

Multi Occupancy Buildings Insurance UK

Product Approval Process

Intermediary Product Release Information

This information is for **broker use only** and **not intended for customer use**

Product Name: Multi Occupancy Buildings Insurance UK

Status:

New Product Development	☐
Existing Product Refresh	☒
Product Change	☐
Other	☐

Live Date: Currently Live – 2025 Review

Product Type Description: Property Owners Insurance, catering for residentially occupied properties with multiple occupants.

Additional information about the product can be found at:

<https://insurance.archgroup.com/international/uk/offering/property-owners/>

Characteristics and features of the product:

This product has been separated from our wider Property Owners product in recognition of the specific nuances of multiple occupancy buildings, as highlighted by the Financial Conduct Authority. The target market for this product includes residential leaseholders ('policy stakeholders') who are:

1. A tenant within the meaning of Section 30 of the Landlord and Tenant Act 1985; and
2. Liable to pay a service charge as defined in Section 18 of the Landlord and Tenant Act 1985; and
3. (where relevant) a recognised tenants' association within the meaning of Section 29 of the Landlord and Tenant Act 1985.

The following covers can be included; property damage, loss of rental income following property damage, equipment breakdown, legal liabilities for third party injury and property damage, employers' liability and legal expenses cover.

This policy does not cover nuclear risks, nuclear and radioactive contamination, damage to the property as a result of war, pollution, computer virus and hacking, pandemics, epidemics and infectious diseases.

Vulnerable Customers:

(Select ALL that apply)

Arch recognises that vulnerability characteristics can present themselves, even in the case of commercial policies. These risks have been factored into our product level reviews. Information regarding expectations over and above this standard likelihood are captured here.

Broker Guidance: You should ensure that you assess the presence of vulnerable customer characteristics, including policy stakeholders, and verify the suitability of the product should they arise.

Did any Vulnerable customer characteristics present themselves as risks during the development of the product?

- Health** – Conditions that affect ability to carry out day-to-day tasks ☐
- Life events** - Such as bereavement, job loss or relationship breakdown ☐
- Resilience** – Low ability to withstand financial or emotional shocks ☐
- Capability** –Low knowledge of financial matters or low confidence ☐
- None of the Above** ☒

Arch's Role:

(Select ALL that apply)

- Manufacturer ☒
- Co Manufacturer ☒
- Distributor ☐

Distribution Channel(s):

(Select ALL that apply)

- Broker (Open Market) ☒
- Broker (Single broker or Platform) ☐
- Direct to Commercial Client (define size of client) ☐
- Direct to Consumer ☐
- Delegated arrangements ☒
- Other ☐

Distribution Method(s):

(Select ALL that apply)

- Face-to-Face ['F2F'] ☒
- Telephone ☒
- Online Journey ☐
- Webchat ☐
- Postal ☐
- Email ☒

Type of Sale: (Select One)

Advised ☐ **Advised & Non-Advised** ☒ **Non-Advised** ☐

Summary of Product Testing:

Arch has in place various processes to test products

- prior to bringing to the market;
- where there is a significant adaptation of the product;
- when the target market changes significantly;
- when legal and / or regulatory change brings within scope, additional parties who are not named parties to the insurance contract; and
- When MI indicates that further testing is warranted.

Over its lifetime, testing will consider whether a product meets the identified needs, objectives and characteristics of the target market. Testing is carried out in both a qualitative and quantitative manner. This may include - but is not limited to - areas such as examination of complaints, claims volumes and frequencies, claim declinatures, remuneration arrangements, policy cancellations, retention rates, loss ratio analysis and external analysis/benchmarking against existing products. Policy wordings, summaries, IPIDs and other customer communication documents are reviewed as part of this process.

For multi-occupancy buildings insurance, testing will extend to include how compliance with the disclosure requirements in ICOBS 6A.7 is demonstrated by those parties involved within the distribution chain.

The presence of vulnerable customer characteristics is reviewed at Product Development stage and throughout the ongoing Product Review Process.

This is a long-standing product in the market that has a proven track record of providing coverage for the specific requirements of its target market. The distribution channel is believed to be appropriate, and remuneration levels reasonable and in line with market standards, but this is subject to the current review process set out in the next section.

