



XL Insurance
Reinsurance

FVA Summary and Target Market Statement

Product Recall

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 provides comprehensive Product Recall Insurance designed to protect businesses from the financial and reputational risks associated with product safety issues, mandates for recall, and related liabilities. It covers costs such as recall expenses, replacement, legal defence, and crisis management, subject to specified limits and exclusions.



What customer need is met by this product?

This product provides crisis response services to assist in handling product recalls as well as indemnity for the costs incurred including replacement product costs, business interruption and destruction/disposal costs.



Who is the product designed for?

This insurance is designed primarily for large businesses who manufacture and/or distribute products. Smaller commercial customers may benefit from the coverage, provided they engage in product manufacturing and/or distribution. Customers typically operate in the following industries: Food & Beverage Production, Automotive Component Manufacturing, Consumer Products Manufacturing, and Restaurant Chains.



Who is the product not appropriate for?

This product is not suitable for consumers or small businesses with only limited product lines and low exposure to recall risks. It is also not suitable for businesses which do not manufacture/distribute products or product components (such as pure retail distributors).



Target market specific characteristics, including, customer vulnerability

The product is designed to meet the needs of primarily large corporate businesses that may often have complex supply chains, significant product lines, and face regulatory scrutiny. The product is suited for companies seeking to transfer potential financial liabilities and ensure swift crisis management capabilities in a product recall event.

The target market is generally sophisticated and the product is distributed via specialist retail brokers which significantly mitigates the risk of customer vulnerabilities. Smaller commercial customers may benefit from the coverage, provided they engage in product manufacturing and/or distribution.

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](#)

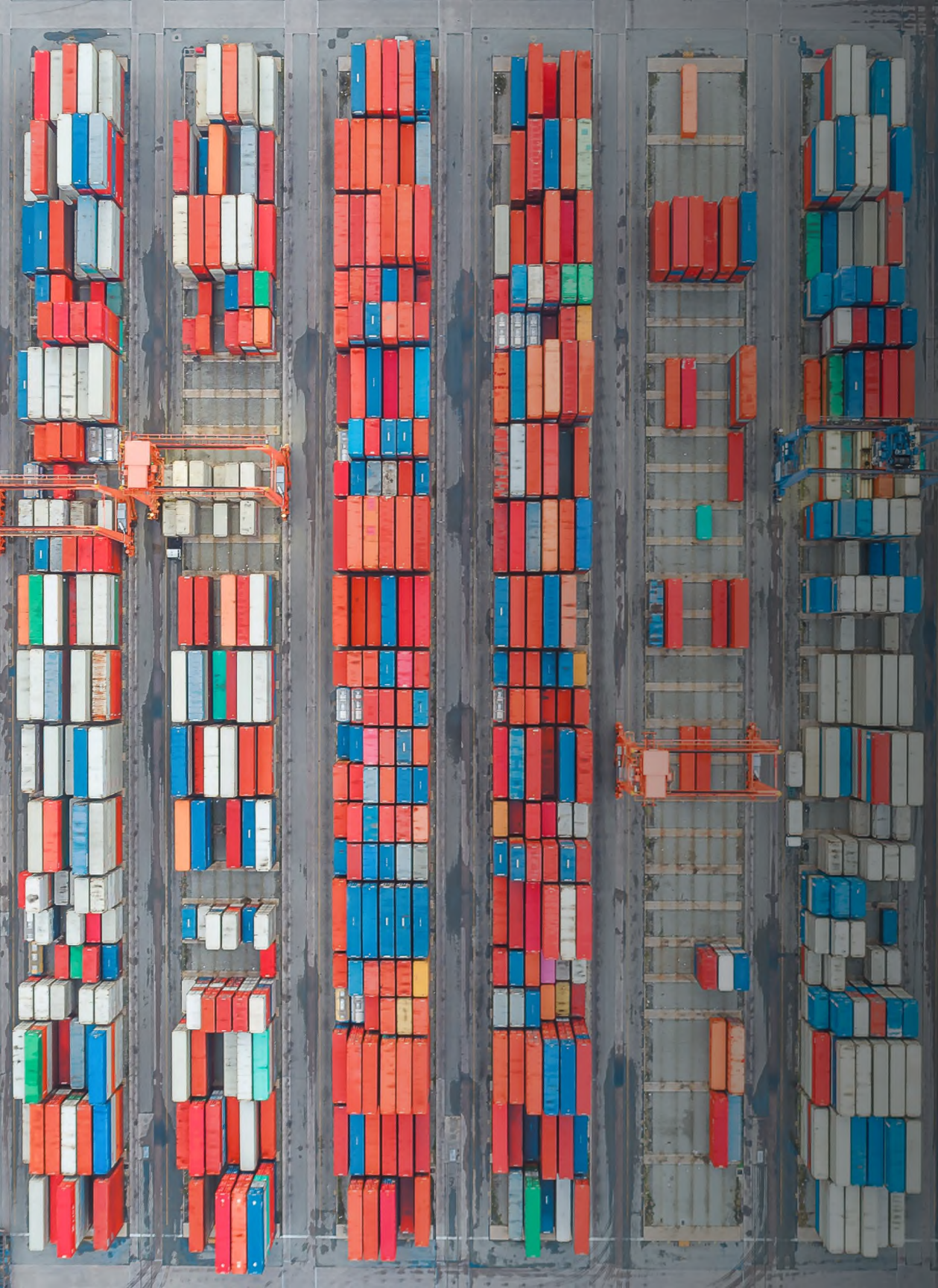


Key value elements and exclusions

Key elements of cover include:

- Government recalls
- Business interruption
- Loss of gross profits/revenue
- Accidental contamination
- Product rehabilitation
- Increased cost of working after a recall
- Extortion demands related to malicious tampering
- Terrorism cover
- Consultancy costs
- Product recall expenses, such as disposal, replacement, advertising and transport
- Pre-recall expenses, Third party recall expenses





Key value elements and exclusions (continued)

Benefits include:

- 24/7 pre-incident consultant and crisis response
- Primary, excess of loss and quota share participation
- Financial strength to help protect balance sheets
- Dedicated industry expertise with an average of 20+ years of industry-specific risk management experience
- Risk engineering services and programs
- Global claims network
- Price competitiveness

Exclusions include:

- Wear and tear
- Intentional acts or omissions
- Natural deterioration
- Dishonesty, wanton, fraud or criminal activity
- Pre-existing conditions that the insured was aware or ought to have been aware of
- Sale of the Insured Product(s) after the Insured knew or should have known that the Insured Product(s) had been banned or declared unsafe



How should this product be distributed?

This product is only distributed through specialist brokers.



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

The specialist brokers should ensure they understand the commercial customer's needs and explain the coverage in detail to ensure it properly aligns with the customer's needs.



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

The product is distributed through specialist brokers and cannot be sold without advice.



Additional Product Literature

Additional product literature outside of the policy documents is not provided to commercial customers. The customer base for this product are generally sophisticated buyers who use specialist brokers, so explanatory documents are not required.





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

AXA XL Insurance Company UK Limited
20 Gracechurch Street, London, EC3V 0BG, United Kingdom
Telephone: +44 (0)20 7626 0486 Fax: +44 (0)20 7623 9101 axaxl.com

Registered office: 20 Gracechurch Street, London, EC3V 0BG Registered in England No 5328622

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