



FVA Summary and Target Market Statement

Environmental Impairment Liability - SME

The purpose of this document is to explain our FVA findings, the identified target market and the expected distribution strategy for each insurance product manufactured by AXA XL. Specifically, it provides information on a product category level about the main features associated with each product and clarifies who our products are designed for and who they are not appropriate for. This target market statement also explains the way our products should be distributed and provides information around the complexity of our products and how to ensure that a product provides fair value to our customers as intended.

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Product type

This product assists businesses in mitigating the financial impact of environmental damages and facilitates a rapid recovery to normal operations in the event of an incident. As environmental liabilities expand in scope, the importance of environmental risk transfer solutions increases, especially as many companies become more exposed to financial and reputational risks.

Stricter environmental regulations now impose a broader array of liabilities, often accompanied by substantial costs for cleanup and compensation—particularly in cases of gradual pollution. These types of risks are frequently not covered by standard insurance policies, which can result in significant financial and operational difficulties for affected companies. This policy aims to bridge those coverage gaps, providing essential protection against environmental liabilities that might otherwise pose serious challenges.



What customer need is met by this product?

This product meets the customer need for comprehensive protection against environmental liabilities that are often not covered by standard insurance policies.

Specifically, it addresses the need for financial security and operational continuity by helping businesses mitigate the costs associated with environmental damages, including cleanup and compensation expenses. It also provides reassurance and support in managing the risks posed by stricter environmental regulations, ensuring that companies can recover quickly and minimize disruption to their operations and reputation after an incident.



Who is the product designed for?

Potential customers include businesses operating in industries that use chemicals or chemical processes regularly as part of their daily activities which are small or medium sized businesses.

Under binder schemes, SMEs are defined as businesses with a maximum turnover of £10 million and no more than 15 covered locations. Businesses exceeding these thresholds should be referred. The scheme is available exclusively within the UK and is designed for both contractors and non-contractors.

Examples of suitable businesses include garden centres, toilet hire companies, builders, groundworks contractors, and leisure centres or sports facilities.

The product is sold in the UK to UK domiciled businesses only.



Who is the product not appropriate for?

This product is not suitable for medium sized businesses with a turnover of more than £10m and or more than 15 covered locations.

It is also not suitable for businesses which are not exposed to environmental impairment liability risks such as retail manufacturers.



Target market specific characteristics, including, customer vulnerability

Customers who may be experiencing characteristics of vulnerability due to either personal circumstances, ill health, financial issues, life events such as bereavement, and/or external factors such as economic instability may require adjustments and flexibility to benefit from the policy.

All customers are at risk of becoming vulnerable at any time. AXA XL are committed to supporting additional needs from customers. If additional support is required or a customer has been identified as vulnerable, please contact us by visiting: [AXA XL's Vulnerable Customers Guide & Contact Support](#)



Key value elements and exclusions

This product covers the costs emanating from pollution or natural resource damage caused by the insured business.

The insurance is complimentary to other sections of the overall insurance offering to the commercial customer and offers protection where costs are excluded by other sections.

For example, Section 8 – Public and product liability: Extensions applying to section 8 – Public and product liability, Pollution and contamination statutory enforcement costs are excluded, but covered under the EIL product, subject to the terms and conditions of the EIL section of the policy.

The product can also be sold as a standalone policy.

Exclusions:

- The cost of improving or restoring any equipment or facility which caused the pollution condition or natural resource damage.





Key value elements and exclusions (continued)

Exclusions:

- Any pollution or natural resource damage because of a deliberate act or omission, or wilful misconduct or gross negligence.
- Faulty workmanship/own work
- Hostile acts and terrorism
- Product liability
- Liability based upon genetically modified organisms.
- Damage resulting from or related directly or indirectly to any above ground storage tank at the covered location.
- Liability based upon or arising out of composting and associated prior treatment, including aerobic composting, and anaerobic digestion.



How should this product be distributed?

This product is distributed via delegated underwriting authority (DUA) and open market.



What should distributors do to ensure the product provides fair value to the end customer?

To ensure the customer receives fair value for this product, care must be taken to ensure no duplicate cover exists or is caused by an add-on where that cover is already provided by the policy. Commission, fees, or charges passed onto the customer must be proportionate to the service provided and provide fair value.



How can the product be sold? Can it be sold without advice?

