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## 2025 Target Market Statement, Product Approval Process, & Fair Value Assessment Outcome

Touring Caravan

# Canopius Managing Agents Ltd (“Canopius”) – Touring Caravan Product Governance & Fair Value Assessment Outcome

## Manufacturer Obligations

In order for Canopius to comply with its obligations as a manufacturer of this insurance product under the FCA’s rules<sup>1</sup> (**PROD 4.2.27 – 4.2.32**), Canopius is required to provide to distributors of this product:

- Information on the insurance product and identified target market
- Information on the product approval process
- Fair Value Assessment Outcome

## **The Touring Caravans policy offers cover for Physical loss or damage to a touring caravan and its contents and associated liability arising out of ownership for personal holiday use.**

- In the event of damage/theft to their caravan, customers want assurance that they will receive financial support to cover repair/replacement costs, and liabilities.
- The product is only suitable to be distributed on a non-advised basis.
- The product is suitable to be sold via telesales, website, or via brokers.

### **The product:**

- The Touring caravans policy offers the following cover to caravan owners whilst using the caravan for personal holiday use. The limits depend on the sections of cover and the sum insureds selected.
  1. Physical loss or damage to a touring caravan, contents and personal effects including standard perils such as flood, storm, fire, explosion, lightning, theft, collision, impact and vandalism.
  2. Accidental damage.
  3. Emergency removal.
  4. Loss of use and hiring charges.
  5. Property owners liability.
- Excludes cover for:-
  - loss or damage from wear and tear or anything that happens gradually.
  - the excess (if any) applicable to each section.
  - loss or damage to awnings over a specified age (typically 8-10 years) or if the caravan is left unattended for a specific time frame.
  - any claim arising from electrical or mechanical failure or breakdown, poor maintenance, manufacturing defect or if the caravan is not in a roadworthy condition.
  - Loss, damage or theft if the required security devices are not in full and effective use or the caravan is not stored in a locked and secure approved storage compound.
- Basis for Settlement is "new for old" for caravans up to 120 months old from new, after that age it drops to "market value" basis of settlement.

### **This Product is designed for UK residents who:**

- Who wish to obtain insurance providing financial protection for repair/replacement costs, and liabilities.
- Are caravanners' who may often tour around sites several times a year, if not more, and want cover that helps them maintain that lifestyle in the event of financial loss due to theft/damage of their caravan.
- Are 18 years of age or over, and under the age of 100.

## This product is not designed for:

- Proposers who do not hold the appropriate license for the towing vehicle to satisfy the towing requirements set out by the DVLA
- Proposers residing outside of the United Kingdom.
- Proposers wishing to insure a motorhome/campervan (the product does not cover motorhomes/campervans at all) or a caravan produced by an unacceptable manufacturer (typically foreign brands whose caravans are wider/larger &/or potentially have more expensive repair costs due to overseas sourcing of parts)
- Caravans situated on sites that are not licensed.
- Proposers wishing to use the caravan as their permanent residence, for any business purposes, or to let out for hire and reward.

## Product Approval Information

Our products and services are designed, marketed, priced and sold to meet the needs and financial objectives of their defined target markets. Regular product reviews are undertaken to ensure that our products and services continue to provide good customer outcomes at each stage of the customer journey, and provide value to customers.

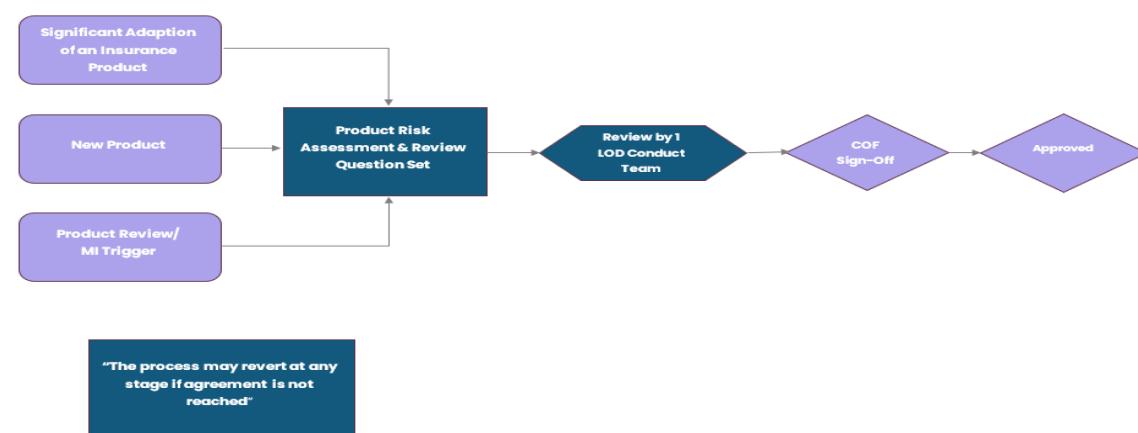
We have no appetite for new or existing products being poorly designed or offering limited value to the defined target market.

