

TARGET MARKET STATEMENT

Commercial Vehicle



Introduction

The purpose of our Target Market Statement is to provide clear information about who our products are designed for and how they should be distributed.

All our products are reviewed on an annual basis and we are pleased to provide further information about our **Product Approvals Process** on our website.

Product Information

The following cover is provided on both comprehensive & TPF&T policies;

- Third Party Liability
- Death of and Injury to anyone other than the driver including Passengers
- Damage to Third Party Property
- Legal Costs and Expenses
- NCD Protection (Optional)
- Foreign Use
- Cancellation Terms
- Courtesy Vehicle Provision
- Loss of or Damage to Insured Vehicle
- Audio limit (Manufacture & Non-Manufacture Fit)
- Satellite Navigation (Manufacture & Non-Manufacture Fit)
- Windscreen cover (not available for TPF&T)
- Sign Writing Cover

The following covers are only available on comprehensive policies;

- Onward/Overnight Travel
- Uninsured Driver Benefit
- Replacement Locks
- Medical Expenses
- Personal Belongings
- New Vehicle Replacement
- Personal Accident

Some limits differ between Comprehensive and TPF&T cover

Target market

Commercial Vehicle is designed for light commercial vehicles with a gross vehicle weight of up to 3.5 tonnes, used for the carriage of own goods for the policyholder's trade or business.

Designed for customers who:

- Are aged between 21 and 75
- Are a permanent UK resident
- currently hold a full UK driving licence (including restricted licences), UK provisional or EU licence
- want to insure themselves and no more than 3 named drivers.

Types of customers for whom the product would be unsuitable

- Vehicle Value: over £40,000
- Vehicle Type: Q-plates, Classic car, Motorhomes, motorcycles, American imports, kit cars and grey imports, tippers, special-type vehicles, chassis cabs, vehicles with plant or refrigeration units, vehicles over 3.5 tonnes, agricultural vehicles, fuel tankers
- Modifications: Any performance enhancing modifications
- Claims:
Drivers are unacceptable (for new business) where there are
 - 2 or more Fault claims in the last 12 months
 - 3 or more Fault claims in the last 3 years
 - 2 or more Fault claims in the last 3 years if the driver has held a Full UK/EU licence for less than 2 years
 - 2 or more Fault claims in the last 3 years if the driver is a provisional licence holderRisks are unacceptable where there are
 - 3 or more Fault claims in the last 12 months
 - 4 or more Fault claims in the last 3 years
 - 5 or more Fault or Non-Fault claims (excluding Windscreen claims) in the last 3 years
 - 2 or more Theft / Malicious Damage / Vandalism / Fire claims in the last 3 years
 - 4 or more Windscreen claims in the last 3 years
- Driving convictions: Any convictions graded F or above are unacceptable. Any risk or driver with 4 or more convictions of any grade in the last 5 years are unacceptable
- Certain occupations linked to: entertainment, high-profile celebrities, bookmakers, professional sport, fast food delivery and the like are unacceptable.
 - Self Employed Occupations that do not require Business Use
- Criminal convictions: Any unspent criminal convictions
- Insurance refusal: Customers who have had insurance cancelled, declined or refused in the last 5 years.

NB This list is not exhaustive

Any notable exclusions or circumstances where the product will not respond

Not applicable

Information for our distributors

As part of our annual product review process, fair value and relevant measures are assessed.

Our full policy wording and product review lifecycle can be found on our website:

www.coveainsurance.co.uk/products-and-services/personal-lines/personal-lines-overview/

Distributors are expected to have considered the customer's needs and characteristics to ensure that the product and coverage selected meet their requirements. They should also consider any aspects that may make the customer be deemed vulnerable, such as poor health, resilience or capability.

Any commission, fees or charges passed onto the customer must be proportionate to the service provided and provide fair value to the customer.

Our annual review process and assessment of fair value

The following Fair Value Principles are assessed:

- Understand the value to customers in providing the product:
- Ensure product delivers high quality service and customer experience
- Ensure level of sales are in line with expectations
- Provide a product that offers cover that is in line with target market suitability

2023 Product Review and Fair Value Assessment Outcome

VALUE PRINCIPLES

MEASUREMENT

Understand the value to customers in providing the product

- Our Commercial Vehicle product provides cover on a Comprehensive or TPFT basis to customers. Cover provisions fall in line with target market expectations.
- Claims declinatures analysis is in line with expected levels, and no carriers to claim were identified.
- Claim frequency is high and loss ratios are rising as van usage increases following pandemic-driven behavioural changes & inflationary pressure.
- Average premiums are increasing due to market conditions such as claims inflation, but the product remains to provide value for money for customers against the product performance.
- Product changes have been identified within the 2023 product review including excesses which will improve performance, an action plan to deliver these changes will be scheduled for 2024.
- Enhancements to our product wording to improve customer understanding and clarity will be delivered alongside product changes in 2024.

Ensure product delivers high quality service and customer experience

- Customer experience scores for all intermediated products are strong. NPS YTD score identified as "Great". CSAT score identified as rating 'Good'. These scores illustrate quality levels against service levels which is positive.
- Claims complaints as a % of claims are slightly higher than expected. The main driver is due to supplier delays which are being closely monitored - remedial action to improve this is ongoing.
- Customer vulnerability factors have been reviewed, and no areas of concern have been identified.

Ensure level of sales are in line with our expectations

- Policy sales have fallen since last review however the motor market is ultra-competitive. In addition, rate action to counter claims inflation has been challenging but this is not a sign of poor product performance. Sales are within expectations against our plan.
- Product retention and cancellation rates were analysed and indicate no areas of concerns around product value.

Provide a product that offers cover that is in line with target market suitability

- A full market comparison exercise was completed, benchmarking our product against market segment products. Product changes and enhancements have been identified within the 2023 review which will improve product performance (this includes excess changes), and clarity to customers about coverage. An action plan is in place to deliver these changes in 2024.
- Overall price is not significantly exceeding the average in the market.
- Customer segmentation review and analysis were completed to ensure that our product is suitable for the target market. No issues identified.

ASSESSMENT DATE: August 2023

NEXT ASSESSMENT DATE: August 2024

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