MSIG EUROPE

Target Market and Product Governance Guide for Distributors

Digital Commercial Property Owners policy

Who is this guide for and why are we issuing it?

- This guide is intended for intermediary use and reference only and is not for distribution to customers.
- We are issuing it to give guidance to intermediaries in respect of the target customer market for this product, types of customers or business for whom this product is not suitable, the value this product provides and the Product Governance we undertake to establish this.
- This guide does not contain the full terms and conditions of the Insurance contract and should not be used to compare Policy Coverage. More information about the product can be found within both the Property Owners summary, and full terms and conditions may be found within the Property Owners policy.

What is this product and what customer need is met?

Digital Commercial Property Owners Policy is a Commercial Lines General Insurance product which is Digitally traded and is designed for small to medium sized enterprises including Limited Companies, Partnerships and sole traders acting for their profession.

It meets the needs of customers who are professional landlords and who wish to protect owned assets (Buildings) and the rent generated from them against fire and other damage including theft, who wish to insure their liability for their legal responsibility to third parties and who require insurance in order to meet compulsory requirements defined by the Employers Liability Act where necessary.

This product provides value by allowing customers to buy both standard and additional covers which meets their specific requirements such as:

- Buildings cover and Property Owners liability
- Loss of rent cover
- Legal Expenses cover

Target Market - Who is this product designed for?

Digital Commercial Property Owners Policy is designed for landlords / property owners who own small to medium sized buildings in the UK which:

- Are less than £5,000,000 total declared value sum insured
- Must require insurance of the building structure
- Are fully occupied or short term unoccupied (no more than 12 months between tenants)
- Are of standard construction or built of mainly fire-resistive materials
- Are used by industrial or commercial tenants or which have mixed use commercial and residential

Who is this product not designed for?

Digital Commercial Property Owners Policy is not targeted towards:

- Large corporate real estate businesses
- Property Investors (Investment portfolio where the Insured occupation is not that of Landlord or property owner)
- Non-Standard construction
- Overseas investors
- Residential only buildings (houses or blocks of flats)

In addition Digital Commercial Property Owners Policy is not suitable for:

- Consumers (those Individuals not acting for their profession) and non-professional or accidental landlords
- Policies where cover is required for contents only (leased buildings not owned by/not requiring buildings insurance by the Insured)
- Plots of vacant land or derelict properties
- Properties which have been long-term unoccupied
- Policies in excess of 20 locations
- Certain high risk trades including but not limited to Waste storage or recycling and Chemical Industries

How have we valued this product?

Our product value assessment is based on the premium we charge for the cover and the services we provide. We take a wide range of factors into consideration, such as historical and expected claims frequencies, incurred and projected claims costs, plus scenario analysis along with customer feedback. This may include - but is not limited to - areas such as examination of complaints, claims, claim declinatures, policy cancellations, retention rates, loss ratio analysis and external analysis/ benchmarking against existing products.

We also consider how the premium is affected by the commission we pay the placing intermediary for the activities they conduct on our behalf. Any additional charges within the distribution chain may potentially erode the intended value of our product.

We may from time to time request information from you to allow us to check that our products are being distributed correctly, are performing as expected and continue to offer fair value; examples of this could be evidence that the product has been sold to the right target market or complaints received relating to the product. We will endeavour to provide adequate notice where we seek this information from you.

Key Value information is included in the attached Appendix.

Average claims costs can be seen to far exceed average premiums demonstrating that when called upon the policy provides value to customers.

Claims declinature includes claims where claims have settled Nil.

The low complaints frequencies also show that customers are satisfied with the product performance and may rely on the product when required.

In distributing this product you should be satisfied that it meets the fair value expectations of your customers' requirements. Should you have any concerns that this product is not offering fair value, please contact MSIG Europe SE without delay.

Who can distribute this product and via what method?

Digital Commercial Combined policy is designed for digital distribution by insurance intermediaries that hold agency facilities with us for the Acturis platform or the MSIG Eplace extranet.

Sales may be either face to face or by telephone and may be advised or non-advised based on your own preference and any FCA regulation applicable, but should always be by persons who have the appropriate level of understanding about the risks and exposures faced by their customers in the operation of their businesses.

For UK broker use only, for full terms, conditions and exclusions please refer to policy wording.

MSIG Europe SE, UK Branch with the company registration number FC038781 and offices at The Leadenhall Building, 122 Leadenhall Street, EC3V 4AG, tel. +44 (0)20 7746 1000. MSIG Europe SE is authorised and regulated by the National Bank of Belgium. Authorised by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority and the Financial Conduct Authority are available from us on request.

Product	Digital Commercial Property Owners policy
Distribution	Retail Brokers via Acturis software system and MSIG Europe SE Eplace extranet
IPID/Summary	Attached
Policy Document	Attached
Review Period	Annual
Date Fair Value assessment completed	September 2026
Expected date of next assessment	June 2027
Key Value Measures	
Claims frequency	4.46%
Decline rate %	11.7%
Average claim value	£10,634.00
Average time to settle	172 days Property; 307 days Liability
Average Premium	£1,122.00
Complaints (TOTAL)	**318**
Claims (cover)	52
Claim (handling)	245
Claims (settlement)	10
Other complaints	11
Overall frequency	0.62%
Upheld rate	73.6%
Remuneration approach	Product is provided at a Gross rate to Brokers. Brokers are able to net down the commission taken but are unable to increase beyond system maximum. The difference between Maximum overall commission and Average overall commission is due to different products which fall under the overall definition of Digital Commercial Property Owners having different standard commission levels. The small differential between maximum and average commission shows that commissions are genereally not netted down by Brokers. Value assessment is made based upon maximum commission payable.
Maximum Overall Commission	39%
Average Overall Commission	34%
Fees chargeable	NONE

Product	Digital Commercial Property Owners policy
Reasonable Period Assessment	
Insured values and degradation of sum insured or limits	Policy values and limits are set or selected by the Insured at new business and at each renewal. Core cover limits are therefore not automatically reduced at first or subsequent renewals.
Price changes at renewals and premium vs benefit	Policy pricing is based upon values declared by the Insured. The premium charged may increase or decrease based upon risk factors present at the time but is based upon the values declared by the Insured. Premiums are calculated by various factors but are generally small percentages of the total sum insured or limit of liability provided, even when several years premiums are aggregated. All risks are individually priced based on their personal risk factors presented to MSIG Europe SE & confirmed by the issue of a statement of fact document. At renewal, the premium charged may increase or decrease based upon our periodically revised assessment of an individual risk factor &/or where age based rating applies. MSIG Europe SE does not apply new business incentives that would breach the FCA fair pricing regulations, hence no renewing client would pay more than their equivalent new business price.
Reduction in ability to claim or expected value of claim over time	Main cover values are selected by the Insured each year and are not inhibited at subsequent renewals. Individual policies may have specific terms and conditions applied depending on circumstances but there is no systemic reduction or removal of limits at subsequent renewals.
Additional Products	None by MSIG Europe SE. If you provide additional products to customers which mirror or overlap the cover provided herein, then the value to the customer may be affected.
Automatic renewal	No automatic renewal facility.
Actions by you or other distributors which may affect value	If commission is rebated in order to charge a higher equivalent fee in lieu. If you charge for additional services already provided by the product.