Our new products, existing products, and significant changes to products are all subject to a robust risk assessment, approval, review, testing, and oversight process. Risks to customers are also assessed if a product is terminated. The assessments consider a range of information and MI from the perspectives of the customer outcomes for product/service, price/value, customer understanding, customer support, and any risk of foreseeable harm to customers.

### Product Risk Assessment & Approval, Testing and Ongoing Product Review

All our products go through an initial risk assessment of the level of inherent conduct risk. The risk rating assigned will ensure that the product is subject to an appropriate level of due diligence as well as relevant product design, development, and target market determination. The risk assessment will also ensure that the control framework and the appropriate level of MI is being produced for ongoing monitoring.

Regular MI is assessed against risk appetite thresholds which are set by the relevant business owners. If there are issues identified in the MI and/or the risk appetite thresholds are breached, it may prompt a review of the product to assess whether it continues to provide value for its defined target market. Please see below the process for a product rated "high".



ILOD Conduct Team; First-line of Defense, Conduct Team

COF; Conduct Oversight Forum

## Value Assessment Outcome

**Following the completion of our product review process, we are comfortable that the Touring Caravan product remains suitable for the target market and that it provides fair value.**

In reaching this conclusion, we have considered:

### ***Total price paid by the customer***

Canopius has assessed the price paid by the customer and considers it fair and reasonable for the coverage provided.

### ***Product value over time***

The policy is annually renewable, and customers can decide at the end of the policy period on whether to keep the policy at renewal, or to change the sums insured.

### ***Loss ratio***

Loss ratios showing a good degree of value in regards of claims monies paid vs premiums charged.

### ***Policy cancellation metrics***

Both early cancellations (0.41% 2023 Year of Account, and 0.82% 2204 YOA) and standard cancellation rates (8% 2023 YOA, 7% 2024 YOA) are good, & evidence customers' desire for, and satisfaction with, the product.

### ***Claims Acceptance Rate***

The claims acceptance rate for this product was 81% for the 2023 Year of Account, and 93% on the 2024 Year of Account. This will develop further due to seasonality of touring caravan usage, and our analysis has provided valuable insights into changes we are making to improve customer understanding of excesses and a key exclusion.

### ***Claims frequency***

The claims frequency was 3.86% on the 2023 Year of Account, and is at 2.12% on the 2024 Year of Account. These are acceptable frequency rates and claims frequency will likely increase once developed.

### ***Average claims pay-out***

The average payout (incl fees) on the 2023 Year of Account for this product was £5221.74, and £3749.92 on the 2024 Year of Account.

### ***Claims complaints as % of claims***

Claims complaints as % of claims is 4.60%. Despite the low count of just 19 claims related complaints (some of which were not upheld), our analysis has provided valuable insights into changes we are making to improve customer understanding of excesses and a key exclusion.

### ***Claims withdrawn and walk-aways***

Claims withdrawn and walk away rate is higher than we would like to see with 39% for 2023 Year of Account and 34% for 2024 Year of Account. Our analysis has provided valuable insights into changes we are making to improve customer understanding of excesses and a key exclusion.

### ***Remuneration level, and its justification for the services provided***

Based on the costs associated with the sales and distribution model for this product, as well as those associated with ongoing policy administration, we consider that the agreed levels of commission are justified.

### ***Vulnerable Customers***

No heightened vulnerable customer characteristics are identified within the target market or distribution channels at the point of sale. However, vulnerability may arise at the claims stage due to the nature of the product, which responds to physical damage to buildings and contents, sometimes as a result of adverse weather, or criminal acts. Regular reviews of complaints, staff training, and competence ensure ongoing commitment to the fair treatment of vulnerable customers.