Product: Residential Strata & Condominium

Manufacturer Information

Product information

This is a product which covers physical damage to various interests, including but not limited to buildings, common elements, equipment, fixtures and fittings. Removal of debris and loss of rent can also be provided as core standard covers as well as a range of optional additional extras.

The product is targeted at residential strata corporations who are predominantly Micro Enterprises and SMEs set up for the purposes of managing common areas in properties with multiple lots owned by differing parties for example, blocks of flats.

Core Cover:
The product can have a range of coverages which the customer can choose to cover their requirements which could include the below.

- **Property Damage:** Physical damage to property covered by the policy by named perils and/or on an all risks basis (subject to certain conditions and exclusions). Named perils will be agreed when the coverage is purchased. Named perils can include:
    - Fire
    - Explosion
    - Machinery Breakdown
    - Flood
    - Windstorm
    - Earthquake
    - Aircraft Impact
    - Volcanic Eruption

- **Loss of rent:** caused by property damage emanating from an insured peril as above, that renders the insured property uninhabitable / causes loss or reduction of rental payments from the tenant.

Customers may consider purchasing additional optional coverages which can include but is not limited to the following:

- Machinery Breakdown
- Accidental Damage
- Boiler Explosion

Optional coverage purchased may be subject to specific sub-limits, conditions and exclusions which differ from those provided under the core cover(s).

This product may be distributed alongside one or more insurance add-on products, which may be underwritten by TMK or a third-party insurer. These add-on products are separate to the core Residential Strata & Condominium policy and are intended to provide customers with additional coverages that may complement the core insurance proposition e.g. D&O, Cyber etc.

The availability, structure and nature of any add-on products may vary by territory, distributor and customer segment, subject to local legal and regulatory requirements.

Target market

The Residential Strata & Condominium product is specifically designed for non-UK commercial entities that manage multi-unit residential properties, such as strata corporations and condominium associations. It provides comprehensive protection against physical damage to shared property interests and optional extensions for additional risks.

Key characteristics include:

1) Customer Type & Profile

- Commercial Entities: Residential Strata Corporations and Condominium Associations, typically structured as Micro Enterprises through to Mid-Commercial entities.

- Customers act collectively to insure common property and shared infrastructure rather than individual dwellings.

2) Insurance Profile
- Customers seeking cover for:
  - Core Risks: Physical damage to buildings, common elements, fixtures, and fittings.
  - Standard Extensions: Removal of debris and loss of rent following insured perils.
  - Optional Covers: Machinery Breakdown, Accidental Damage, Boiler Explosion.
- Policies may exceed standard 12-month terms and include tacit renewal provisions where permitted by local regulation.
- The product is not sold as a standalone consumer policy and is structured for commercial strata/condominium risks only.

3) Customer Needs & Behaviours
- Customers value:
  - Comprehensive protection for shared property interests.
  - Access to London market capacity where local markets may lack appetite for catastrophe-exposed or non-standard risks.
  - Flexibility to tailor limits, deductibles, and optional covers to their property profile.
- Typical scenarios include:
  - Properties with non-standard construction or located in catastrophe-prone regions.
  - Associations unable to secure adequate cover in domestic markets.

4) Geographic Scope
- Distributed outside the UK, targeting:
  - EEA countries, Australia, New Zealand, and Rest of World, with a strong focus on Canada and the United States.

5) Distribution Channel
- Sold via insurance brokers and coverholders under delegated authority arrangements, lineslips, and open market placements.
- Both advised and non-advised sales processes are permitted, with suitability checks embedded in broker workflows.
- Maximum distribution chain length: 4 entities (e.g., Lloyd's broker → Coverholder → Wholesale broker → Retail broker → Customer)

6) Circumstances Where Product Delivers Greatest Value
- Where local markets cannot provide capacity due to:
  - Catastrophe exposure (e.g., earthquake, windstorm, flood).
  - Complex property profiles or non-standard build features.
- Following significant property damage events where:
  - Rapid reinstatement and continuity of rental income are critical.
  - Specialist claims handling and delegated authority arrangements ensure timely settlement.

This product appeals to strata corporations and condominium associations seeking robust, flexible coverage for shared property interests, particularly in jurisdictions where local insurance capacity is limited or unavailable.

Types of customer for whom the product would be unsuitable

The Residential Strata & Condominium product is not appropriate for the following customer types and scenarios:

1) Individual Consumers
- Private homeowners or tenants seeking cover for their personal property or contents.
- The product is designed for commercial entities managing shared property interests, not for individual residential risks.

