



BROKER INFORMATION

Product Governance and Fair Value Statement

cover₄insurance
long stay

Document supplied by
Allianz Partners

2026 Update

Distributor product guide - not for customer use

Distributor Product Guide – 2026 Update

Backpacker Travel Insurance

Background and context

Allianz Partners, as the product manufacturer, are required to complete an annual product review and fair value assessment for our products to assess whether a product may continue to be marketed or distributed and share the outcome of this with our distributors. In addition, Allianz Partners is required to review all products against the impending FCA Consumer Duty outcomes and share these outcomes as required with distributors.

This activity follows:

- Implementation of the FCA's Pricing Practices new product governance rules under Chapter 4 of the FCA's Product Intervention & Product Governance Sourcebook (known as PROD4) which became effective on 1 October 2021; and,
- Final rules and guidance of the FCA's Consumer Duty (which were published on 27 July 2022) with the requirement for manufacturers to complete reviews to meet the Consumer Duty outcome and share these with distributors.

Purpose of document

This document contains the following information for Backpacker Travel Insurance product:

1. Our approach to conducting: i) Annual Product Reviews (incl. Fair Value Assessments); and ii) Review of Consumer Understanding and Consumer Support outcomes
2. Target Market Statement
3. Annual Product Review and Fair Value Assessment outcomes
4. Assessment against Consumer Support and Consumer Understanding outcomes of the FCA's Consumer Duty

Distributor product guide - not for customer use

Our approach

Annual Product Reviews (incl. Fair Value Assessments)

We undertake product assessment and monitoring activity in accordance with the FCA's requirements. Our product oversight and governance arrangements are aligned to the PROD (Product Intervention and Product Governance) Sourcebook requirements. As a result, our approach also aligns to outcomes 1 (Price and Value) and 2 (Product and Services) of the Consumer Duty requirements.

As part of our annual product reviews (including Fair Value Assessments), we conducted a detailed review covering the FCA PROD 4 requirements. These include, but are not limited to indicators on product performance, product pricing, distribution arrangements and customer impact.

In addition, there are product oversight and governance processes in place to ensure our products are designed to deliver good customer outcomes. These include market analysis, product testing and review of product performance across the customer journey and product lifecycle.

Consumer understanding and Consumer Support

In line with the FCA Consumer Duty requirements for product manufacturers to complete reviews to meet the outcome rules of the duty, we have reviewed our products against outcomes 3 (Consumer Understanding) and 4 (Consumer Support). To do this, we considered our existing processes, systems and controls and identified potential enhancements to satisfy the requirements. The key areas of focus include:

- Processes and controls to design effective communications across the customer journey
- Design of customer journey and product lifecycle to ensure sufficient support for customers
- Arrangements for monitoring and testing ongoing customer outcomes including customer understanding and support
- Remedial processes to enhance customer understanding and support.

The outcomes of our assessments are provided in the 'Assessment outcomes' section below.

Distributor product guide - not for customer use

Target Market Statement

We have provided target market statements for our Backpacker Travel Insurance Product below.

Backpacker Travel Insurance

Product Design	This is a 'Backpacker' Travel product designed for customers who require insurance for travel related risks while 'backpacking'. Unlike traditional Single Trip travel insurance where cover ends when you return home, backpacker insurance has been designed to allow a longer period outside the UK with the ability to return home within the year where necessary. Geographical location is considered at point of sale, with customers given the option to select destinations within Europe, worldwide excluding USA and Canada or Worldwide including USA and Canada. Customers may purchase travel for themselves only or include other travellers on the policy providing all insured are under the maximum age bracket for the specified offer. This product is designed to provide protection for unexpected expenses following insured events as specified in the policy wording. Cover is provided before and during travel, including core benefits such as emergency medical expenses, trip cancellation and trip curtailment.
Target Market	Customer type: This product is suitable for residents of the United Kingdom, Channel Islands or Isle of Man who wish to travel within the area band for which they have paid for as part of the commercial offering. This cover protects the insured for a single trip with a maximum individual trip and age limit as specified in the commercial offer. Customer type: individuals, couples, families or friends. Customer characteristics: all travellers with trips planned, who wish to cover a single trip against a variety of insured perils. Vulnerable customers within the Target market: Allianz Partners has assessed the likely needs, characteristics, and objectives of customers within the target market who may be vulnerable, in line with FCA guidance and Consumer Duty expectations. Customers purchasing the Backpacker Travel Insurance product may experience vulnerability at any point during the customer journey, including but not limited to:

