Target Market Statement and Product Value Assessment

Product name: Specialist Home Insurance
Version: CMLUKSHPW01032026

Introduction

In accordance with Financial Conduct Authority (FCA) a product review and fair value assessment has been completed for the Specialist Home Insurance product.

The purpose of this document is to provide Caledon MGA distributors with clear information to help them understand the target market for our Specialist Home Insurance product in the United Kingdom enabling the distributor to decide on whether this product is suitable for their customers and offers fair value.

The quotation and underwriting process will apply risk acceptance criteria, and this may mean we may not be able to offer a quote for a small number of customers within the target market.

Manufacturer/Co-Manufacturer:
Caledon MGA Ltd and Canopius Syndicate 4444 at Lloyd's of London.

Product information

A comprehensive specialist home insurance policy which can provide cover for buildings, contents, valuables and personal items.

Liability cover is included as owner of the home under the buildings cover and liability as occupier of home under contents. Liability to domestic employees under a 'Contract for Service' is also included under the contents cover.

Optional extensions of cover include wider accidental damage cover, valuables and personal items including pedal cycles away from the home.

The product is for homes located in England, Scotland, Wales, Northern Ireland and The Channel Islands.

There are no add on covers available to purchase separately under this product.

Relevant documents available via our website:

- Specialist Home Insurance Policy wording.
- Insurance Product Information Document (IPID).
- Broker Product Summary.

Product distribution and remuneration

- The product is distributed via FCA authorised brokers only.
- Distributors are approved by us and enter into our standard Terms of Business Agreement (TOBA).
- Sub-broking is not permitted without our express written consent.
- We agree a commission rate with each approved broker.

- Any commission, fees or charges passed onto the customer must be proportionate to the service provided and provide fair value to the customer.
- We may ask brokers to justify their commission rate.
- 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.

Target market

Our Specialist Home Insurance is designed for customers who:

- Require cover for buildings, contents or combined cover for their home and contents including valuables and personal items.
- Policyholders must be over 18 years old.
- Required cover for occupancy types such as main home including part let, Holiday / second homes, residential let homes and unoccupied homes.
- Have 'non-standard' home insurance needs requiring flexible underwriting.

Non-standard features include:

- Difficult claims history such as large losses or multiple claims.
- Previous flood issues or in a flood risk area.
- Criminal convictions.
- Non-standard construction (but not thatch).
- Business use.
- Cancelled, refused, declined, voided or special terms imposed.
- Previous subsidence/underpinning issues or in a subsidence risk area.
- Business use.
- Irregular occupancy.
- Property portfolios such as residential let properties.
- Previous bankruptcy, IVA's or CCJ's.

Types of customers this product is not suitable for

Our Specialist Home Insurance product is NOT suitable for customers who:

- Have standard home insurance needs where competitive cover is available in the standard home insurance market.
- Thatched properties.
- Want to cover homes in the Isle of Man or outside of the United Kingdom.
- Are not domiciled in the United Kingdom.
- Fall outside of the Target Market.

Product exclusions and restrictions

Main exclusions:

- Wear, tear and gradual deterioration.
- Dryness, dampness and wet or dry rot.
- Faulty design, the use of unsuitable materials, faulty workmanship and defective materials.
- Deliberate acts by you or any other person living with you.
- Infectious disease, fear or threat of an infectious disease or action taken to minimise or prevent the impact of an infectious disease.

- Storm or flood to drives, patios, terraces, decking, gates or fences.
- Escape or water due to the failure or lack of grouting or sealant.
- Escape of oil where you cannot provide evidence that the oil tank is less than 10 years old, or where you cannot provide evidence that the oil tank has been inspected every 12 months by a qualified OFTEC engineer and certificated as safe.

