



XL Insurance
Reinsurance

2025 Annual Product Review and Fair Value Assessment: Outcomes Overview





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For more information on any of the topics in this document, please contact us via email at consumerduty@axaxl.com





(1) Purpose

AXA XL has established a product governance process to oversee the design, approval and reviews of the fair value of all our products in line with the requirements of the FCA's PROD rules.

The purpose of this document is to provide distributors with the outcome of the annual product review and fair value assessment of the AXA XL products we have determined to be in scope of the FCA Product Governance Review.

On conducting your own review as a distributor, where issues are identified that are not identified within our review, please contact us so we can consider the impact on the product in our capacity as carrier.

In order to ensure that fair value assessments are graded consistently the following guidance was used to assess whether each product is providing fair value to customers.

Product Review Outcome	Guidance
No product value issues identified	The product review indicates that the product provides fair value. The product should be subject to ongoing monitoring as per BAU.
Potential emerging product value issues identified	The review did not identify crystallised product value issues which require immediate attention or remediation. There are potential emerging product value issues. As a result, the product will be monitored closely.
Product value issues identified	The product review identified value issues that have crystallised and action must be taken immediately to rectify.



(2) Product Review and Fair Value Assessment Approach

The Annual Product Review comprises a data-led quantitative assessment of product value supported by a detailed qualitative assessment considering both Delegated Underwriting Arrangements and Open Market distribution methods (where appropriate). The review has focused on the previous year(s) data and the high-level approach for both aspects is outlined below.

Approach to quantitative assessment	Approach to qualitative assessment
<p>The quantitative assessment considers as a minimum:</p> <ul style="list-style-type: none">• Over 20 product review Key Risk Indicators (KRI's) covering key thematic areas, such as distribution/costs/benefits, claims handling, and complaints handling;• Over 40 supporting metrics covering policy and pricing data, claims data, complaints data and market benchmarking (where available);• Some KRIs and metrics have standardised thresholds applied, and some have thresholds tailored to individual product groupings to better enable our assessments to flag potential product value issues.	<p>The qualitative assessment considers as a minimum:</p> <ul style="list-style-type: none">• The product coverage and suitability for the target market;• Customers' expectations of product performance;• Need for product and product utility (e.g. peace of mind cover or legally mandated cover);• Renumeration and services provided by the parties in the distribution chain;• Any additional service elements that contribute to the value of the product;• External/market factors impacting the value of the product;• Whether the product is expected to offer fair value over a reasonably foreseeable period.



(3) Product Grouping Principles

Under FCA PROD rules, a firm may group similar products together where this does not detrimentally affect the firm's ability to conduct a fair value assessment. Where products have been grouped, AXA XL have done so according to below principles.

Principles	Guidance
Products must have similar target markets	The nature of the target market and existing customer base for each product group must be similar. For example, it may be that a local plumber and hairdressers are considered to be within the same target market as they both own small businesses.
Products must be intended to deliver similar cover and outcomes	The type of cover provided must be similar and should have similar policy wording. For example, depending on how the policy wording differs, Casualty may be classed as a single product, rather than being split into 4 separate products.
Distribution Arrangements must have a similar impact on value	The nature and type of distribution arrangements for each product must have a similar impact on the value of the product. For instance, the level of any acquisition cost received by a Broker or Third Party must be considered alongside the service it provides.
Product Performance	If the product review identifies value issues which may make it inconsistent to review that product alongside others, e.g. specific indicators of customer harm, we will withdraw that product from the group and review it separately.
Product Complexity	The level of complexity must be similar for products within a group. For example, a product that has a broad range of cover and high degree of optionality might make it too complex to be reviewed with products offering cover for one element with no or few options.





(4) Product Performance Metrics and KRIs

The table below outlines an indicative, non-exhaustive list of KRIs and supporting metrics that were used to assess products, and the broad approach taken to assess fair value of products in the reviews. (Please note that we do not publish the results of individual KRIs or metrics.)

Type	Name	Details
KRI	Policy Cancellation Frequency	The percentage of customers that cancel their policy before their renewal date. Potential indicator of customer dissatisfaction and/or unsuitable product coverage length.
KRI	Incurred/projected gross loss ratio(s)	Indicator of whether the product has returned (and is expected to return) a reasonable amount to customers through paid claims.
KRI	Total acquisition ratio	Indicator of whether reasonable costs are incurred when distributing the product to customers.
KRI	Claims Frequency	Total number of claims received divided by total policy count, multiplied by 100. Potential indicator of product design/value issues if low volumes of claims are made by customers.
KRI	Claims Declinature Rate	Total number of claims rejected against the total number of claims received. Potential indicator of product design/performance issues if high volumes of claims are declined.
KRI	Complaints per 1,000 policies sold	Total number of complaints received divided by total policy count, multiplied by 1,000. Potential indicator of service/value issues if high volumes of claims are made by customers.
KRI	FOS Complaint uphold rate	Number of complaints upheld by FOS divided by total number of complaints referred to FOS. Indicator of whether AXA XL's internal complaints resolution processes are effective in resolving customers' concerns.
Metric	Average coverholder commission	Supporting metric to aid qualitative analysis of the distribution chain costs for products sold through delegated underwriting arrangements.
Metric	Average claim settlement as a % of average premium	Supporting metric to aid qualitative analysis of average claims settlements for a product, and how they relate to the average premium paid for the same product.
Metric	Complaints root cause percentages	Supporting metrics to aid qualitative analysis of complaints received.



Know You Can

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