasonable benefit from the product for the premium paid.

3. CONSUMER UNDERSTANDING

Overall, is the product presentation clear & concise at every touch point and easy to understand by the customer?

Based on the number of sales we feel the product presentation is clear & concise at every touch point and easy for customers to understand.

The product is responding when required enabling 84% of customers to make a successful claim and the number of complaints is low.

Is the disclosure information provided to the customer appropriate and enable them to make informed choices?

The disclosure information provided to the customer is appropriate and enables them to make informed choices and obtain the best level of cover for their needs.

Have significant new communications or product literature being tested beforehand?

No specific testing has been undertaken. However, the wordings adopted are in line with standardised market practices and regulatory formats and are reviewed annually as part of Defaqto star rating assessments.

4. CONSUMER SUPPORT

Overall, can the customer easily access the features, benefits & services of the product?

Yes. Customers can easily access the features, benefits and services of the product. This product is offered across a wide distribution channel providing face to face, online and telephone sales and options to purchase buildings only, contents only or combined cover to meet the customer's needs.

Payment can be made annually or monthly – with a choice and the respective pricing clearly shown to the customer.

First notification of claims can be made online, by email or over the telephone with a 24-hour claims line being provided.

Is there any evidence of customers facing a barrier to make a claim, complaint or cancel their policy?

There is no evidence of customer facing a barrier to make a claim, complaint or cancel their policy. Clear instructions outlining how to make a claim, complaint or cancel a policy are clearly shown within the policy wording and insurance product information document (IPID).

When using the product, have customers been provided with the necessary support, guidance, and service?

Yes. Across our distribution channel we feel that when using the product customers have been provided with the necessary support, guidance and service.

Through regular auditing we are confident that staff are fully trained and understand the product to support and guide customers and allow them to access the services provided.

8. OUTCOME OF PRODUCT ASSESSMENT REVIEW

A) OVERALL CONCLUSION

Provide an overall assessment and observations on the fair value of the product, based on the information outlined above in section 7 – A) to H). Is there a fair relationship between total price and quality of product and service(s) provided?

This process has been completed in addition to a wider review Arkel completed and information that we have obtained from our distribution chain in respect of commissions and fees.

Based on the above evidence and commentary provided, it is considered reasonable to conclude that this product meets the needs of its target customers and offers fair value and service for customers purchasing or renewing the policy.

Does the product meet the Four Outcomes of the Consumer Duty?

We feel that based on the review completed above this product meets the four outcomes of the consumer duty as below:

1. **Products and services:** *Are designed to meet the needs, characteristics & objectives of a specified target market.*
2. **Price and value:** *Products & services provide fair value, with a reasonable relationship between the price consumers pay and the benefit they receive.*
3. **Consumer understanding:** *Firms communicate in a way that supports consumer understanding and equips consumers to make effective, timely & properly informed decisions*
4. **Consumer support:** *Firms provide support that meets consumers' needs throughout the life of the product or service*

Yes. Please see evidence and commentary provided above.

B) ACTIONS ARISING (Including timescales)

What actions are required (including timescales) to rectify any issues identified?

None

C) SIGN OFF

Review completed by (Name): Regan Tassell

Role description/title: Compliance Officer

Sign off date: April 2026