



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

Holiday Home

Canopius Managing Agents Ltd (“Canopius”) – Holiday Home 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 rules¹ (**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 Holiday Homes policy offers physical loss or damage to private owners' property whilst using it for personal holiday use, or rented to paying guests for short-term let holiday use.

- Offers cover for physical loss or damage to a holiday home and its contents and associated liability arising out of ownership for personal holiday use or when let to paying guests.
- The product is only suitable to be distributed on a non-advised basis.
- The product is sold through multiple channels, such as quote and buy website, telephony, face to face, via brokers.

The product:

- The Holiday Home policy offers the following cover:
 - Physical loss or damage to a Holiday Home, contents and personal effects including standard perils such as flood, storm, fire, explosion, lightning, theft, collision, impact and vandalism.
 - Accidental damage.
 - Debris removal
 - Loss of use and hiring charges.
 - Property owner's liability.
 - Locks and keys cover.
 - Vermin cover.
 - Freezer food cover.
 - Personal accident cover.
- Exclusions:
 - Excesses as stated in the policy documents
 - Wear and tear / gradual deterioration
 - Loss, damage, or liability arising while the holiday home is used for purposes other than social, domestic and pleasure use or approved short-term holiday letting is excluded.
 - Existing or deliberate damage
 - Theft cover does not apply while the holiday home is unoccupied and/or when it is let out for hire or reward.
 - Winter unoccupancy & escape of water, unless specific conditions stated in the policy have been followed.

This Product is designed for:

- Holiday home owners who are UK residents seeking cover for physical loss or damage to their holiday home and its contents, including associated property owners' liability, and potential loss of rental income following insured events such as theft or damage.
- Customers who use their holiday home for personal holiday purposes and/or short-term letting to paying guests, friends, or family.

This product is not designed for:

- Customers who aren't a resident in the UK, or those seeking to insure property located outside the UK or agreed EU territories.
- holiday home owners:-
 - under the age of 21
 - with previous insurance declined.
 - with unspent criminal convictions.
- with outstanding bankruptcy/CCJ's or IVA's.
- Properties used as a main or permanent residence, whether occupied by the owner or a tenant.
- Holiday homes not owned by the insured.
- Holiday homes not maintained in a good state of repair.
- Properties used for business purposes other than short-term holiday letting.
- Touring caravans or static caravans, as the product is designed for holiday homes only.
- Properties built with unacceptable construction materials, such as thatch or certain prefabricated constructions.

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.

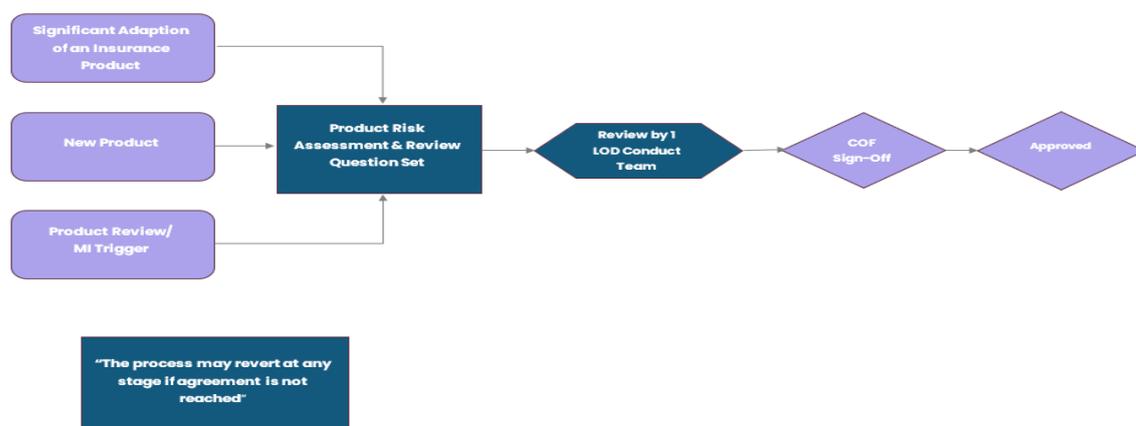
We have no appetite for new or existing products being poorly designed or offering limited value to the defined target market.

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”.



1LOD 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 **Holiday 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

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 upon whether to keep the policy at renewal, and also whether coverage or sums insured need reviewing to reflect current values.

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 (0.6% 2023 Year of Account, and 2024 YOA) and standard cancellation rates (4.8% 2023 YOA, 4.9% 2024 YOA) are good, & evidence customers' desire for, and satisfaction with, the product.

Claims Acceptance Rate

The claims acceptance rate for this product was 79.4% in the 2023 Year of Account, increasing to 87.2% in the 2024 Year of Account, and demonstrates value.

Claims frequency

The claims frequency was 3.2% on the 2023 Year of Account, and is 2% on the 2024 Year of Account, showing awareness & utilisation of the product. 2024 Year of Account is still developing, and we will likely see this increase as the year progresses.

Average claims pay-out

The average payout (incl fees) for the 2023 Year of Account for this product was £5169.73, and £3089.36 on the 2024 Year of Account.

Claims complaints as % of claims

This metric during 2024 was higher than we would like to see but has shown a significant improvement in the average time taken to agree claims year on year, so complaints are expected to reduce going forwards.

Claims withdrawn and walk-aways

This metric in 2023 was higher than we would like to see but improved significantly during 2024 and we will continue to monitor this.

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.

However, the product is designed in a way that doesn't adversely impact customers with characteristics of vulnerability. With appropriate consideration and support applied consistently across the customer journey, outcomes for vulnerable customers are expected to be equivalent to those achieved by customers without vulnerability characteristics.

Regular reviews of complaints, staff training, and competence ensure ongoing commitment to the fair treatment of vulnerable customers.