



---

Product  
Governance &  
Fair Value  
Assessment  
Outcome -  
Disclosure to  
Distributors

**Non-Standard Home  
October 2024**



# Canopus Managing Agents Ltd (“Canopus”) – Non-Standard Home Product Governance & Fair Value Assessment Outcome

## Manufacturer Obligations

In order for Canopus 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**), Canopus is required to provide to distributors of this product:

- Information on the insurance product and identified target market – **Appendix 1**
- Information on the product approval process – **Appendix 2**
- Fair Value Assessment Outcome – **Appendix 3**

---

<sup>1</sup> The requirement to ask for the outcome of a manufacturer’s fair value assessment is an obligation on the distributor (under PROD 4.3.2A & 4.3.3) and not the manufacturer. The FCA however, expects greater collaboration between manufacturers and distributors and for manufacturers to pro-actively provide this information.

# Appendix 1

## Target Market Statement

### Product name: Non-Standard Home

As the Manufacturer of this product, we are required to provide our business partners and distributors with appropriate information about the target market. The information is intended to provide clarity around who the product is designed for, who it is not intended to support and how we expect the product to be offered to customers.

Please continue to refer to the relevant policy documentation for full details of the insurance cover as well for details of any limitations and/or exclusions.

---

#### What is this product?

This product provides buildings and/or contents insurance protection for privately owned homes used as private dwellings or holiday lets (short term and long term) or holiday homes where:

- The home is of 'non-standard' construction, i.e. not built out of brick or stone with a slate or tiles roof. Can include those made of timber-frame, prefabricated, steel frames, with a thatched roof, etc, or,
- The home is considered 'standard construction' but the risk is 'non-standard' and therefore requires more specialist consideration, for example because:
  - The homeowner has had difficulty in securing insurance cover elsewhere, perhaps because of prior claims history,
  - The homeowner is seeking cover in situations where other insurers (for various reasons, such as criminal convictions, occupancy, CCJs, etc) have refused to provide a quote,
  - Prior claims have included those for subsidence or flood and the insured wants to move away from their current insurance provider (please note that under these circumstances, the Coverholder will always suggest that the customer stays with their current insurer as taking out a new policy with Canopius, will not include cover for subsidence or flood)

#### Who is the product designed for and how is it suitable to their needs?

This product is designed to meet the needs of private owners of homes as per the above. The owner must be domiciled in the UK (including the Isle of Man and the Channel Islands) and the Home is in the UK or EU (including the Isle of Man and the Channel Islands).

This product is designed for consumers as defined by the FCA, i.e., any person acting for purposes outside of their trade or profession.

**Who is this product not designed or suitable for?**

This product is not designed for private owners of Homes where there is no 'Non-Standard' element to the risk and where private owner is domiciled outside of the UK.

This product is not designed for customers that are not consumers as defined by the FCA.

**Is this product sold on an advised or non-advised basis?**

This product is sold both on an advised and non-advised basis.

**How can this product be sold?**

This product is predominantly sold via face-to-face sales or over the phone with contact centre staff.

**Document Review**

We will review this Target Market Statement on an annual basis to ensure it remains appropriate and in line with the objectives and needs of the Target Market.

**Please note that this document is not intended to be provided to operational staff or to customers and should be read in conjunction with the appropriate policy documentation**

# Appendix 2

## Product Approval Information

Our products and services are designed, marketed, priced and sold to meet the needs and provide value to their defined target market. 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.