Occupancy type exclusions:

	Main Home (incl. Part Let	**Unoccupied**	**Holiday / Second Home**	**Residential Let Home**
Money and bank cards	Included	Not covered	Not covered	Not covered
Home business contents	Included	Not covered	Not covered	Not covered
Personal items	As per sum insured		Not covered	Not covered
Guns	As per valuables sum insured	Not covered	Not covered	Not covered
Contents in the open	£2,500	Not covered	£2,500	£1,000
Jewellery gemstones and watches	As per valuables sum insured	Not covered	£5,000	Not covered
Musical instruments	As per contents sum insured	Not covered	£1,000	Not covered

Occupancy type restrictions:

	Main Home (incl. Part Let)	**Unoccupied**	**Holiday / Second Home**	**Residential Let Home**
Money and bank cards	£1,500	Not covered	Not covered	Not covered
Contents in garages and outbuildings	£15,000	£500	£5,000	£1000
Valuables	35% of contents sum insured and £5,000 single article limit	10% of CSI for Antiques, collectibles, pictures, paintings and works of art. £1,000 for Gold, silver and other precious metals.	10% of CSI for Antiques, collectibles, pictures, paintings and works of art. £1,000 for Gold, silver and other precious metals. £5,000 for jewellery and watches	£5,000 for Antiques, collectibles, pictures, paintings and works of art.
Contents in the open	£2,500	Not covered	£2,500	£1,000
Pedal cycles including electrically assisted pedal cycles	£15,000 in total and £5,000 single cycle limit	£500	£1,000	Not covered
Loss of rent and alternative accommodation	25% of BSI/24 months	Not covered	25% of BSI/24 months	25% of BSI/24 months
Loss of metered water	£5,000	£1,000 only on L3 cover	£2,500	£2,500
Loss of oil	£7,500	£1,000 only on L3 cover	£2,500	£2,500
Regular inspections	No	14 days	30 days	6 months

Annual review process and assessment of fair value

Our annual review process and fair value assessment ensures that:

- We understand the value of our Specialist Home Insurance product to customers.
- The product is competitive in the non-standard home insurance market.

- the level of sales, renewals and cancellations are in line with expectations, with no adverse trends identified.
- That our Specialist Home Insurance product remains in line with non-standard market benchmarking and target market suitability.
- Claims and complaints data is analysed ensuring that there are no barriers to claim.
- We consider all feedback from our distributors and customers including marketing, product information, product design and remuneration.
- The product adheres to the UK General Insurance Policy for the Fair Treatment of Customers in Vulnerable Circumstances and within our review we have considered needs, characteristics and objectives of customers which includes characteristics of vulnerability.

2026 Q1 Product Review and Fair Value Assessment Outcome

Review: Understand the value to customers in providing the product

- The product provides for our target market customer needs in provision of core cover with optional cover sections, tailoring cover against individual customer needs. Cover provisions fall in line with target market expectations.
- Predicted to be high scoring in market ratings with low levels of customer complaints but closely monitored to identify any adverse trends
- Claims declinature analysis predicted to be low in line with expectation with customers claiming under a range of different perils.
- Average premiums predicted to be in line with budget expectations giving customers value for money against performance.
- Feedback on product changes and/or enhancements will be recorded on the product development log and will be considered in the review process for Q1 2027.
- Our product policy wording has been designed in line with Consumer Duty and ensuring customer understanding and clarity.

Review: Ensure product delivers high quality service and customer experience

- Claims and declinature data will be analysed to ensure that performance and service are as predicted with no barriers to claim.
- Monthly analysis to ensure consistent claims levels against cover sections and perils to show that key cover areas are in place.
- Weekly service level audit and monitoring programme in place to highlight on an ongoing basis any service issues
- Quality reviews to be conducted monthly to ensure excellent service levels and quality of underwriting, documentation and administration is as expected giving a positive distributor and broker experience
- Monitor complaints as a % of claims to ensure they remain in line with expectations
- Complaints analysis to be analysed and opportunities to be identified where improved customer experience is required

Review: Ensure level of sales are in line with our and customer expectations

- Weekly analysis of conversion of quotes to sales of our product are in line with sales expectations
- Product retention and customer cancellation rates to be analysed monthly with the predicted retention rate indicating customer product satisfaction.

Review: 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
- Ongoing customer segmentation reviews and analysis will take place to ensure that our product is reaching our target market.

Assessment Date: Q1 2026
Next Assessment Date: Q1 2027