Product: Commercial Automobile Physical Damage

Manufacturer Information

Product information

This product covers physical loss or damage to motor vehicles (including trailers) owned, leased, operated or otherwise in the care custody or control of an individual or commercial entity for commercial use only.

This product covers individual units, small fleet, medium fleet, large fleet business.

This product is intended to provide coverage for standard and non-standard individual or commercial policy holders.

In certain territories limited bodily injury and or third party property damage can be included.

Core coverage can include:

- Comprehensive and Collision Coverage.
- In certain territories limited 3rd Party Property Damage liability and / or limited 3rd Party Bodily Injury Liability must be provided

Comprehensive coverage covers damage to an insured vehicle caused by perils other than collision. Under this cover an insured is eligible to make a claim whether the accident was their fault or not; it also covers "discovered damage" to the insured vehicle when the insured cannot prove whose fault caused the damage i.e. in a car park.

Comprehensive cover can include the following:

- Accident
- Vandalism
- Fire
- Lightning
- Theft
- Collision and upset
- Windstorm,
- Earthquake
- Explosion
- Water

Coverage can include personal conveyance of the driver for commuting or "off duty time" (Bob-tail is personal conveyance) if personal conveyance is utilised the ELD (Electronic Logging Device) must be set in PC (Personal Conveyance mode).

In some international territories comprehensive coverage is known as 'KASKO.'

Optional Covers:

Customers may consider purchasing optional coverages depending on their individual needs which can include but is not limited to the following, dependent on territory & the specific form(s) being used:

- Additional Insureds
- Coverage for Vehicle verses named driver basis
- Lease GAP
- Increased Towing Storage and Recovery Limits
- Increased Deductible or Aggregate Deductible
- Increased limits for Debris and Removal and Clean up
- Increased Electronic Equipment coverage
- Personal property
- Increased Bodily Injury and 3rd Party Property Damage Limits (Canada only)
- Trailer Interchange
- Refrigeration Breakdown

- Down time Rental Expense
- Newly Acquired Auto's
- Protection of salvage - increased expense

Optional coverage purchased may be subject to specific sub-limits, conditions and exclusions which may differ from those provided under the core cover.

Target market

The Commercial Motor (Automobile Physical Damage) product is specifically designed for commercial entities that own, lease, or operate motor vehicles and trailers for business purposes. The product may be distributed on a stand-alone basis or group/master policy basis, including arrangements where a bona fide association or similar entity acts as a Master Policyholder for the benefit of eligible members of entity beneficiaries. It targets businesses seeking comprehensive protection against physical loss or damage to vehicles under their care, custody, or control. Key characteristics include:

(1) Business Size & Type:
- Micro enterprises, small businesses, mid-commercial entities, and large commercial fleets operating across licensed territories.
- Businesses engaged in transportation, logistics, or commercial operations requiring vehicle coverage.
- Associations or similar entities acting as Master Policyholders under a genuine group arrangement, where cover is provided for the benefit of eligible commercial members or entity beneficiaries.
- Not suitable for personal-use vehicles or dealer open lot risks.

(2) Insurance Profile:
- Customers requiring cover for:
  a) Physical loss or damage to insured vehicles (including trailers).
  b) Comprehensive and collision coverage for perils such as accident, theft, fire, vandalism, and natural catastrophes.
  c) Optional extensions such as Lease GAP, refrigeration breakdown, downtime rental expense, increased towing/storage limits, and increased debris removal
- In certain territories, limited third-party property damage and bodily injury liability may be included as required by local regulations.

(3) Customer Needs & Behaviours:
- Likely to value flexible coverage options tailored to fleet size and operational risk.
- Require confidence in claims handling for high-value losses and catastrophic events, including clarity on roles and responsibilities within a group or master policy structure.
- Expect clarity on exclusions and conditions, and proactive support from experienced brokers and coverholders.
- Seek solutions that align with contractual obligations and operational continuity.

(4) Geographic Scope:
- Distributed in territories where Lloyd’s is licensed, including Australia, New Zealand, and Rest of World (excluding UK and EEA).

(5) Distribution Channel:
- Sold via Lloyd’s brokers and specialist coverholders under delegated authority arrangements.
- May also be distributed through association-led group or master policy structures.
- Both advised and non-advised sales processes, ensuring suitability checks even where advice is not provided.
- Channels include face-to-face, telephone, and electronic communications.

(6) Circumstances Where Product Delivers Greatest Value:
- For businesses managing commercial fleets or high-value vehicles where physical damage could materially impact operations.
- Situations requiring bespoke coverage for complex risks, including optional extensions for downtime, salvage protection, and refrigeration breakdown.

- Environments where continuity of operations and financial resilience are critical following major insured events.

Types of customer for whom the product would be unsuitable

This product is not appropriate for:

1) Personal-Use Vehicle Owners
   - Individuals seeking cover for private or non-commercial use, as the product is designed exclusively for commercial operations and commercial use only.