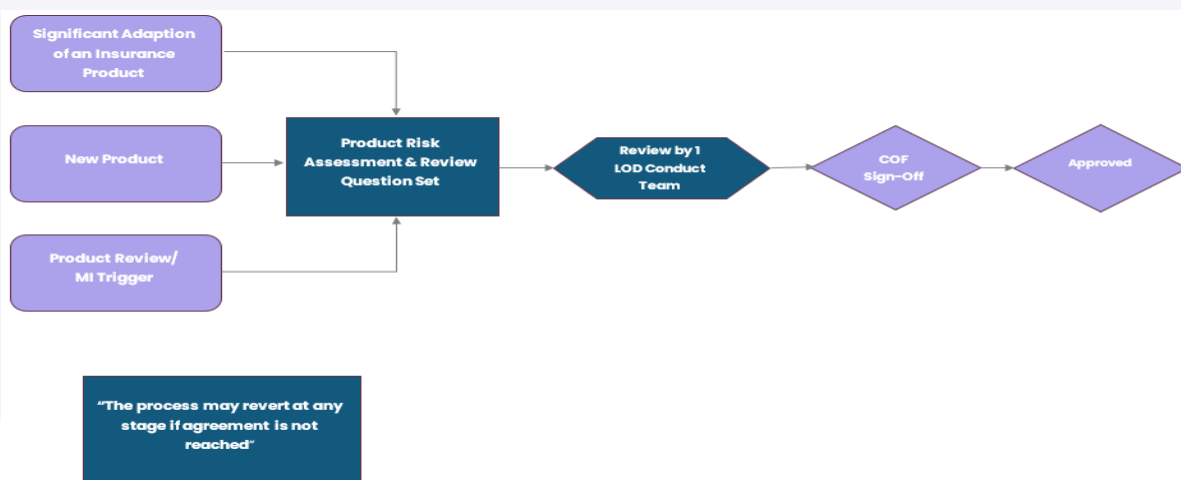
We have a low appetite for new and existing products being poorly designed and offering limited value to the defined target market.

As such, all products are subject to a robust risk assessment, approval, review, testing and oversight process. Conduct risk is also assessed if a product is terminated.

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

All our products go through an initial risk assessment to determine the inherent levels of 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 questions that are commensurate with its risk rating. The risk assessment will also ensure that the control framework and the appropriate level of MI is being produced for ongoing testing.

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



1LOD Conduct Team; First-line of Defence, Conduct Team

COF; Conduct Oversight Forum

# Appendix 3

## Value Assessment Outcome

**Following the completion of our product review process, we are comfortable that the Non-Standard Home 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***

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

The premium is set by Canopus and cannot be deviated from or changed by the distribution partner.

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

The value of the product does not diminish over time, however the sums insured may reduce over a period of time if they cover a particular liability.

An individual customer's needs and circumstances may change and/or develop over time, which may impact the overall value of the product to that customer, individually. For this reason, renewals are issued to customers each year to remind them to review their needs.

### ***Loss ratio***

The loss ratio for this product sits well within an acceptable range which ensures longevity for the product and provides consistency of in terms of the price and the cover for the customer.

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

806 claims were notified between the review period:

122 were declined and 161 were withdrawn.

352 have been paid and closed, with 330 still open at the end of the review period

The claims acceptance rate is 80%.

### ***Claims frequency***

The claims frequency for this product is within appetite at 1.78%

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

The average claim payout for this product is £53,180.68

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

There were 104 claims related complaints recorded for this period. As a percentage of claims complaints as a percentage of claims this is 12.90%.

### ***Claims withdrawn***

Out of the 806 claims registered for this period 161 were withdrawn.

### ***Remuneration and justification of 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.



## Offices

### United Kingdom

Floor 29  
22 Bishopsgate  
London  
EC2N 4BQ  
+44 (0)20 7337 3700

### United States

200 South Wacker Drive  
Suite 950  
Chicago  
Illinois 606060  
+1 630 994 5600

### United States

140 Broadway  
Suite 2210  
New York  
NY 10005  
+1 630 994 5600

### Bermuda

Ideation House  
Ground Floor  
The Waterfront  
94 Pitts Bay Road  
Pembroke HM08  
+1 441 292 9905

### Singapore

138 Market Street  
CapitaGreen, #04-01  
Singapore 048946  
+65 6593 0150

### Australia

Suite 25.04, Level 25  
52 Martin Place  
Sydney  
NSW 2000  
+61 (02) 8537 3500

### China

30th Floor  
Shanghai Tower  
501 Middle Yincheng Road  
Pudong  
Shanghai 200120  
+86 21 6162 8260

[canopus.com](http://canopus.com)