Product Review Process:

Arch maintains a stringent Product Review Process, full details of which are contained in our Product Oversight and Governance Policy. The Process is in line with FCA PROD and Consumer Duty requirements and is conducted at least annually, or more frequently when considered necessary.

This product continues to be reviewed in the context of ICOBS 6A.7, to assess both distributor compliance with the new disclosure requirements, and the suitability of MI which allows an appropriate fair value analysis to be documented in relation to policy stakeholders. This product is next due for review through Arch's Product Review Process in 2026, unless there is a significant change to the product or MI indicates an earlier review is necessary.

Risks and Cost:

The **risks** and **costs** have been reviewed through Arch's Product Review process, as part of product development. Due to the number of risks written under any given product, average premiums have been used to assess value – with averages allocated to differing levels of cover or limits where appropriate.

For multi-occupancy buildings insurance involving policy stakeholders, the analysis of costs must include a comparative and proportionate assessment of each policy stakeholder's insurance premium payment, considering each policy stakeholder's individual property value, and its proportionality against the overall premium cost (to the policyholder customer) and combined property values.

For mixed property portfolios involving residential and commercial leaseholds, the cost analysis should further assess the proportionality between commercial leaseholders and policy stakeholders (holding a residential leasehold only).

You should ensure that, in assessing the suitability of the product, you identify the risks posed to the insured and all policy stakeholders, and that all costs associated are appropriate to their needs, including any additional fees you may add to the premium paid or additional products offered alongside Arch's core offering. Where Arch has been made aware of add-ons, or additional fees, these have featured in our value assessments.

Product Value:

Product Value is the relationship between the overall price to the customer and the quality of the product(s) and or services provided. Where policy stakeholders are involved, Product Value also includes the fairness of the proportionate cost allocated to them as tenants, the fairness of the administrative costs incurred within the distribution chain (to which they contribute), and quality of the insurance information they are provided with (which must be clear, fair, and not misleading).

Arch has considered this product provides fair value to customers in the target market historically. We have reached this conclusion after consideration of the price, benefits and features, available MI and the distribution chain involved (this is a non-exhaustive list). The ongoing fairness of this product will continue to be determined based on the outcome of the current ICOBS 6A.7 review.

Conflicts of Interest: Arch has identified no conflicts of interest in the manufacture, underwriting and distribution of this product historically.

As part of the ICOBS 6A.7 review process, the presence of conflicts (actual or potential) is reassessed in line with ICOBS 6.A.7.14 R.

Should you become aware of any information that leads you to believe a conflict of interest may be present, please contact Arch without delay.

Arch Product Oversight and Governance Arrangements

Following the implementation of the Insurance Distribution Directive ['IDD'] on 1st October 2018, the Pricing Practices changes from 1st October 2021 and 1st January 2022 and Consumer Duty requirements as at 31st July 2023, this document outlines Arch's approach to Product Oversight and Governance to demonstrate the way we design, monitor, review and distribute our insurance products.

When regulatory change necessitates a revision to Arch's Product Oversight and Governance Arrangements, these revisions will be highlighted in this Distributor Summary, regardless of whether the revisions represent a transitional phase or a final position (which articulates how regulatory requirements are demonstrated).

Why are we telling you this?

As part of the regulatory framework Arch adheres to, we are informing you of the product governance arrangements we have in place for designing, monitoring, reviewing, and distributing this product. The key areas outlined cover the various processes we have in place to monitor our products as well as the information we may require from brokers/coverholders (distributors) throughout the lifecycle of a product.

Product Development Process

The product development process has been designed to ensure that we have a consistent approach to the development of new products, or significant revisions to existing products.

Product Review Process

The product review process ensures that those already within the market continue to be designed in a way that meets the needs of the target market and offers fair value to customers.

Information for brokers and other distribution partners

As we carry out these reviews, we may request information from distributors to be able to evidence that our products are being distributed correctly - examples of this could be evidence that the product has been sold to the right target market or complaints received relating to the product. In most instances we will hold this data already on our systems, but there will be occasions when we may request it from relevant distributors. We will endeavour to provide adequate notice where we seek this information from you.

Further Information- If you have any questions, please contact your Arch representative.