

Target Market Statement

Consumer Guaranteed Asset Protection (GAP)

Product Description

Where a vehicle is declared a total loss e.g. through accident or theft, motor insurers will only pay up to the market value of the vehicle. Dependent on the type of cover selected, the product covers the policyholder for any financial shortfall, either to the value of the finance shortfall, or to the price originally paid for the vehicle.

There are four types of GAP product offered:

Type	What it covers
Return to Invoice (RTI) GAP	Pays the difference between the motor insurer's valuation of the vehicle and the higher of either the finance agreement settlement figure at the time of claim (if applicable) or the original invoice price paid for your vehicle.
Replacement GAP	Pays the difference between the motor insurer's valuation of the vehicle and the cost of replacing the vehicle with a brand new version of the same vehicle at the time of claim.
Contract Hire GAP	Pays the difference between the motor insurer's valuation of the vehicle at the time of claim and the settlement figure of the contract hire agreement. Also pays initial customer lease/contract deposit up to a set limit.
Top-Up GAP	Pays up to an additional 25% on top of what the motor insurer paid out.

Distribution channels

This product is designed to be distributed via multiple methods including in dealerships, online and through insurance brokers and coverholders.

Who the product is designed for

Individuals in the UK who own or finance a vehicle, who wish to insure against any financial shortfall where the vehicle is stolen or declared a total loss. The financial shortfall is the difference between the amount paid out by the comprehensive motor insurer and either the amount outstanding on the finance agreement or the amount originally paid for the vehicle, whichever is greater.

Characteristics of the target market

The product is designed for permanent residents in the UK (including UK registered companies) who:

- Own a vehicle either outright, through finance or lease/contract agreement, which is registered in the UK and mainly used in the UK.
- Are the owner or registered keeper of the vehicle or named on the lease/contract hire agreement.
- Insure their vehicle under a comprehensive motor insurance policy.
- Do not have the financial capability or appetite to absorb a financial shortfall.

Objectives, needs and interests of the target market

This product:

- Provides cover against a financial shortfall where a vehicle is declared a total loss e.g. through accident or theft. The financial shortfall is the difference between the market value paid out by the comprehensive motor insurer and, dependent on type of cover:
 - o The outstanding finance on the vehicle;
 - o The invoice price originally paid for the vehicle;

- The cost of a brand new replacement vehicle; or
- An additional 25% on top of the amount paid by the motor insurer.
- Provides cover for vehicles up to maximum 10 years old and up to a value of £350k, dependent on type of cover required (see table).
- The cover provided is for vehicles used in England, Scotland, Wales, Northern Ireland, the Channel Islands, any other country that is a member of the E.U.
- Includes additional benefits of up to £750 towards the excesses deducted from motor insurer, and up to £300 towards any vehicle modifications required for mobility purposes.

Customers for whom the product would not provide intended value

- Customers who are only covered by third party motor insurance, or who are uninsured.
- Customers who wish to cover modified vehicles, unless the modifications are for mobility purposes.
- Customers who own, finance or lease a commercial vehicle in excess of 3,500kg gross vehicle weight, or is specifically an excluded vehicle.
- Customers who wish to cover vehicles that have covered more than 100,000 miles at the date of commencement.
- Customers that have the financial capacity and appetite to absorb the combined cost of clearing any outstanding finance and replacing their vehicle.
- Customers who wish to cover vehicles that have been previously declared as a total loss and returned to the road.
- Customers who wish to use their vehicle for rallying, racing, any competitive events or for emergency use or hire (including private hire, taxis and chauffeur) or for driving school tuition.

Optional additional covers

This section details the optional covers which are available with this product. The cover is an optional addition for the online distribution channel. Cover is automatically included in products sold through the broker channels.

Product Name	Total Loss Courtesy Car cover
Product description	In the event the vehicle is declared a total loss, this product provides a temporary courtesy car.
Who the product is designed for	Customers that require the temporary use of a courtesy car if their vehicle is declared a total loss.
Objectives, needs and interests of the target market	This product: - Provides a temporary replacement vehicle for up to 28 days. - Temporary replacement vehicle (where possible) will be of a similar size, up to a maximum of 2.0 litre engine size.
Customers for whom the product would not provide intended value	- Customers that have access to a replacement vehicle. - Customers that are willing to use alternative transport methods temporarily – e.g. bus, taxi, train. - Customers that have specific requirements for a replacement vehicle e.g. commercial vehicle over 3,500kg, vehicle with over 2.0 litre engine capacity.