2) Non-Residential Property Owners
- Owners of industrial, retail, office, or mixed-use buildings where residential strata or condominium structures are not the primary exposure.

- Customers requiring cover for single-occupancy dwellings or standalone homes.

3) UK-Based Policyholders or Risks
- The product is restricted to non-UK jurisdictions and does not meet UK regulatory requirements for retail or multi-occupancy building insurance.
- It is intended only for territories where Lloyd's is licensed to write direct including surplus lines property business.

Any notable exclusions or circumstances where the product will not respond

(i) Exclusions & conditions

If agreed terms and conditions (including warranties and conditions precedent) that were agreed with the customer when the policy was placed have not been adhered to, this could mean the claim will not be paid. For example, if the customer leaves the property vacant for a length of time that exceeds the boundary stated in the policy wording, then a claim that occurs while the property had been left vacant for that period may not be paid.

Standard exclusions include "as a result of":

- Nuclear/Biological/Radiation Contamination
- War - any loss caused by war
- Infectious diseases - any non-physical damage or loss caused by infectious diseases
- Cyber - any physical or non-physical damage or loss caused by any cyber attack whether malicious or not - unless a Commercial Cyber optional coverage is purchased.
- Terrorism - any physical or non-physical damage or loss caused by acts of terrorism. Unless a Terrorism optional coverage is purchased.
- Wear and tear- any physical damage caused by deterioration of property over time

(ii) Limits of liability

Limits are agreed for each section of the policy and can differ for each defined peril and defined coverage item. This will be agreed with the policyholder and be stated in the policy documentation.

Depending on the needs of the client, there may be sub-limits within the policy for certain coverages, extensions of coverage, property covered or perils. Claim amounts made under these perils, property covered or coverages will be paid up to but not above said sub-limits.

(iii) Excesses & deductibles

This will be agreed with the customer and stated clearly in the policy based on their individual needs.

Other information which may be relevant to distributors

This product should be sold in line with FCA or local regulations and can only be sold by a regulated insurance distributor.

Where Distributor 1 sells this Product via multiple other distributors (via sub-delegation or sub-broking), it is their responsibility to ensure all distributors have been provided this document, have reviewed it and understand the content. If there is any additional remuneration, including commissions, fees or other 'non-standard' remuneration charged to the customer by other distributors, it is the responsibility of Distributor 1 to inform TMK of these details accurately and in full. Distributors are expected to fully understand the eligibility criteria, covers and exclusions of the product.

In certain territories, distributors may offer optional insurance add-on products alongside the core Residential Strata & Condominium policy where such arrangements are permitted under the applicable local legal and regulatory framework.

In many instances, a broker acts as agent of the insured and supports customers in understanding their insurance requirements, the available cover options and any associated add-on products. This intermediary involvement provides an additional safeguard to support informed customer decision-making and customer understanding.

Sales journeys must identify customer eligibility and ensure that key information and choices to be made are presented to customers in a way that supports a customer through the process of

understanding core cover and configuring optional elements of insurance to suit their specific demands and needs.

This product can be sold face to face, via telephone, electronic communications or a mix of these methods, as long as customers are provided with sufficient information to make an informed decision regarding the suitability of the product.

This product can be sold with or without advice in line with FCA regulations or local regulations if the distributor is regulated outside of the UK.

Commission & Fees

If there is a coverholder in the chain, they are expected to ensure that maximum commission rates do not exceed those stipulated within the Binding Authority Agreement.

The coverholder is expected to maintain oversight of all broker commissions (where applicable) and, where there may be a risk to product value, remedial action should be taken immediately including notification to Tokio Marine Kiln.

Brokers are reminded of their own regulatory obligations in relation to remuneration under PROD 4.3.6 as well as the requirements to make all necessary disclosures to the customer.

Where there are any fees charged by any member of the distribution chain these should be:

- commensurate with the service provided by the distribution.
- not have an adverse impact on customer value; and
- distributor should ensure that TMKS is made aware of the fee amount and/ or method of calculation.

How value is assessed

Value is assessed based on a number of metrics, including underwriting, claims and complaints information as well as through broker and coverholder engagement.

Remuneration paid as set out in our agreements with distributors has been considered as part of the value assessment.

If additional add-ons (including premium finance) are sold alongside this product or additional remuneration is charged, this may affect the value for the customer.

Further information on our product approval processes can be obtained on request.

Date Fair Value assessment completed	December 2025
Expected date of next assessment	December 2026