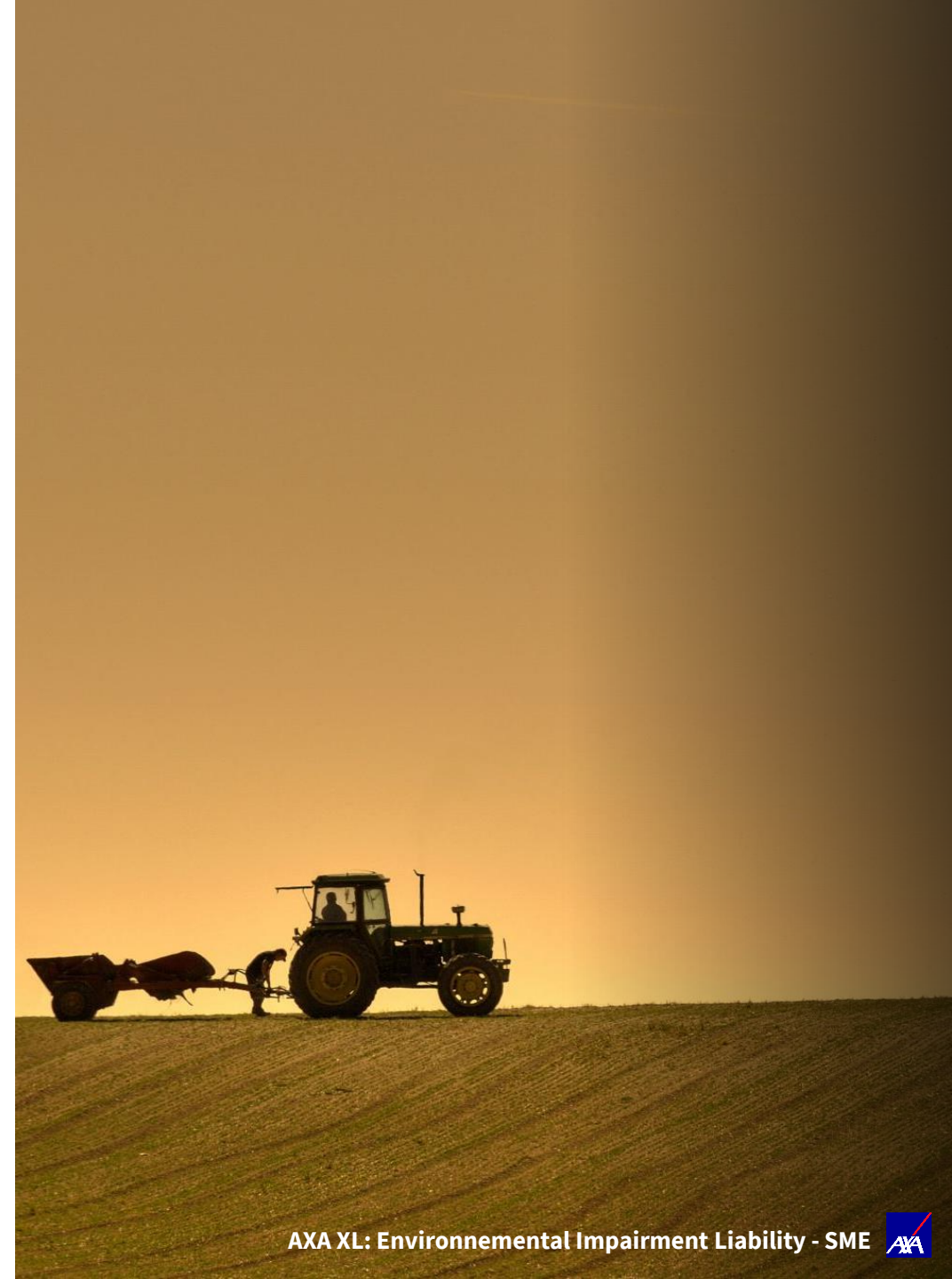
We would suggest that this product can be sold face to face, via an on-line system.

The product can be sold with or without advice depending on your preference and in line with FCA's regulations.



Additional Product Literature

This document is to be read in conjunction with the appropriate policy wording.





How is value assessed?

AXA XL has an established product governance process to oversee the design, approval, and review of all our products in line with the requirements of the FCA's Product Intervention and Product Governance Sourcebook ('PROD').

New product developments and changes to existing products are taken through a formal product approval process which is designed to:

- Identify the target market and its needs.
- Consider and review the product's performance metrics, product complexities, sales, and service risks.
- Consider and review the policy fees, charges, remuneration in comparison to benefits offered.
- Review policy wordings and customer facing documentation to ensure it is clear, fair, and not misleading.
- Consider the needs of any vulnerable customers; and
- Monitor post-sales performance.

Once a new or amended product is introduced to the market, AXA XL will regularly review the product to see if any changes are needed and to make sure it remains suitable for customers in the identified target market.

If, as a distributor of AXA XL products, you consider one of our products may be failing to meet customers' needs or is potentially unclear you can help us by providing feedback through your usual point of contact at AXA XL.



Key Findings - 2025 Fair Value Assessment

AXA XL has conducted a comprehensive review of this product against specified metrics, considering whether the insurance product remains consistent with the needs of the identified target market and whether the intended distribution strategy remains appropriate.

The review has determined that this product continues to provide fair value in compliance with the FCA's Product Intervention and Product Governance Sourcebook (PROD). This product will therefore be monitored as per BAU and reviewed again in 12 months as per PROD 4.2.34 requirement to undertake regular product reviews.

In reaching the conclusion that this product continues to provide fair value, AXA XL has assessed various metrics including:

- Claims Repudiation Rate
- Claims Complaints as a % of Total Claims
- Policy Cancellation Frequency
- Gross Loss Ratio
- Total Acquisition Ratio

Our approach to this product review has utilised data and MI readily available to AXA XL to conduct a quantitative analysis. Additionally, we have also performed a qualitative review.

As a distributor, you may wish to consider metrics you hold in conjunction with this assessment. On conducting your own review, where issues are identified that are not identified within this review, please notify us so we can consider the impact on the product in our capacity as carrier.





Know You Can

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