Distributor product guide - not for customer use

	• Health-related vulnerabilities, including temporary or permanent physical or mental health conditions that may affect understanding, communication, or decision-making; • Financial vulnerability, for example reduced financial resilience resulting from cost-of-living pressures, where the financial impact of losing non-refundable event or travel costs may be significant; • Situational or life-event vulnerability, such as bereavement, relationship breakdown, or sudden changes in personal circumstances that may lead to cancellation or claims. The product has been designed to provide clear, defined protection for the insured, for a single pre-paid trip to include expenses and cancellation penalties and is not inherently unsuitable for customers experiencing vulnerability, if eligibility criteria are met and the product meets the customer's needs. As manufacturer, Allianz Partners has embedded vulnerability considerations into product design, communications, claims processes, and outcome monitoring. We maintain policies, training, and governance arrangements to support the identification of vulnerability and the delivery of fair outcomes, and we review customer outcomes (including claims and complaints data) to ensure that customers in vulnerable circumstances are not disadvantaged compared with non-vulnerable customers. Distributors are expected to: • Take reasonable steps to identify vulnerability where it is disclosed or becomes apparent; • Provide appropriate support, clear information, and reasonable adjustments where needed; • Consider whether the product, its scope, and its limitations are suitable for the individual customer's circumstances; and • Act in line with their own vulnerable customer policies and FCA requirements to support good customer outcomes. Negative target market (customers who must not be offered this product): • Not to be used for any foreseeable (at the time the policy is purchased) risk • Customers seeking cover for travel to destinations where the FCDO or similar government authority have advised against all travel or all but essential travel; • Customers with a pre-existing medical condition who do not meet the policy health declaration requirement; • Trips longer than 365 days unless the commercial offer allows a higher limit;
--	---

Distributor product guide - not for customer use

	- Customers who are sufficiently covered by other covers or their credit card travel-coverage; - Customers who are not residents of the United Kingdom, Channel Islands or Isle of Man; - Customers aged above the maximum age limit of the commercial offer.
Distribution strategy	Distribution for the commercial offers of this product consist of the channels listed below. We work with our Business Partners to ensure that our commercial offers of this product are only distributed to the identified target market, we outline the distribution requirements and conduct onboarding and offer support with training tools/ seminars which include positive and negative target market identification in addition to the objectives of the target market when required. These channels have direct access to service customers in the target market for this package. - Brokers: Broker partners are in the business of selling a variety of insurance products (non-travel and travel) and services as an agent (not underwriter). Insurance is typically purchased through a broker agent or online via a broker's website. - Managing General Agents: Partner is a managing general agent with set rules to set our decision-making framework control by AzP (when acting as a distributor)

Assessment Outcomes

Annual Product Review outcome (incl. Fair Value Assessment undertaken in June 2026)

Our Annual Product Review and Fair Value Assessment has concluded that the Backpacker Travel Insurance product, continues to provide **fair value** for customers within the defined target market. The product, including its pricing, benefits, and distribution arrangements, remains aligned to customer needs, objectives and characteristics.

Our key assessment outcomes are summarised below.

Product Performance and Value

- The product is delivering strong customer outcomes across key measures of fairness, accessibility, and operational performance.
- The product remains appropriate for the identified mass-market target of customers undertaking longer-duration travel. Coverage is designed to meet the specific needs of backpacker customers, including extended travel periods and flexible return arrangements, with tiered options and add-ons providing additional breadth.
- No material issues have been identified in product design or target market alignment.

Distributor product guide - not for customer use

- Key KRIs such as Claim Declines, Loss Ratio, Claims Frequency and Average Settlement perform within expected tolerances, considering the higher-risk nature of longer-duration travel.

Loss Ratio and Benefit Utilisation

- A meaningful proportion of premium is returned to customers through claims, supporting the view that the cover provides tangible value in practice.
- Product performance indicates that pricing remains appropriate and is not generating excessive or disproportionate margins.
- Benefit utilisation reflects the nature of the product, with medical expenses representing many claims, while cancellation is less frequently utilised due to the structure of backpacker travel.

Information Relevant for Distributors

Distributors should note that the following factors **sit outside the scope of this review** and must be considered as part of their own distribution and value assessments:

- **Any additional fees or charges** applied by the distributor, and the impact these may have on the overall value received by the customer.
- **Any ancillary products or services** sold alongside this insurance product (including premium finance or other add-ons), which may affect the overall price, customer outcomes, or value proposition.

Consumer Duty Outcomes

In addition to our Fair Value Assessment, we have reviewed the product against the **Consumer Support** and **Consumer Understanding** outcomes under the Consumer Duty.

Consumer Support

- Claims performance is stable, with settlement times, interaction levels and complaint ratios broadly within target tolerances, noting that lower volumes can increase variability.
- Improvements implemented during 2025 (e.g. FNOL controls, enhanced QA and process changes) have strengthened claims accuracy and customer experience.
- Key KRIs such as claims complaints and walkaways perform within acceptable ranges, although complaint uphold rates are higher and remain an area of focus

Consumer Understanding

- Low declination rates and complaint volumes indicate that customers generally understand the product and its limitations.

Distributor product guide - not for customer use

- No systemic issues have been identified in the sales journey; however, documentation improvements continue, particularly to address complexity and navigation in longer policy wordings, informed by customer testing and feedback.

Distributor Responsibilities

- Distributors should review this assessment outcome alongside their **own distribution arrangements** to ensure the product continues to deliver fair value to customers within their individual target market.
- Any **customer outcome concerns, distribution risks, or product related feedback** should be escalated to us promptly to support effective oversight, ongoing compliance with PROD 4, and continuous product improvement.

Assessment or Outcome Feedback

If you have any queries regarding this document or identify any concerns about an Allianz Partners product not delivering its intended value or customer outcomes, you should raise these promptly with your **Allianz Partners Relationship Manager (Account Manager)**. This includes any concerns in relation to:

- I. potential adverse customer or product value impacts from the distribution arrangement;
- II. poor consumer understanding of product benefits or services; and/or,
- III. insufficient consumer support across the customer journey or product lifecycle.