2) Vehicle Dealers or Open Lot Risks
   - Businesses engaged in vehicle sales or storage (Dealer's Open Lot), as these exposures fall outside the scope of the product.

3) Customers Located in Restricted Territories
   - Policyholders or risks domiciled in jurisdictions where Lloyd's does not hold a license.
   - This product is not approved for distribution in the UK & EEA.

4) Businesses Without Commercial Vehicle Exposure
   - Entities that do not own, lease, operate, or have vehicles under their care, custody, or control for business purposes.

5) Customers Seeking Broader Liability Coverage
   - Those requiring comprehensive third-party liability or bodily injury cover beyond the limited extensions offered in certain territories.

6) Risks Involving Solely Personal Conveyance Without Commercial Use
   - Policies intended for personal commuting or leisure use without a commercial component are outside the product's intended scope.

7) Beneficiaries or Members Outside the Approved Target Market
   - Entity beneficiaries or association members whose vehicle use, risk profile or commercial activities fall outside the approved target market for Commercial Automobile Physical Damage insurance.

Any notable exclusions or circumstances where the product will not respond

(i) **Exclusions & conditions**

- The insured vehicle not being used for stated purposes or being used for improper/illicit purposes;
- Any claim arising from an action or licensing request caused or contributed to by the insured's actual or alleged dishonesty, fraudulent, malicious or criminal conduct;
- Claims arising outside of the territorial limits;
- Scheduled vehicles only;
- In certain territories Named driver(s) or driver(s) must meet a pre-agreed driver criteria;
- Wear and tear, mechanical, electrical breakdown or failure, freezing unless arising from an insured peril;
- Tyres unless by fire, theft, collision or upset which cause other damage to the insured vehicle;

If agreed terms and conditions (including warranties and conditions precedent) that were agreed when the policy was placed have not been adhered to, this could mean a notified claim may be denied.

Exclusions applied, subject to Territorial restrictions or regulatory requirements can include but not limited to:

- Nuclear, biological, radioactive contamination;
- War and civil war
- Communicable disease
- Cyber
- Terrorism

(ii) Limits of liability:

Limits are agreed for each section of the policy and can differ for each defined peril and defined coverage item. This will be agreed with the policyholder and be stated in the policy documentation.

(iii) Excesses & deductibles

Polices may be subject to Deductibles or Excesses where Insurers are not liable for the amount of claims up to the deductible or excess value(s) Claims that are submitted that fall below the deductible or excess value will not be paid.

Depending on the needs of the client, there may be sub-limits within the policy for certain extensions of coverages or perils.

If agreed terms and conditions (including warranties and conditions precedent) that were agreed when the policy was placed have not been adhered to, this could mean a notified claim may be denied.

Other information which may be relevant to distributors

This product should be sold in line with FCA or local regulations and can only be sold by a regulated insurance distributor.

Sales journeys must identify customer eligibility and ensure that key information and choices to be made are presented to customers in a way that supports a customer through the process of understanding core cover and configuring optional elements of insurance to suit their specific demands and needs.

This product can be sold face to face, via telephone, via a Third Party Online System, electronic communications or a mix of these methods, as long as customers are provided with sufficient information to make an informed decision regarding the suitability of the product.

This product can be sold with or without advice in line with FCA regulations or local regulations if the distributor is regulated outside of the UK.

Where Distributor 1 sells this Product via multiple other distributors (via sub-delegation or sub-broking), it is their responsibility to ensure all distributors have been provided this document, have reviewed it and understand the content. If there is any additional remuneration, including commissions, fees or other 'non-standard' remuneration charged to the customer by other distributors, it is the responsibility of Distributor 1 to inform TMK of these details accurately and in full.

Commission & Fees

If there is a coverholder in the chain, they are expected to ensure that maximum commission rates do not exceed those stipulated within the Binding Authority Agreement.

The coverholder is expected to maintain oversight of all broker commissions (where applicable) and, where there may be a risk to product value, remedial action should be taken immediately including notification to Tokio Marine Kiln.

Brokers are reminded of their own regulatory obligations in relation to remuneration under PROD 4.3.6 as well as the requirements to make all necessary disclosures to the customer.

Where there are any fees charged by any member of the distribution chain these should be:

- commensurate with the service provided by the distribution.
- not have an adverse impact on customer value; and
- distributor should ensure that TMKS is made aware of the fee amount and/ or method of calculation.

How value is assessed

Value is assessed based on a number of metrics, including underwriting, claims and complaints information as well as through broker and coverholder engagement.

Remuneration paid as set out in our agreements with distributors has been considered as part of the value assessment. If additional add-ons (including premium finance) are sold alongside this product or additional remuneration is charged, this may affect the value for the customer. Further information on our product approval processes can be obtained on request.	
Date Fair Value assessment completed	August 2026
Expected date of next assessment	August 2027